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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)

CONTINUING CONNECTED TRANSACTION

SUPPLEMENTAL AGREEMENT

Reference is made to the announcement of the Company dated 30 May 2018 in relation to the Sub-contract Agreement. On 31 March 2021, CNQC Malaysia entered into the Supplemental Agreement with Qingjian Malaysia, pursuant to which the parties have agreed to extend the expiry date of the Sub-contract Agreement and the projected completion date of the Construction Project from 31 March 2021 to 31 December 2022. The parties have also agreed to revise the total contract sum from RM147 million to RM112 million (equivalent to approximately HK\$210.6 million) (the “**Revised Contract Sum**”) due to the reduction in the scope of sub-contracting works to be provided by CNQC Malaysia. Other than the above, all other terms in the Sub-contract Agreement shall remain unchanged.

IMPLICATIONS UNDER THE LISTING RULES

Qingjian Malaysia is an indirect subsidiary of Guotsing PRC, which is under the common control of the ultimate beneficial owners of Guotsing Holding Company Limited, a controlling Shareholder. Qingjian Malaysia is therefore a connected person of the Company by virtue of being an associate of Guotsing Holding Company Limited and the transactions contemplated under the Sub-contract Agreement and the Supplemental Agreement constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the annual caps are more than 0.1% but less than 5%, the annual caps and the transactions contemplated under the Supplemental Agreement are subject to the reporting and announcement requirements but are exempted from the independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company dated 30 May 2018 in relation to the Sub-contract Agreement. Capitalized terms used herein shall have the same meanings as those defined in the Company’s announcement dated 30 May 2018 unless otherwise defined.

SUPPLEMENTAL AGREEMENT

On 31 March 2021, CNQC Malaysia entered into the Supplemental Agreement with Qingjian Malaysia, pursuant to which the parties have agreed to extend the expiry date of the Sub-contract Agreement and the projected completion date of the Construction Project from 31 March 2021 to 31 December 2022. The parties have also agreed to revise the total contract sum from RM147 million to RM112 million (equivalent to approximately HK\$210.6 million) due to the reduction in the scope of sub-contracting works to be provided by CNQC Malaysia. Other than the above, all other terms in the Sub-contract Agreement shall remain unchanged.

Service Fee and Payment

Pursuant to the Sub-contract Agreement, CNQC Malaysia agreed to be the principal sub-contractor to Qingjian Malaysia under the Construction Contract and to undertake the supply, construction, completion and maintenance of the Construction Project. Pursuant to the Supplemental Agreement, the Revised Contract Sum for providing the above services has been revised to RM112 million (equivalent to approximately HK\$210.6 million).

Pursuant to the Sub-contract Agreement, Qingjian Malaysia will provide project management support services (including coordination with employer and local government and related project administration) in the Construction Project and will be entitled to deduct a service fee equivalent to 1.0% of the final contract sum (excluding the contract sum attributable to any provisional work under the Construction Contract, with the amount of the final contract sum revised under the Supplemental Agreement) and other related costs.

The Revised Contract Sum and the service fee to be deducted by Qingjian Malaysia were determined by both parties through arm's length negotiation with reference to (a) the cost of the respective services to be provided by CNQC Malaysia and Qingjian Malaysia; and (b) the comparable service fee rate charged by CNQC Malaysia for such services provided for or by Independent Third Parties.

Historical Amounts

Of the original total contract sum of RM147 million, CNQC Malaysia has received approximately RM60 million of contract fee from Qingjian Malaysia as at 31 December 2020, details of which are as follows:

From 1 June 2018 to 31 December 2018	RM12.3 million
From 1 January 2019 to 31 December 2019	RM26.4 million
From 1 January 2020 to 31 December 2020	RM21.3 million

Annual Caps and basis

Based on the progress of the Construction Project, the transaction amount for the following periods will not exceed the following annual caps of:

Annual Caps	<i>(million RM)</i>
From 1 January 2021 to 31 December 2021	26
From 1 January 2022 to 31 December 2022	26

The annual caps are determined based on (i) the amount of the Revised Contract Sum; and (ii) the projected progress of the Construction Project. The Directors consider that the annual caps are fair and reasonable.

Internal Control Measures

The Group has adopted the following internal control measures in relation to the continuing connected transaction contemplated under the Sub-contract Agreement and the Supplemental Agreement:

1. the Company will supervise the continuing connected transaction in accordance with the procedures set forth in the Company's internal control manual on continuing connected transactions. The relevant personnel of the business department of the Company will conduct regular checks to review and assess whether the transactions contemplated under the relevant continuing connected transaction are conducted in accordance with the terms of the Sub-contract Agreement and the Supplemental Agreement;
2. the Company's external auditors will conduct an annual review on the transaction amount and the annual caps of the continuing connected transaction contemplated under the Sub-contract Agreement and the Supplemental Agreement;
3. the Company's audit committee will review at least twice a year the analysis reports and the improvement measures prepared by the Company's management based on the implementation of the continuing connected transaction contemplated under the Sub-contract Agreement and the Supplemental Agreement by the Company; and
4. the independent non-executive Directors will conduct an annual review of the implementation and enforcement of the continuing connected transaction contemplated under the Sub-contract Agreement and the Supplemental Agreement.

INFORMATION OF THE PARTIES

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, foundation and construction business in Singapore and Southeast Asia, Hong Kong and Macau.

CNQC Malaysia is a company incorporated in Malaysia and an indirectly wholly-owned subsidiary of the Company. CNQC Malaysia is principally engaged in construction business in Malaysia.

Qingjian Malaysia is a company incorporated in Malaysia. Qingjian Malaysia is principally engaged in business activities of building construction, development, trading and investment in Malaysia.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTION

The Group is one of the leaders in the real estate and construction industry in Singapore. As discussed in the Company's announcement dated 30 May 2018, the Construction Project and the transaction contemplated under the Sub-contract Agreement would allow the Group to gain entry into Malaysia's real estate and construction market and allow CNQC Malaysia to immediately commence construction, without the need to go through the tender process required in other prospective construction projects. Due to the delay caused by the COVID-19 pandemic situation, the parties have agreed to enter into the Supplemental Agreement to extend the time for completion of the Construction Project, revise the contract sum and adjust the annual caps. The Directors (including the independent non-executive Directors, excluding Mr. Wang Congyuan and Dr. Du Bo who have abstained from voting) considered that (i) the Supplemental Agreement was entered into in the ordinary and usual course of business and on normal commercial terms; (ii) the terms of the Sub-contract Agreement as supplemented by the Supplemental Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (iii) the annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Board has approved the Supplemental Agreement and none of the Directors has any material interest in the transactions contemplated thereunder. Since Mr. Wang Congyuan is a director and the chairman of Guotsing PRC and Dr. Du Bo is a director and honorary chairman of Guotsing PRC, Mr. Wang and Dr. Du have abstained from voting on the relevant resolutions of the Board to approve the Supplemental Agreement.

IMPLICATIONS UNDER THE LISTING RULES

Qingjian Malaysia is an indirect subsidiary of Guotsing PRC, which is under the common control of the ultimate beneficial owners of Guotsing Holding Company Limited, a controlling Shareholder. Qingjian Malaysia is therefore a connected person of the Company by virtue of being an associate of Guotsing Holding Company Limited and the transactions contemplated under the Sub-contract Agreement and the Supplemental Agreement constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the annual caps are more than 0.1% but less than 5%, the proposed annual caps and the transactions contemplated under the Supplemental Agreement are subject to the reporting and announcement requirements 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.

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CNQC Malaysia”	CNQC Engineering & Construction (Malaysia) Sdn. Bhd., a company incorporated in Malaysia and an indirectly wholly-owned subsidiary of the Company
“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
“Construction Contract”	the construction contract entered into between Qingjian Malaysia (as contractor) and President Hotel Sdn Bhd (as employer) in relation to the Construction Project
“Construction Project”	the construction project of a hotel in Kuala Lumpur, Malaysia
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Guotsing PRC”	國清控股集團有限公司 (Guotsing Holding Group Co. Ltd.*), a company incorporated in the PRC with limited liability
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Qingjian Malaysia”	Qingjian Holding Group (Malaysia) Sdn. Bhd., a company incorporated in Malaysia and an indirect subsidiary of Guotsing PRC

“RM”	Malaysian Ringgit, the currency of Malaysia
“Share(s)”	share(s) of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sub-contract Agreement”	an agreement dated 30 May 2018 entered into by CNQC Malaysia and Qingjian Malaysia in relation to the Construction Project
“Supplemental Agreement”	a supplemental agreement to the Sub-contract Agreement dated 31 March 2021 entered into by CNQC Malaysia and Qingjian Malaysia
“%”	per cent.

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

Hong Kong, 31 March 2021

As at the date of this announcement, the Board comprises (i) four executive Directors, namely Mr. Cheng Wing On, Michael (Chairman), Mr. Wang Congyuan (Chief Executive Officer), 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.

For the purpose of this announcement, conversion of RM into HK\$ is based on the approximate exchange rate of RM1 to HK\$1.88.