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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)

PROFIT WARNING

This announcement is made by CNQC International Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (“**Shareholders**”) and potential investors that, based on preliminary assessment by the Board of the latest available unaudited consolidated management accounts of the Group for the year ended 31 December 2022, the Group is expected to record a loss attributable to the Shareholders of approximately HK\$400 million, as compared to the profit attributable to the Shareholders for the year ended 31 December 2021 of approximately HK\$259 million.

The expected loss was primarily attributable to, among others, the following factors:

1. The progress of some of the private construction projects in Singapore obtained by the Group before the Covid-19 pandemic has been seriously delayed due to the pandemic. In order to catch up on the construction schedule for delivery, the Company needed to accelerate the progress of construction during the year. At the same time, due to the impact of labour shortage and significant increase in the price of construction materials, some of the downstream sub-contractors were not able to fulfill the contracts or went into liquidation. As a result, the Group needed to find other suitable sub-contractors for replacement at a much higher price when compared to that before the pandemic. The contract price of such construction projects is not subject to adjustments and therefore cannot catch up on the significant increase in construction costs;

2. In December 2022, Jadescape, a development project of the Group's associated company, obtained the temporary occupation permit and proceeded to delivery. The project has already realised and recorded most of its profit contribution in 2021, resulting in a reduction in the profit contribution to the Group in 2022.
3. As at the end of 2022, the cumulative contract sales of Forett at Bukit Timah, a private apartment development project of the Group located at Toh Tuck Road, have exceeded 97% with 617 units sold. The project realised and recorded its pre-sales revenue based on the percentage of completion of construction. Affected by the Covid-19 pandemic, the progress of the project's construction has been delayed, resulting in less revenue being realised and recorded than expected and affecting the Group's profitability in 2022; and
4. In 2022, the market interest rate started to increase significantly, resulting in a substantial increase in the Group's interest costs in 2022 when compared to 2021.

As of the date of this announcement, the current outstanding contract sums are more than HK\$10 billion and the Group has adequate cash and bank balances that are sufficient to support the operations for the next two to three years. In view of the cash resources, the available unused banking facilities and the contracts on hand, the Board remains cautiously optimistic on the Group's business outlook.

The Group is still in the progress of finalising its 2022 consolidated annual results. The information contained in this announcement is only a preliminary assessment by the Board based on the latest unaudited consolidated management accounts of the Group, which have not been audited or reviewed by the auditor of the Company and may be subject to adjustments. Shareholders and potential investors are advised to read carefully the Group's 2022 annual results announcement, which is expected to be published by the end of March 2023.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
CNQC International Holdings Limited
Mr. Wang Congyuan
Chairman

Hong Kong, 10 March 2023

As at the date of this announcement, the Board comprises (i) four executive directors, namely Mr. Wang Congyuan (Chairman), Dr. Du Bo, Mr. Li Jun (Chief Executive Officer) and Mr. Du Dexiang (Co-Chief Executive Officer); (ii) one non-executive director, namely Mr. Ren Zhiqiang; and (iii) three independent non-executive directors, namely Mr. Tam Tak Kei, Raymond, Mr. Chan Kok Chung, Johnny and Mr. Liu Junchun.