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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)**

### **MAJOR TRANSACTION PROVISION OF FINANCIAL ASSISTANCE**

#### **THE DEED OF INDEMNITY**

With respect to the Facility Agreement entered into between, among others, the Borrower, a direct wholly-owned subsidiary of the JV Company (which is in turn owned as to 95% by Wkinv, a wholly-owned subsidiary of Vanke, an Independent Third Party, and 5% by RPEL, an indirect wholly-owned subsidiary of the Company) and the Lenders in relation to the Term Loan Facilities, Vanke and the Company agreed to provide and executed the relevant guarantee in favor of the Lenders in respect of 95% and 5% of the liabilities and obligations of the Borrower thereof respectively, in proportion to their respective effective shareholding interest in the Borrower. As security for the Secured Indebtedness, among others, the Borrower, Vanke, CNQC Realty and the JV Company had entered into the Existing Subordinated Agreement in favour of the Security Agent to subordinate indebtedness owed by the Borrower to Vanke, CNQC Realty and the JV Company to the Secured Indebtedness.

In order for the Lenders to continue making available to the Borrower the Term Loan Facilities, the Company agreed to provide the Indemnity in favour of Vanke and Vanke agreed to, inter alia, amend the Guarantee (Vanke) to expand the guaranteed indebtedness to cover 100% of the Borrower's obligations under the Facility Agreement and the relevant finance documents.

On 19 July 2024 (after trading hours), the Company, RPEL and Vanke entered into the Deed of Indemnity pursuant to which the Company has agreed, subject to the terms and conditions contained therein, to, inter alia, provide the Indemnity in favour of Vanke.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Indemnity is more than 25%, the transactions contemplated under the Deed of Indemnity constitute a major transaction of the Company and are subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the transactions contemplated under the Deed of Indemnity. As such, no Shareholders would be required to abstain from voting at a general meeting of the Company approving the said transactions if the Company were to convene such a general meeting.

Guotsing Holding Company Limited, CNQC Development Limited and Guotsing Growth Fund LP I, together with their associates together are entitled to exercise voting rights in respect of 1,024,759,528 Shares (representing approximately 67.49% of the issued share capital of the Company). Accordingly, the Company has obtained a written shareholder's approval certificate from Guotsing Holding Company Limited, CNQC Development Limited and Guotsing Growth Fund LP I (being a closely allied group of Shareholders) to approve the transactions contemplated under the Deed of Indemnity pursuant to Rule 14.44 of the Listing Rules and no extraordinary general meeting will be convened and held by the Company to approve the said transactions.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, (i) details of the Deed of Indemnity and the transactions contemplated thereunder; (ii) financial information of the Group; and (iii) other information required under the Listing Rules is expected to be despatched to the Shareholders on or before 30 August 2024, as additional time is required for the Company to prepare and finalise certain information to be included in the circular.

## **THE DEED OF INDEMNITY**

With respect to the Facility Agreement entered into between, among others, the Borrower, a direct wholly-owned subsidiary of the JV Company (which is in turn owned as to 95% by Wkinv, a wholly-owned subsidiary of Vanke, an Independent Third Party, and 5% by RPEL, an indirect wholly-owned subsidiary of the Company) and the Lenders in relation to the Term Loan Facilities, Vanke and the Company agreed to provide and executed the relevant guarantee in favor of the Lenders in respect of 95% and 5% of the liabilities and obligations of the Borrower thereof respectively, in proportion to their respective effective shareholding interest in the Borrower. As security for the Secured Indebtedness, among others, the Borrower, Vanke, CNQC Realty and the JV Company had entered into the Existing Subordinated Agreement in favour of the Security Agent under the Facility Agreement to subordinate indebtedness owed by the Borrower to Vanke, CNQC Realty and the JV Company to the Secured Indebtedness.

In order for the Lenders to continue making available to the Borrower the Term Loan Facilities, the Company agreed to provide the Indemnity in favour of Vanke and Vanke agreed to, inter alia, amend the Guarantee (Vanke) to expand the guaranteed indebtedness to cover 100% of the Borrower's obligations under the Facility Agreement and the relevant finance documents.

On 19 July 2024 (after trading hours), the Company, RPEL and Vanke entered into the Deed of Indemnity pursuant to which the Company has agreed, subject to the terms and conditions contained therein, to, inter alia, provide the Indemnity in favour of Vanke.

The principal terms of the Deed of Indemnity are as follows:

Date: 19 July 2024

Parties: (1) the Company;  
(2) RPEL; and  
(3) Vanke.

Indemnity: The Company shall immediately on demand, (a) pay to Vanke 5% of each payment made or required to be made by Vanke under or in connection with Vanke's obligations under the Amended Documents; and (b) indemnify Vanke against (i) 5% of all liabilities and (ii) any cost, loss, damage, claim, proceedings, action, expense or liability suffered or incurred by Vanke by reason of Vanke's entry into, execution and/or performance of any Amended Document or by reason of Vanke's performance of Vanke's obligations under the Amended Documents, in each case up to the amount equivalent to the 5% of Vanke's obligations under the Amended Documents.

Limitation of liability: The maximum liability of the Company under the Indemnity, together with its obligations and liabilities under the finance documents relating to the Facility Agreement and the Amended Documents, shall not exceed 5% of the total Secured Indebtedness, which is determined based on the shareholding interest held by the Company in the Borrower through the JV Company.

Security: The Company agrees and shall procure that, among others, the Subordination Agreement, relating to subordination of indebtedness owed by the Borrower to CNQC Realty, RPEL, and the JV Company to the liabilities of the Company under the Deed of Indemnity, to be entered into as security for its obligation under the Deed of Indemnity, upon (i) all aggregate amount outstanding payable under the Facility Agreement being fully repaid thereunder; or (ii) the security created under, among others, the Existing Subordinated Agreement having been released or discharged.

The Indemnity (if payable) will be funded by internal resources of the Group.

## **INFORMATION ON PARTIES INVOLVED**

### **The Company and the Group**

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.

### **RPEL**

RPEL is a company incorporated under the laws of the British Virgin Islands with limited liability, a direct wholly-owned subsidiary of CNQC Realty and an indirect wholly-owned subsidiary of the Company and is principally engaged in investment holding.

### **CNQC Realty**

CNQC Realty is a company incorporated under the laws of Hong Kong with limited liability, an indirect wholly-owned subsidiary of the company and is principally engaged in Investment Holding.

### **Vanke**

Vanke is a company incorporated under the laws of Hong Kong with limited liability and is principally engaged in property development and investment and an indirect wholly-owned subsidiary of China Vanke, which is a joint stock company established in the PRC with limited liability, the issued H Shares of which are listed on the Stock Exchange (stock code: 2202) and the issued A Shares of which are listed on the Shenzhen Stock Exchange (stock code: 000002). The total issued share capital of China Vanke is owned as to 27.18% by Shenzhen Metro Group Co., Ltd., which is a large-scale sole proprietorship state-owned enterprise under the direct control of the State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen and less than 5% by each of its other shareholders.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of Vanke, China Vanke and their ultimate beneficial owners are Independent Third Parties.

### **The JV Company and the Borrower**

The JV Company is a BVI Business Company incorporated under the laws of the British Virgin Islands with limited liability and is owned as to 95% by Wkinv, a wholly-owned subsidiary of Vanke, an Independent Third Party, and 5% by RPEL, an indirect wholly-owned subsidiary of the Company. The sole business of the JV Company is the development of a certain property development project in Hong Kong.

The Borrower is a company incorporated under the laws of Hong Kong with limited liability and a direct wholly-owned subsidiary of the JV Company. The sole business of the Borrower is the development of a certain property development project in Hong Kong.

### **REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE DEED OF INDEMNITY**

It is a common practice for banks or any third-party financial institutions requiring guarantee and other security provided by the borrower, its subsidiaries or its shareholders before provision of loans or financing to the borrower. The Term Loan Facilities made available under the Facility Agreement is a crucial mean for the JV Company to obtain financial resources for its operation and development of relevant property development project. As (i) Vanke amending the Guarantee (Vanke) to expand the guaranteed indebtedness to cover 100% of the Borrower's obligations under the Facility Agreement and the relevant finance documents is one of the conditions for the Lenders to continue making available to the Borrower the Term Loan Facilities; (ii) such expansion of the Guarantee (Vanke) will facilitate the negotiation with the Lenders to extend the term of the Facility Agreement; and (iii) the Borrower, through the JV Company, is indirectly owned as to 95% by Wkinv, which is in turn a wholly-owned subsidiary of Vanke, and 5% by RPEL, which is in turn an indirect wholly-owned subsidiary of the Company, the Company is of the view that the Indemnity under the Deed of Indemnity is necessary and in proportion to its equity interest, i.e. 5%, in the JV Company.

Although the entering into of the Deed of Indemnity was not an ordinary and usual course of business of the Group, the Directors consider the terms of the Deed of Indemnity have been determined after arm's length negotiations between the parties, and are on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Indemnity is more than 25%, the transactions contemplated under the Deed of Indemnity constitute a major transaction of the Company and are subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the transactions contemplated under the Deed of Indemnity. As such, no Shareholders would be required to abstain from voting at a general meeting of the Company approving the said transactions if the Company were to convene such a general meeting.

Guotsing Holding Company Limited, CNQC Development Limited and Guotsing Growth Fund LP I together are entitled to exercise voting rights in respect of 1,024,759,528 Shares (representing approximately 67.49% of the issued share capital of the Company as at the date of this announcement), details of which are as follows:

<b>Name of Shareholder</b>	<b>Number of Shares held</b>	<b>Approximate percentage of shareholding interests</b>
Guotsing Holding Company Limited	756,421,520	49.82%
CNQC Development Limited <sup>(Note 1)</sup>	224,145,000	14.76%
Guotsing Growth Fund LP I <sup>(Note 2)</sup>	<u>44,193,008</u>	<u>2.91%</u>
<b>Total</b>	<b><u><u>1,024,759,528</u></u></b>	<b><u><u>67.49%</u></u></b>

*Notes:*

- (1) CNQC Development Limited is a wholly-owned subsidiary of Guotsing Holding Company Limited.
- (2) Guotsing Asset Management Limited, being the General Partner of Guotsing Growth Fund LP I, is wholly held by Guotsing Finance Holding Limited, a wholly-owned subsidiary of Guotsing Holding Company Limited.

Accordingly, the Company has obtained a written shareholder's approval certificate from Guotsing Holding Company Limited, CNQC Development Limited and Guotsing Growth Fund LP I (being a closely allied group of Shareholders) to approve the transactions contemplated under the Deed of Indemnity pursuant to Rule 14.44 of the Listing Rules and no extraordinary general meeting will be convened and held by the Company to approve the said transactions.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, (i) details of the Deed of Indemnity and the transactions contemplated thereunder; (ii) financial information of the Group; and (iii) other information required under the Listing Rules is expected to be despatched to the Shareholders on or before 30 August 2024, as additional time is required for the Company to prepare and finalise certain information to be included in the circular.

## DEFINITIONS

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

“Amended Documents”	The amended and/or supplemented Facility Agreement and relevant finance documents dated 19 July 2024 for the purpose of continuing to make available to the Borrower the Term Loan Facilities by, among others, expanding Vanke’s coverage of its guarantee for the Borrower’s obligation under the finance documents relating to the Term Loan Facilities to 100%, as amended, novated, supplemented, extended or restated or replaced from time to time
“Board”	the board of Directors
“Borrower”	Wealth Honour Limited (財榮有限公司), a company incorporated under the laws of Hong Kong with limited liability and a direct wholly-owned subsidiary of the JV Company
“China Vanke”	China Vanke Co., Ltd.* (萬科企業股份有限公司), a joint stock company established in the PRC with limited liability, the issued H Shares of which are listed on the Stock Exchange (stock code: 2202) and the issued A Shares of which are listed on the Shenzhen Stock Exchange (stock code: 000002)
“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 (stock code: 1240)
“CNQC Realty”	CNQC Realty (Hong Kong) Limited (青建地產(香港有限公司)), a company incorporated under the laws of Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company
“Deed of Indemnity”	a deed of indemnity entered into between the Company, RPEL and Vanke on 19 July 2024 (after trading hours)
“Director(s)”	director(s) of the Company

“Existing Subordination Agreement”	the agreement (incorporating assignment of loan) executed by the Borrower (as borrower) and Vanke, CNQC Realty and the JV Company (as subordinated lenders) in favour of the Security Agent on 18 August 2023 agreeing to subordinate indebtedness owing by the Borrower to Vanke, CNQC Realty or the JV Company to the Secured Indebtedness
“Facility Agreement”	the facility agreement entered into by, among others, the Borrower, the Lenders and the Security Agent on 15 August 2023
“Group”	the Company and its subsidiaries
“Guarantee (Vanke)”	the guarantee dated 15 August 2023 entered into between (i) Vanke and (ii) the Security Agent with the guarantee coverage of 95% of liabilities and obligations of the Borrower under the Facility Agreement and relevant finance documents
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Indemnity”	the indemnity under the Deed of Indemnity granted by the Company in favor of Vanke, pursuant to which the Company shall immediately on demand, (a) pay to Vanke 5% of each payment made or required to be made by Vanke under or in connection with Vanke’s obligations under the Amended Documents; and (b) indemnify Vanke against (i) 5% of all liabilities and (ii) any cost, loss, damage, claim, proceedings, action, expense or liability suffered or incurred by Vanke by reason of Vanke’s entry into, execution and/or performance of any Amended Document or by reason of Vanke’s performance of Vanke’s obligations under the Amended Documents, in each case up to the amount equivalent to the 5% of Vanke’s obligations under the Amended Documents
“Independent Third Parties”	a party(ies) who is/are not connected person(s) (as defined in the Listing Rules) of the Company and is/are third party independent of the Company and the connected persons (as defined in the Listing Rules) of the Company
“JV Company”	Jubilant Castle Limited, a British Virgin Islands Business Company incorporated under the laws of the British Virgin Islands with limited liability, 95% and 5% of its issued share capital are owned by Wkinv and RPEL respectively



“Lenders”	The relevant banks granting the Term Loan Facilities to the Borrower
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China and, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“RPEL”	Rapid Profit Enterprises Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Secured Indebtedness”	all moneys and sums whatsoever (including all principal, interest, underwriting fee, agency and security agency fee, other fees, costs, charges and expenses) which are or shall or may be or become due or owing or payable by the Borrower from time to time to the secured parties under or pursuant to the Facility Agreement and all the other relevant finance documents to which the Borrower is a party
“Security Agent”	the security agent under the Facility Agreement
“Subordination Agreement”	an agreement (incorporating assignment of loan) to be executed by the Borrower, CNQC Realty, the JV Company and RPEL in favour of Vanke, agreeing to subordinate indebtedness owed by the Borrower to CNQC Realty, the JV Company or RPEL to the liabilities of the Company under the Deed of Indemnity
“Shareholder(s)”	shareholder(s) of the Company
“Shares”	the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Term Loan Facilities”	the term loan facilities of up to an aggregate principal amount of HK\$5,240,000,000 granted to the Borrower by the Lenders with a maturity date falling on 17 August 2024 pursuant to the Facility Agreement
“Vanke”	Vanke Property (Hong Kong) Company Limited (萬科置業(香港)有限公司), a company incorporated under the laws of Hong Kong with limited liability, an indirect wholly-owned subsidiary of China Vanke

“Wkinv”

Wkinv HK Holdings Limited, a company incorporated under the laws of British Virgin Islands, a wholly-owned subsidiary of Vanke

“%”

per cent.

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

Hong Kong, 19 July 2024

*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), 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.*