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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)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015**

The board (the “Board”) of directors (the “Directors”) of CNQC International Holdings Limited (the “Company”) is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2015 (the “Reporting Period”), together with the comparative figures for the six months ended 30 September 2014 as follows:

#### **CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2015**

		<b>Six months ended</b>	
		<b>30 June</b>	<b>30 September</b>
	<i>Note</i>	<b>2015</b>	<b>2014</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	4	<b>835,217</b>	612,496
Cost of sales		<b>(713,692)</b>	(510,669)
Gross profit		<b>121,525</b>	101,827
Other (losses)/income, net		<b>(130)</b>	419
General and administrative expenses		<b>(44,384)</b>	(25,408)
Operating profit	5	<b>77,011</b>	76,838
Finance income		<b>183</b>	298
Finance costs		<b>(3,138)</b>	(3,121)
Finance costs, net	6	<b>(2,955)</b>	(2,823)
Profit before income tax		<b>74,056</b>	74,015
Income tax expense	7	<b>(15,438)</b>	(10,887)
Profit and total comprehensive income for the period attributable to owners of the Company		<b>58,618</b>	63,128
Earnings per share attributable to owners of the Company during the period	8		
— basic ( <i>HK cents</i> )		<b>19.5</b>	21.0
— diluted ( <i>HK cents</i> )		<b>19.5</b>	21.0

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2015**

	<i>Note</i>	<b>30 June 2015 HK\$'000 (Unaudited)</b>	<b>31 December 2014 HK\$'000 (Audited)</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>331,985</b>	341,675
Goodwill		<b>13,022</b>	13,022
Prepayments and deposits	9	<b>1,841</b>	2,215
		<b>346,848</b>	356,912
<b>Current assets</b>			
Trade and other receivables, prepayments and deposits	9	<b>294,006</b>	329,404
Amounts due from customers for contract work		<b>42,862</b>	44,406
Tax recoverable		<b>–</b>	33
Cash and cash equivalents		<b>261,241</b>	113,121
		<b>598,109</b>	486,964
<b>Total assets</b>		<b>944,957</b>	843,876
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	11	<b>3,000</b>	3,000
Share premium		<b>57,320</b>	57,320
Other reserves		<b>108,328</b>	103,216
Retained earnings		<b>262,488</b>	203,870
<b>Total equity</b>		<b>431,136</b>	367,406
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		<b>72,557</b>	86,675
Deferred taxation		<b>39,914</b>	38,377
		<b>112,471</b>	125,052
<b>Current liabilities</b>			
Trade and other payables	10	<b>276,556</b>	209,756
Borrowings		<b>98,900</b>	128,865
Tax payable		<b>25,894</b>	12,797
		<b>401,350</b>	351,418
<b>Total liabilities</b>		<b>513,821</b>	476,470
<b>Total equity and liabilities</b>		<b>944,957</b>	843,876
<b>Net current assets</b>		<b>196,759</b>	135,546
<b>Total assets less current liabilities</b>		<b>543,607</b>	492,458

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1. GENERAL INFORMATION

The Company is an investment holding company. The Group is principally engaged in the foundation business and machinery rental business in Hong Kong and Macau. The ultimate holding company is Guotsing Holding Group Company Limited which is incorporated in the People's Republic of China ("the PRC").

The Company is a limited liability company incorporated in the Cayman Islands. The address of the Company's registered office is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands.

The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial information is presented in thousands of Hong Kong Dollar ("HK\$'000"), unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 28 August 2015.

## 2. BASIS OF PREPARATION

This unaudited condensed interim financial information for the six months ended 30 June 2015 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting". The unaudited condensed interim financial information should be read in conjunction with the consolidated financial statements for the nine months ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

## 3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied to prepare this unaudited condensed interim financial information for the six months ended 30 June 2015 are consistent with those of the consolidated financial statements for the nine months ended 31 December 2014.

The Group has adopted the following amendments to standards for accounting periods beginning on or after 1 January 2015:

HKAS 19 (2011) (Amendment)	Defined Benefit Plans: Employee Contributions
Annual Improvements Project	Annual Improvements 2010–2012 Cycle
Annual Improvements Project	Annual Improvements 2011–2013 Cycle

The Group has assessed the impact of the adoption of these amendments to standards and considered that there was no significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies.

#### 4. REVENUE AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents the amounts that can be recognised in accordance with the respective stage of completion of construction work and rental income on machinery in the ordinary course of business. Revenue recognised during the respective periods is as follows:

	<b>Six months ended</b>	
	<b>30 June</b>	<b>30 September</b>
	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue</b>		
Construction contracts income	<b>833,861</b>	610,832
Rental income on machinery	<b>1,356</b>	1,664
	<b>835,217</b>	612,496

The chief operating decision-maker has been identified as the Board of Directors of the Company. The Board of Directors regards the Group's business as a single operating segment and reviews financial statements accordingly. Therefore, no segment information is presented.

#### 5. OPERATING PROFIT

Operating profit is stated after charging the following:

	<b>Six months ended</b>	
	<b>30 June</b>	<b>30 September</b>
	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Cost of sales		
Construction material costs	<b>270,733</b>	237,713
Subcontracting charges	<b>339,735</b>	179,599
Staff costs, including directors' emoluments	<b>84,294</b>	77,026
Share-based payments	<b>5,112</b>	2,763
Depreciation of owned assets	<b>11,662</b>	15,980
Depreciation of assets under finance leases	<b>18,754</b>	11,772
Legal and professional fees	<b>16,809</b>	2,250
Operating lease rental on land and buildings	<b>3,049</b>	1,787
Insurance	<b>1,455</b>	1,497
Repair and maintenance	<b>2,160</b>	2,011

## 6. FINANCE COSTS, NET

	Six months ended	
	30 June	30 September
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest expense on bank borrowings wholly repayable within 5 years	749	981
Interest expense on finance lease liabilities wholly repayable within 5 years	2,389	2,140
Interest income	(183)	(298)
	<u>2,955</u>	<u>2,823</u>

## 7. INCOME TAX EXPENSE

Hong Kong and Macau profits tax have been provided at the rate of 16.5% and 12% respectively for the six months ended 30 June 2015 and 30 September 2014 on the estimated assessable profit for the period.

	Six months ended	
	30 June	30 September
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax		
— Hong Kong profits tax	13,256	1,719
— Macau profits tax	645	6,108
Deferred income tax	1,537	3,060
Income tax expense	<u>15,438</u>	<u>10,887</u>

## 8. EARNINGS PER SHARE

### Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective periods.

	Six months ended	
	30 June	30 September
	2015	2014
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (HK\$'000)	58,618	63,128
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share ( <i>in thousand</i> )	300,000	300,000
Basic earnings per share (HK cents)	19.5	21.0

## Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Share issuable under the share option scheme is the only category of dilutive potential ordinary shares. A calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's share in the relevant periods) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	<b>Six months ended</b>	
	<b>30 June</b>	<b>30 September</b>
	<b>2015</b>	<b>2014</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Diluted earnings per share ( <i>HK cents</i> )	<b>19.5</b>	21.0

Diluted earnings per share for the six months ended 30 June 2015 and 30 September 2014 equal basic earnings per share as the exercise of the outstanding share options would be anti-dilutive.

## 9. TRADE AND OTHER RECEIVABLES

	<b>30 June</b>	<b>31 December</b>
	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Contract receivables	<b>146,082</b>	207,211
Retention receivables	<b>142,150</b>	103,869
	<hr/>	<hr/>
Total trade receivables	<b>288,232</b>	311,080
Other receivables, deposits and prepayments ( <i>note d</i> )	<b>7,615</b>	20,539
	<hr/>	<hr/>
	<b>295,847</b>	331,619
	<hr/>	<hr/>
Less: prepayments and deposits — non-current portion	<b>(1,841)</b>	(2,215)
	<hr/>	<hr/>
Current portion	<b>294,006</b>	329,404
	<hr/>	<hr/>

### Notes:

- (a) Trade receivables are past due when a counterparty has failed to make a payment when contractually due. The credit period granted to customers is 14 to 60 days.

- (b) The aging analysis of the contract receivables based on invoice date is as follows:

	<b>30 June 2015 HK\$'000 (Unaudited)</b>	<b>31 December 2014 HK\$'000 (Audited)</b>
0–30 days	<b>127,863</b>	201,727
31–60 days	<b>13,658</b>	1,589
61–90 days	–	–
Over 90 days	<b>4,561</b>	3,895
	<b>146,082</b>	207,211

Contract receivables of HK\$141,521,000 and HK\$203,316,000 as at 30 June 2015 and 31 December 2014 respectively were not yet past due and HK\$4,561,000 and HK\$3,895,000 as at 30 June 2015 and 31 December 2014 respectively were past due but not impaired. These relate to contract receivables from a number of independent customers of whom there is no recent history of default and no provision has therefore been made.

Retention receivables were not yet past due as at 30 June 2015 and were settled in accordance with the terms of respective contracts.

- (c) The other classes of assets within trade and other receivables do not contain impaired assets. The Group does not hold any collateral as security.
- (d) The amount as at 30 June 2015 and 31 December 2014 mainly represents prepayments for insurance, construction site deposits and prepayments for purchase of materials.
- (e) The carrying amounts of trade and other receivables approximate their fair values and are denominated in the following currencies:

	<b>30 June 2015 HK\$'000 (Unaudited)</b>	<b>31 December 2014 HK\$'000 (Audited)</b>
Hong Kong Dollar	<b>265,280</b>	298,724
Macau Pataca	<b>30,567</b>	32,895
	<b>295,847</b>	331,619

## 10. TRADE AND OTHER PAYABLES

	<b>30 June 2015 HK\$'000 (Unaudited)</b>	<b>31 December 2014 HK\$'000 (Audited)</b>
Trade payables	<b>192,342</b>	122,427
Accruals for construction costs	<b>67,080</b>	65,419
Other accruals ( <i>note c</i> )	<b>17,134</b>	21,910
	<b>276,556</b>	209,756

Notes:

- (a) The carrying amounts of trade and other payables approximate their fair values and are mainly denominated in Hong Kong Dollar.
- (b) Payment terms granted by suppliers are 14 to 60 days from the invoice date of the relevant purchases.

The aging analysis of trade payables based on the invoice date is as follows:

	<b>30 June 2015 HK\$'000 (Unaudited)</b>	<b>31 December 2014 HK\$'000 (Audited)</b>
0–30 days	<b>152,530</b>	108,079
31–60 days	<b>15,837</b>	12,286
61–90 days	<b>22,257</b>	1,099
Over 90 days	<b>1,718</b>	963
	<b><u>192,342</u></b>	<b><u>122,427</u></b>

- (c) Other accruals mainly related to the accrued staff benefits and accrued legal and professional expenses.

## 11. SHARE CAPITAL

	<b>Number of ordinary shares</b>	<b>Nominal amount HK\$'000</b>
<b>Authorised:</b>		
Ordinary shares as at 30 June 2015 and 31 December 2014	<b><u>2,000,000,000</u></b>	<b><u>20,000</u></b>
<b>Issued and fully paid:</b>		
Ordinary shares as at 30 June 2015 and 31 December 2014	<b><u>300,000,000</u></b>	<b><u>3,000</u></b>

## 12. COMMITMENTS

### Capital commitment

There is no capital expenditure contracted for but not yet incurred as at 30 June 2015 (31 December 2014: HK\$12,433,000 for purchase of machineries).

### Operating lease commitments — Group as lessee

As at each statement of financial position date, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	<b>30 June 2015 HK\$'000 (Unaudited)</b>	<b>31 December 2014 HK\$'000 (Audited)</b>
Not later than 1 year	<b>7,603</b>	6,401
1–5 years	<b>6,628</b>	8,910
	<b>14,231</b>	15,311

The Group is the lessee in respect of a number of properties under operating leases. The leases typically run for an initial period of two to three years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

## 13. CONTINGENT LIABILITIES

### (a) Guarantees

As at each statement of financial position date, the Group had the following contingent liabilities:

	<b>30 June 2015 HK\$'000 (Unaudited)</b>	<b>31 December 2014 HK\$'000 (Audited)</b>
Guarantees on performance bonds in respect of contracts	<b>283,946</b>	64,489

### (b) Pending litigation

In the ordinary course of the Group's contract works business, the Group has been subject to a number of claims due to personal injuries suffered by employees of the Group or the Group's subcontractors in accidents arising out of and in the course of their employment. The directors are of the opinion that such claims are well covered by insurance and would not result in any material adverse impact on the financial position or results and operations of the Group. No provision has been made in respect of these claims in the financial information.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Review**

During the Reporting Period, the Group had two major source of incomes, namely, construction business and machinery leasing.

#### *Construction business*

The construction projects undertaken by the Group can be broadly divided into foundation works and ancillary services with particular specialisation in piling works. The Group undertakes foundation work related projects in both the public sector, including building and infrastructure related projects, and the private sector in Hong Kong and Macau.

Revenue from the construction contracts for the Reporting Period was approximately HK\$833.9 million (six months ended 30 September 2014: approximately HK\$610.8 million). The increase was mainly attributable to the substantial completion of a number of projects during the Reporting Period. During the Reporting Period, the Group had undertaken two sizable projects in Kwun Tong Inland Lot No. 761 and in Shatin Town Lot No. 578. The total contract sum of the two projects was approximately HK\$615.7 million. The revenue contribution of these two projects together with other ongoing significant projects, including Tsing Yi Town Lot No. 181, Tseung Kwan O Town Lot No. 95, Shek Kip Mei Estate Phase 6, Ma On Shan Town Lot No. 482 account for approximately HK\$672.2 million (representing approximately 80.6% of the total revenue from our construction business) during the Reporting Period.

#### *Machinery leasing*

The Group leased certain unutilized machinery to third party machinery companies and contractors. Revenue from the machinery leasing was approximately HK\$1.3 million during the Reporting Period (six months ended 30 September 2014: approximately HK\$1.7 million).

### **Financial Review**

#### *Revenue*

The Group's total revenue for the Reporting Period was approximately HK\$835.2 million (six months ended 30 September 2014: approximately HK\$612.5 million), representing an increase of approximately 36.4% over the six months ended 30 September 2014. The increase was mainly due to the growth in revenue from construction business during the Reporting Period.

#### *Gross Profit Margin*

The Group's gross profit margin during the Reporting Period was approximately 14.6% (six months ended 30 September 2014: approximately 16.6%). The slight decline in margin is mainly due to the absence of relatively high margin projects in Macau during the Reporting Period as it had been substantially completed in the last interim period, coupled with the increase in construction material costs and subcontractor charges.

### *General and Administrative Expenses*

The Group's general and administrative expenses for the Reporting Period were approximately HK\$44.4 million (six months ended 30 September 2014: approximately HK\$25.4 million), representing an increase of approximately 74.8% over the six months ended 30 September 2014. This was mainly attributable to the increase in professional fee incurred for the reverse takeover transaction as announced by the Company on 25 May 2015. In addition, the higher rental charge for the new office and the share based payment expense incurred for the staff share options were recognised during the Reporting Period are the other reasons for the increase.

### *Net Profit*

During the Reporting Period, the Group recorded a net profit of approximately HK\$58.6 million (six months ended 30 September 2014: approximately 63.1 million), representing a decrease of approximately 7.1% over the six months ended 30 September 2014. This is mainly attributable to the increase in general and administrative expenses during the Reporting Period.

### **Prospects**

The overall construction industry in Hong Kong remains positive as there are a lot of public projects in the pipeline pending approval. During the Reporting Period, the lengthy approval process undertaken by the Finance Committee of the Legislative Council of the HKSAR resulted in fewer public projects being awarded to contractors during the first half of the year 2015. Such delay caused a fierce competition among contractors towards the private construction sector in order to utilize their existing capacities. Through the optimization of project design and technical knowhow, the Group managed to secure a number of foundation projects from the private market during the Reporting Period.

The Group is fully geared up towards the large-scale government projects to be launched in the second half of the year 2015. In order to maintain a sustainable growth, the Group diversifies its business focus to superstructure construction business by reasonably allocating available resources and maintain a robust development. In June 2015, the Group was awarded a superstructure construction project at No. 101–111 Wanchai Road with a sizable contract sum.

The proposed acquisition of the Singapore construction and property development business from the parent company Guotsing Group, which is composed of Guotsing Holding Group Company Limited and its subsidiaries as disclosed in the announcement dated 25 May 2015 and 8 June 2015 will enable the Group to commence an integrated construction business model, covering the full industry chain in order to increase cost efficiency and enhance the competitive advantages of the Group and strengthen the “CNQC” branding in the region.

## **Debts and Charge on Assets**

The total interest bearing bank borrowings of the Group, including bank loans and finance leases, decreased from approximately HK\$215.5 million as at 31 December 2014 to approximately HK\$171.5 million as at 30 June 2015. All borrowings were denominated in Hong Kong Dollar. Interests on bank borrowings are mainly charged at floating rates. The Group currently does not have an interest rate hedging policy and the Group monitors interest risks continuously and considers hedging any excessive risk when necessary. These banking facilities are secured by the Group's property, plant and equipment with an aggregate net book value of approximately HK\$210.0 million and approximately HK\$213.6 million as at 30 June 2015 and 31 December 2014 respectively.

## **Liquidity, Financial Resources and Capital Structure**

The Group has funded the liquidity and capital requirements primarily through capital contributions from shareholders, bank borrowings and cash inflows from the operating activities.

As at 30 June 2015, the Group had cash and bank balances of approximately HK\$261.2 million (31 December 2014: approximately HK\$113.1 million) of which approximately 93.1% was held in Hong Kong dollar and the remaining was mainly held in Macau Pataca. The significant increase was mainly due to the contribution of cash inflow from the operating activities. The gearing ratio of the Group as at 30 June 2015 (defined as total interest-bearing debts divided by shareholder's equity) was approximately 39.8% (31 December 2014: approximately 58.7%).

During the Reporting Period, the Group did not employ any financial instrument for hedging purposes.

## **Foreign Exchange**

Since the Group mainly operates in Hong Kong and Macau and most of the revenue and transactions arising from its operations were settled in Hong Kong Dollar and Macau Pataca, and the Group's assets and liabilities are primarily denominated in Hong Kong Dollar and Macau Pataca, the Board believes that the Group will have sufficient foreign exchange to meet its foreign exchange requirements. The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates and has not adopted any currency hedging policy or other hedging instruments during the Reporting Period.

## **Significant Investment, Material Acquisitions and Disposal of Subsidiaries and Associated Companies**

During the Reporting Period, there was significant acquisition agreement entered into by the Group on 23 May 2015 to acquire the Singapore construction and property development businesses from the parent company (Guotsing Group). For details, please refer to the announcement of the Company dated 23 May 2015 and 8 June 2015. The completion of the transaction is yet to take place pending the fulfillment of a number of condition precedents.

## **Capital Commitments**

The Group had no capital commitments as at 30 June 2015 (31 December 2014: HK\$12,433,000 for purchase of machineries).

## **Contingent Liabilities**

Save as disclosed in note 13 to the unaudited condensed consolidated interim financial information, the Group had no other contingent liabilities as at 30 June 2015 and 31 December 2014.

## **Event after the Reporting Period**

There are no significant events after the Reporting Period.

## **Employees and Remuneration Policy**

As at 30 June 2015, the Group had 329 full-time employees (31 December 2014: 310 fulltime employees). Most of the Group's employees were based in Hong Kong. The remuneration policy and package of the Group's employees are periodically reviewed. Apart from mandatory provident fund and in-house training programmes, salaries increment and discretionary bonuses may be awarded to employees according to the assessment of individual performance. The total remuneration cost incurred by the Group for Reporting Period was approximately HK\$84.3 million compared to approximately HK\$77.0 million for the six months ended 30 September 2014.

## **Share Options**

On 27 June 2014, the Company offered to grant an aggregate of 19,500,000 share options (the "Share Options") to certain Directors, employees and consultants of the Group (collectively, the "Grantees"), subject to acceptance of the Grantees, under its share option scheme adopted on 11 September 2012 (the "Share Option Scheme"). The Share Options will enable the Grantees to subscribe for an aggregate of 19,500,000 new Shares, representing 6.5% of the issued share capital of the Company as at the date of grant subject to certain vesting periods. For further details, please refer to the announcement of the Company dated 27 June 2014. Since then, the Group has not granted any new options under the Share Option Scheme up to the date of this announcement nor is there any option being exercised.

## **Interim Dividend**

The Board did not recommend the declaration of any interim dividend for the Reporting Period (six months ended 30 September 2014: HK\$Nil).

## **Purchase, Sale and Redemption of the Company's Securities**

During the Reporting Period, neither the Company nor any of the subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## **Corporate Governance**

### *Corporate Governance Code*

The Company had complied with all the applicable code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) during the Reporting Period.

### **Code of Conduct Regarding Directors’ Securities Transactions**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code throughout the Reporting Period.

### **Audit Committee and Review of Financial Information**

The audit committee of the Company has reviewed with the Company’s management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the unaudited interim financial statements for the Reporting Period.

By order of the Board  
**CNQC International Holdings Limited**  
**Dr. DU BO**  
*Chairman*

Hong Kong, 28 August 2015

*As at the date of this announcement, the Board comprises (i) four executive Directors, namely Dr. Du Bo (Chairman), Mr. Cheng Wing On, Michael, Mr. Ho Chi Ling and Mr. Zhang Yuqiang; (ii) two non-executive Directors, namely Mr. Zhang Zhihua and Dr. Ding Hongbin; and (iii) three independent non-executive Directors, namely Mr. Chuck Winston Calptor, Mr. Ching Kwok Hoo, Pedro and Mr. Tam Tak Kei, Raymond.*