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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

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular.

A letter from the Board is set out on pages 6 to 12 of this circular.

The Company has obtained written Shareholders’ approval for the Deed of Indemnity and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules from a closely allied group of Shareholder who hold more than 50% of the total issued Shares having the right to attend and vote at a general meeting. Accordingly, no Shareholders’ meeting will be held to approve the Deed of Indemnity and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules.

This circular is despatched to the Shareholders for information purpose only.

23 August 2024

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Amended Documents”	the relevant revised Finance Documents (including but not limited to the Facility Agreement and Guarantee (Vanke)) all dated 19 July 2024 mainly for expanding Vanke’s coverage of its guarantee for the Secured Indebtedness to 100% for the purpose of continuing to make available to the Borrower the Term Loan Facilities, as amended, novated, supplemented, extended or restated or replaced from time to time;
“Announcement”	the announcement dated 19 July 2024 of the Company in relation to the Deed of Indemnity and the transaction contemplated thereto;
“associate(s)”	has the meaning ascribed thereto in the Listing Rules;
“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);
“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;
“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);
“Deed of Indemnity”	the 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;

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“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;
“Finance Documents”	the Facility Agreement, Guarantee (Vanke), the guarantee dated 15 August 2023 (entered into between the Company and the Security Agent with the guarantee coverage of 5% of the Secured Indebtedness), the funding agreement dated 15 August 2023 (entered into between Vanke, the Company and the Borrower in favour of the Security Agent relating to their several funding undertaking for payment of the relevant costs and expenses to the Borrower and the completion undertaking in relation to the relevant property development project), any fee letter, the security documents evidencing and creating security over any asset to secure the Secured Indebtedness and any other document designated as such by the Security Agent and the Borrower;
“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 the Secured Indebtedness;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;

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“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;
“Latest Practicable Date”	23 August 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;
“Lenders”	<p>The relevant banks granting the Term Loan Facilities to the Borrower, namely Bank of Communications Co., Ltd. Hong Kong Branch (a joint stock company incorporated in the PRC with limited liability), Oversea-Chinese Banking Corporation Limited (a company incorporated in Singapore with limited liability), CMB Wing Lung Bank Limited (a company incorporated in Hong Kong with limited liability) and DBS Bank (Hong Kong) Limited (a company incorporated in Hong Kong with limited liability)</p> <p>To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Lenders and their ultimate beneficial owners is an Independent Third Party.</p>
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

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“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 to the Listing Rules;
“PRC”	the People’s Republic of China and, for the purpose of this circular, 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 relevant Finance Documents to which the Borrower is party;
“Security Agent”	DBS Bank LTD., Hong Kong Branch, a company incorporated in Singapore with limited liability; To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Security Agent and its ultimate beneficial owner(s) are Independent Third Parties.
“SFO”	Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong as amended from time to time;
“Shareholder(s)”	shareholder(s) of the Company;
“Shares”	the share(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“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;
“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;

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“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; and
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Wang Congyuan (*Chairman*)
Mr. Li Jun (李軍) (*Chief Executive Officer*)
Dr. Du Bo
Mr. Du Dexiang (*Co-Chief Executive Officer*)

Registered Office:

Windward 3,
Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

Non-executive Director:

Mr. Liu Jiazhen

Headquarters, Head Office and Principal

Place of Business in Hong Kong:

Independent non-executive Directors:

Mr. Liu Junchun
Mr. Tam Tak Kei, Raymond
Mr. Chan Kok Chung, Johnny

8/F, Enterprise Square Three
39 Wang Chiu Road
Kowloon Bay
Hong Kong

23 August 2024

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
PROVISION OF FINANCIAL ASSISTANCE**

INTRODUCTION

Reference is made to the Announcement. 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, including Bank of Communications Co., Ltd. Hong Kong Branch, Oversea-Chinese Banking Corporation Limited, CMB Wing Lung Bank Limited and DBS Bank (Hong Kong) Limited, in relation to 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, i.e. 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 estimated aggregated amount of approximately HK\$5,585,880,451.99 (assuming that the maximum principal amount under the Term Loan Facilities having been fully utilised on 18 August 2023 and all the relevant amounts which shall be payable by the Borrower from time to

LETTER FROM THE BOARD

time to the secured parties under the Finance Documents to which the Borrower is a party being outstanding from 18 August 2023 to 17 August 2024), i.e. the Secured Indebtedness, 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 Subordination Agreement in favour of the Security Agent, i.e. DBS Bank LTD., Hong Kong Branch, under the Facility Agreement to subordinate indebtedness owed by the Borrower to Vanke, CNQC Realty and the JV Company to the Secured Indebtedness. As at the Latest Practicable Date, the Borrower has drawn down HK\$2,390,950,000 of the Term Loan Facilities.

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 Secured Indebtedness.

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 purpose of this circular is to provide you with, 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.

THE DEED OF INDEMNITY

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, which are basically the relevant revised Finance Documents (including but not limited to the Facility Agreement and Guarantee (Vanke)) all dated 19 July 2024 mainly for expanding Vanke's coverage of its guarantee for the Secured Indebtedness to 100%; 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.

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- Limitation of liability: The maximum liability of the Company under the Indemnity, together with its obligations and liabilities under the Finance Documents 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 Subordination Agreement having been released or discharged.

The Secured Indebtedness

Assuming that the maximum principal amount under the Term Loan Facilities having been fully utilised on 18 August 2023 and all the relevant amounts which shall be payable by the Borrower from time to time to the secured parties under the Finance Documents to which the Borrower is a party being outstanding from 18 August 2023 to 17 August 2024, the estimated aggregated amount of the Secured Indebtedness is approximately HK\$5,585,880,451.99 (including (i) HK\$5,240,000,000 (being the principal amount under the Term Loan Facilities); (ii) approximately HK\$315,534,136.99 (being the estimated interest accrued or to be accrued under the Term Loan Facilities); and (iii) approximately HK\$30,346,315.00 (being the estimated aggregated amount of the underwriting fee, agency and security agency fee, other fees, costs, charges and expenses incurred or to be incurred under the Finance Documents)).

The Indemnity

Assuming that the maximum principal amount under the Term Loan Facilities having been fully utilised on 18 August 2023 and all the relevant amounts which shall be payable by the Borrower from time to time to the secured parties under the Finance Documents to which the Borrower is a party being outstanding from 18 August 2023 to 17 August 2024, the maximum estimated aggregated amount of the liability of the Company under the Indemnity, together with its obligations and liabilities under the Finance Documents and the Amended Documents, is approximately HK\$279,294,023.60 (including (i) HK\$262,000,000 (being 5% of the principal amount under the Term Loan Facilities); (ii) approximately HK\$15,776,706.85 (being 5% of the estimated interest accrued or to be accrued under the Term Loan Facilities); and (iii) approximately HK\$1,517,315.75 (being 5% of the estimated aggregated amount of the underwriting fee, agency and security agency fee, other fees, costs, charges and expenses incurred or to be incurred under the Finance Documents)), i.e. 5% of the Secured Indebtedness. The Indemnity (if payable) will be funded by internal resources of the Group.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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 Secured Indebtedness 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) facilitates 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. As at the Latest Practicable Date, the maturity date of the Term Loan Facilities under the Facility Agreement has been extended to the earlier of 18 February 2027 and the date falling 6 months after the date of issuance of a certificate issued by the Director of Lands of Hong Kong certifying that all the general and special conditions contained in the government grant of the relevant property of the said property development project have been complied with to his satisfaction.

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.

FINANCIAL EFFECT OF THE DEED OF INDEMNITY ON THE GROUP

As the Borrower, through the JV Company, is only a 5% indirectly owned associate of the Company, the entering into of the Deed of Indemnity and the provision of the Indemnity will not have immediate effect on the earnings, assets and liabilities of the Group. The Company would indemnify Vanke pursuant to the terms and conditions of the Deed of Indemnity only if any event of default set out in the Amended Documents has occurred and Vanke's obligations under the Amended Documents have therefore been enforced. As of the Latest Practicable Date, to the best knowledge, information and belief of the Directors, the Group is not aware of any possibility of Vanke's obligations under the Amended Documents being enforced.

Accordingly, the Directors consider that the major transaction, namely the provision of Indemnity under the Deed of Indemnity, will not have any net material financial impact on the earnings, assets and liabilities of the Group.

LETTER FROM THE BOARD

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 Latest Practicable Date), details of which are as follows:

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

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 Deed of Indemnity and the transactions contemplated thereunder 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.

LETTER FROM THE BOARD

RECOMMENDATION

This circular is despatched to Shareholders for information purposes only. Although no general meeting will be convened, the Directors are of the view that the terms of the Deed of Indemnity and the transactions contemplated thereunder, based on the reasons set out in the above section headed “REASONS FOR AND BENEFITS OF ENTERING INTO OF THE DEED OF INDEMNITY”, is fair and reasonable and are in the interests of the Company and the Shareholders as a whole. If a general meeting was convened for approving the Deed of Indemnity and the transactions contemplated thereunder, the Board would recommend the Shareholders to vote in favour of the ordinary resolution(s) to be proposed for the approval of the Deed of Indemnity and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is also drawn to the other additional information set out in the appendices to this circular.

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

A. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group as set out in the audited consolidated financial statements of the Company for the three years ended 31 December 2023, together with the relevant notes thereto, are disclosed in the following documents which have been published and are available on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (<http://cnqc.com.hk>):

Please refer to the hyperlinks as stated below:

Annual Report for the year ended 31 December 2021 published on 25 April 2022 (pages 55 to 159):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0425/2022042501304.pdf>

Annual Report for the year ended 31 December 2022 published on 27 April 2023 (pages 59 to 161):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042701079.pdf>

Annual Report for the year ended 31 December 2023 published on 29 April 2024 (pages 55 to 155):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0429/2024042903657.pdf>

B. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 June 2024, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had the following indebtedness:

Borrowings

	30 June 2024
	<i>HK\$'000</i>
Bank borrowings, secured and guaranteed	245,083
Bank borrowings, secured and unguaranteed	1,296,543
Bank borrowings, unsecured and guaranteed	8,640
Bank borrowings, unsecured and unguaranteed	1,503,431
Bank borrowings — mortgaged, secured and guaranteed	16,413
Bank borrowings — mortgaged, secured and unguaranteed	62,306
Other borrowings	
— Loan from a financial institution, unsecured and unguaranteed	10,000
— Loans from non-controlling interests, unsecured and unguaranteed	1,192,846
Total	<u>4,335,262</u>

Lease liabilities

As at 30 June 2024, the Group had lease liabilities of approximately HK\$51,511,200 which were secured by rental deposits, plant and machinery and motor vehicles, and unguaranteed and the remaining lease liability of approximately HK\$ 27,297,800 was unsecured and unguaranteed.

Contingent liabilities or guarantees

As at 30 June 2024, the Group provided financial guarantees of approximately HK\$1,605,985,000 to banks for project loans made by the banks for property development projects of Group's associated companies and a joint venture in Hong Kong and Singapore.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at the close of business on 30 June 2024, the Group did not have any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, mortgages, debentures or debt securities issued and outstanding, charges, hire purchases commitments, guarantees or other material contingent liabilities.

As at the Latest Practicable Date, the Directors have confirmed that, there has not been any material change in the indebtedness and contingent liabilities of the Group since 30 June 2024.

C. WORKING CAPITAL SUFFICIENCY

The Directors are of the opinion that, taking into account (i) the financial resources available to the Group (including but not limited to the cash flow from operations, existing cash and bank balances, the existing bank borrowings and loans available); and (ii) the effect of the Deed of Indemnity, the Group has sufficient working capital for its present requirements for at least 12 months from the date of this circular.

The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

D. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in foundation and construction business, property development in Singapore and Southeast Asia, Hong Kong and Macau.

As we enter 2024, the surroundings remain intricate and the economy across the globe is still clouded by political turmoil, geopolitical tensions and high interest rates. The overall economy has descended into chaos. As the growth momentum is insufficient and the overall inflation remains to be at a high level, the recovery is still put to the test. Despite the challenging global environment, the Group generally saw a positive performance in the three main regions of Hong Kong, Singapore and Malaysia.

According to the Ministry of Trade and Industry of Singapore, Singapore's economy is expected to be in good shape in 2024, with GDP growth in the range of 1% to 3%. The outlook for Singapore's construction industry is expected to remain buoyant in 2024. The Building and Construction Authority of Singapore expects construction demand to reach S\$31 billion to S\$38 billion per annum from 2025 to 2028, of which 55% will be contributed by the Singapore construction industry for public sector tenders. The Group will focus on Singapore government projects to maintain its existing edge in the Housing and Development Board (HDB) market while exploring tender opportunities for other construction projects such as infrastructural projects.

According to Malaysia's Economic and Fiscal Outlook Report 2024, Malaysia's GDP is expected to reach a growth rate of 4% to 5% in 2024. Meanwhile, the government is also committed to strengthening the country's economic fundamentals for a prosperous, inclusive and sustainable economic growth. The Malaysian construction industry is expected to grow at an annual rate of 6.8% in 2024. There are still long-term growth opportunities and room for expansion for the Group in the Malaysian market. The Group will grow steadily in the Malaysian construction market and continue to look for more quality projects.

According to the 2024/25 Hong Kong Special Administrative Region (HKSAR) Budget, it is forecast that the Hong Kong economy will continue to grow at a real growth rate of approximately 3.2% per annum in the coming years. Underlying inflation is projected to average 2.5% per year. In addition, in the Budget, the Hong Kong Government put forward a plan on housing supply. It is planned to build about 380,000 public housing units in the next decade, while the annual new production of the private residential portion is expected to exceed 19,000 units, with a potential supply of about 109,000 new private residential units in the next three to four years. The Hong Kong Housing Authority would continue to adopt the Modular Integrated Construction (MiC) method in suitable projects so that not less than half of the total public housing units (about 238,000 units) to be completed from 2028–29 to 2032–33 would adopt the MiC method, while the remaining projects would adopt the Design for Manufacturing and Assembly (DfMA) method. The Hong Kong Housing Authority will continue to apply innovative building technologies and develop the second generation of the Modular Integrated Construction (MiC 2.0) method to further speed up the construction process and enhance its efficiency. The development of the Northern Metropolis will be continuously promoted, with the expectation of about 500,000 new housing units in the future. Looking ahead to the next five to ten years, Hong Kong's construction market will see an

increase in the overall volume of works, bringing broader development prospects and growth opportunities for the construction industry. The Group has won a number of tenders from the Hong Kong Government for public housing construction projects. In the future, the Group will continue to focus on the public housing construction market and will certainly benefit from the rich experience of the MiC construction project in Singapore and gain more development opportunities.

The Group will continue to maintain the advantages of its collaborative business development model in the established markets, develop in an active and steady way through quality, progress and cost control, and maintain its competitive advantage in the major markets of Singapore, Hong Kong and Malaysia to make profound and steady progress. It will keep maintaining good business relationships with government agencies to maximize the number of project contracts awarded, and strengthen the active development of social projects as well as participate in other projects such as commercial properties, industrial plants or public utilities. The Group will also continue to enhance and apply the MiC technology and strengthen the innovation and upgrading of MiC technology to make continuous improvement in project quality, and at the same time, establish a long-term and solid development blueprint to create higher returns for the Shareholders.

E. MATERIAL ADVERSE CHANGE

The Directors confirm that there have been no material adverse changes in the financial or trading position of the Group since 31 December 2023, the date to which the latest audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

A. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

B. DISCLOSURE OF INTERESTS**1. Interests of Directors**

As at the Latest Practicable Date, interests or short positions in the Shares, underlying shares (“**Underlying Shares**”) and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) held by the Directors and chief executive of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

Interests in the Shares and Underlying Shares of the Company

Name of director	Capacity	Number of Shares and underlying Shares held in long position	Approximate percentage of interests
Mr. Wang Congyuan	Beneficiary of a trust (<i>Note 1</i>)	6,189,663	0.41%
	Beneficial owner	1,944,916	0.10%
Mr. Li Jun (李軍)	Beneficiary of a trust (<i>Note 1</i>)	2,602,497	0.17%
	Beneficial owner	990,624	0.06%
Dr. Du Bo	Beneficial owner (<i>Note 2</i>)	1,124,759,528	74.08%
	Beneficiary of a trust (<i>Note 1</i>)	45,689,892	3.01%
	Beneficial owner	12,504,972	0.82%
Mr. Du Dexiang	Beneficial owner (<i>Note 3</i>)	100,000,000	6.59%

Notes:

1. This represents long position in the underlying non-redeemable convertible preference shares under the awards held by the trustee as appointed under the management share scheme. Please refer to the circular of the Company dated 25 September 2015 for further details.
2. The 1,024,759,528 Shares are deemed to be interest by Dr. Du Bo, as the Shares are held by Guotsing Holding Company Limited (“**Guotsing BVI**”), which is a company wholly owned by Hao Bo Investments Limited, which in turn is held as to 48.55% by Top Elate Investments Limited and 51.45% by Bliss Wave Holding Investments Limited. Bliss Wave Holding Investments Limited is a company held as to 74.53% by Hui Long Enterprises Limited, which is a company wholly-owned by Dr. Du Bo. Top Elate Investments Limited is a company wholly-owned by Qingdao Qingjian Holdings Co. which in turn is held as to 99.98% by the Qingdao ZhiXinDa Enterprise Management Partnership (Limited Partnership).
3. The 100,000,000 Shares are deemed to be interest by Dr. Du Bo and Mr. Du Dexiang, as the Shares are held by Victorious Path International Limited, which is a company wholly owned by Guotsing Group (HK) Limited, which in turn is wholly owned by Hyday (South Pacific) Investment Pte Ltd, which in turn is wholly owned by Guotsing Holding (South Pacific) Investment Pte. Ltd., which in turn is wholly owned by Guotsing Holding Group Co. Ltd. Guotsing Holding Group Co. Ltd is a company held as to 42.1% by Shanghai Heliyuan Investment Company Ltd and 51.9% by Qingdao Qingjian Group Co Ltd which in turn is held as to 99.98% by the Qingdao ZhiXinDa Enterprise Management Partnership (Limited Partnership). Shanghai Heliyuan Investment Ltd is a company held as to 59.5% by Dr. Du Bo and 40% by Mr. Du Dexiang.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or a proposed Director is a director or employee of a company which had, or was deemed to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

2. Interests of substantial Shareholders

As at the Latest Practicable Date, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Long position in the Shares and underlying Shares

Name of substantial shareholder	Capacity/ Nature of interest	Number of Shares and underlying Shares held/ interested	Approximate Shareholding Percentage
Hui Long Enterprises Limited	Interest in controlled corporation (<i>Note 1</i>)	1,024,759,528	67.49%
Bliss Wave Holding Investments Limited	Interest in controlled corporation (<i>Note 1</i>)	1,024,759,528	67.49%
Top Elate Investments Limited	Interest in controlled corporation (<i>Note 1</i>)	1,024,759,528	67.49%
Hao Bo Investments Limited	Interest in controlled corporation (<i>Note 1</i>)	1,024,759,528	67.49%
Guotsing Holding Company Limited	Beneficial owner (<i>Note 1</i>) Interest in controlled corporation (<i>Notes 1, 2 and 3</i>)	756,421,520 268,338,008	49.82% 17.67%
Trustee as appointed under the management share scheme	Trustee (<i>Note 5</i>)	124,875,197	8.22%
Qingdao ZhiXinDa Enterprise Management Partnership (Limited Partnership)	Interest in controlled corporation (<i>Note 1</i>)	1,124,759,528	74.08%
Qingdao Qingjian Holdings Co	Interest in controlled corporation (<i>Note 1</i>)	1,124,759,528	74.08%
CNQC Development Limited	Beneficial owner (<i>Note 2</i>)	224,145,000	14.76%
Guotsing Finance Holding Limited	Interest in controlled corporation (<i>Note 3</i>)	44,193,008	2.91%
Guotsing Asset Management Limited	Interest in controlled corporation (<i>Note 3</i>)	44,193,008	2.91%
Guotsing Growth Fund LP I	Beneficial owner	44,193,008	2.91%
China Great Wall AMC (International) Holdings Company Limited	Beneficial owner	142,000,000	9.35%
Guotsing Group (HK) Limited	Interest in Controlled corporation (<i>Note 4</i>)	100,000,000	6.59%

Name of substantial shareholder	Capacity/ Nature of interest	Number of Shares and underlying Shares held/ interested	Approximate Shareholding Percentage
Guotsing Holding Group Company Limited	Interest in Controlled corporation (<i>Note 4</i>)	100,000,000	6.59%
Guotsing Holding (South Pacific) Investment Pte. Ltd	Interest in Controlled corporation (<i>Note 4</i>)	100,000,000	6.59%
Hyday (South Pacific) Investment Pte. Ltd	Interest in Controlled corporation (<i>Note 4</i>)	100,000,000	6.59%
Shanghai Heliyuan Investment Company Limited	Interest in Controlled corporation (<i>Note 4</i>)	100,000,000	6.59%
Victorious Path International Limited	Beneficial owner	100,000,000	6.59%

Notes:

- Guotsing BVI is a company wholly owned by Hao Bo Investments Limited, which in turn is held as to 48.55% by Top Elate Investments Limited and 51.45% by Bliss Wave Holding Investments Limited. Bliss Wave Holding Investments Limited is a company held as to 74.53% by Hui Long Enterprises Limited, which is a company wholly-owned by Dr. Du Bo. Top Elate Investments Limited is a company wholly-owned by Qingdao Qingjian Holdings Co. which in turn is wholly-owned by the Qingdao ZhiXinDa Enterprise Management Partnership (Limited Partnership). Thus, Dr. Du Bo is deemed to be interested in the 1,024,759,528 Shares.
- The 224,145,000 Shares were held by CNQC Development Limited (“**CNQC Development**”) as at the Latest Practicable Date. CNQC Development is wholly-owned by Guotsing BVI.
- Guotsing Asset Management Limited is the General Partner of Guotsing Growth Fund LP I, and is in turn wholly held by Guotsing Finance Holding Limited, which is wholly-owned by Guotsing BVI.
- Guotsing Group (HK) Ltd is a company wholly own Victorious Path International Limited, and is in turn wholly held by Hyday (South Pacific) Investment Pte Ltd, which is wholly-owned by Guotsing Holding (South Pacific) Investment Pte. Ltd. Guotsing Holding (South Pacific) Investment Pte. Ltd is a company wholly owned by Guotsing Holding Group Limited, which in turn is held as to 57.9% by Qingdao Qingjian Holdings Co. and 42.1% by Shanghai Heliyuan Investment Company Limited.
- This represents the non-redeemable convertible preference shares under the awards held by the trustee as appointed under the management share scheme. Please refer to the circular of the Company dated 25 September 2015 for further details.

Save as disclosed above, as at the Latest Practicable Date, to the best information, knowledge and belief of the Directors, no person (other than the Directors and chief executive of the Company), had registered an interest or short position in the Shares or underlying Shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

C. DIRECTORS' INTERESTS IN COMPETING BUSINESS

Pursuant to Rule 8.10 of the Listing Rules, as at the Latest Practicable Date, the following Directors are considered to have business interests which are likely to compete directly or indirectly with the business of the Group.

As at the Latest Practicable Date, Mr. Wang Cougyuan, an executive Director, served as a director and chairman of Guotsing Holding Group Co. Ltd. (“**Guotsing PRC**”) and Dr. Du Bo, an executive Director, served as a director and honorary chairman of Guotsing PRC. Guotsing PRC, together with its subsidiaries (“**Guotsing Group**”), is primarily engaged in (i) investments in projects in the real estate and related industries; (ii) property development in the PRC and other overseas markets; (iii) provision of construction services to both the private and public sectors in the PRC and other overseas markets; (iv) logistics and trading of steel, machinery and other raw materials related to construction business; and (v) provision of design consultation services. However, pursuant to a non-competition deed, the Guotsing Group will not directly or indirectly, carry on, engage, invest, participate or otherwise be interested in any property development projects and provision of construction services in competition with the Group in Hong Kong, Macau, and Singapore. Therefore, the Directors are of the view that the business of Guotsing Group does not compete directly with the business of the Group.

Save as disclosed above, the Directors were not aware of any business or interest of the Directors and their respective associates that had competed or might compete with the business of the Group and any other conflicts of interests which any such person had or might have with the Group.

D. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS

As at the Latest Practicable Date, none of the Directors had any interest direct or indirect, in any assets which have been, since 31 December 2023 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group.

E. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries which will not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

F. MATERIAL LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation, arbitration or administrative proceedings of material importance and no litigation, arbitration, administrative proceedings or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

G. MATERIAL CONTRACTS

Save for the Deed of Indemnity, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by any member of the Group within the two years immediately preceding the Latest Practicable Date.

H. MISCELLANEOUS

- (a) The secretary of the Company is Ms. Au Wing Sze. She is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.
- (b) The registered office of the Company is at Windward 3, Regatta Office Park PO Box 1350, Grand Cayman KY1-1108 Cayman Islands.
- (c) The principal place of business of the Company in Hong Kong is at 8/F, Enterprise Square Three, 39 Wang Chiu Road, Kowloon Bay, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text.

I. DOCUMENTS ON DISPLAY

Copy of the Deed of Indemnity will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://cnqc.com.hk>) from the date of this circular until 14 days hereafter.