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CNQC INTERNATIONAL HOLDINGS LIMITED

青建國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1240)

CONTINUING CONNECTED TRANSACTION

SUB-CONTRACT AGREEMENT

On 30 May 2018, CNQC Malaysia entered into the Sub-contract Agreement with Qingjian Malaysia, pursuant to which CNQC Malaysia agreed to be the sub-contractor to Qingjian Malaysia in the Construction Project and undertake Construction Work of the Construction Project.

IMPLICATIONS UNDER THE LISTING RULES

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

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

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The principal terms of the Sub-contract Agreement are set out as below:

Date

30 May 2018

Parties

- (1) CNQC Malaysia; and
- (2) Qingjian Malaysia.

Term

The Sub-contract Agreement is for a term commencing from 1 June 2018 until 31 March 2021.

Transactions under the Sub-contract Agreement

CNQC Malaysia agreed to be the sub-contractor of the Construction Project and undertake the supply, construction, completion and maintenance of the Construction Project.

Service Fee and Payment

Pursuant to the Sub-contract Agreement, CNQC Malaysia agreed to be the sub-contractor to Qingjian Malaysia under the same contract sum of RM147 million (equivalent to approximately HK\$290 million) under the Construction Contract (the “**Contract Sum**”). Pursuant to the Sub-contract Agreement, Qingjian Malaysia will provide project management support services (including coordination with employer and local government and related project administration) in the Construction Project and will be entitled to a service fee equivalent to 1.0% of the final Contract Sum (excluding the contract sum attributable to any provisional work under the Construction Contract) and other related costs.

Annual Caps and basis

The transaction amount for the transactions contemplated under the Sub-contract Agreement for the following period will not exceed the following annual caps of:

Annual Caps	<i>(million RM)</i>
From 1 June 2018 to 31 December 2018	12
From 1 January 2019 to 31 December 2019	50
From 1 January 2020 to 31 December 2020	68
From 1 January 2021 to 31 March 2021	17

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

Internal Control Measures

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

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

INFORMATION OF THE PARTIES

The Company was incorporated in the Cayman Islands with limited liability and the Shares are listed on the Main Board of the Stock Exchange. The Company is an investment holding company and the Group is principally engaged in property development business in Singapore and the construction business both in Singapore and Hong Kong.

CNQC Malaysia is a company incorporated in Malaysia and an indirectly wholly-owned subsidiary of the Company. CNQC Malaysia has recently started its construction business in Malaysia.

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

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTION

The Group is one of the leaders in the real estate and construction industry in Singapore. It has been the Group's plan to seek business opportunities in construction and property development in Southeast Asian markets. Following the Group's first entry into the Malaysian market in 2017, the Group has been seeking opportunities to further expand its business in the Malaysian market. The Construction Project and the transaction contemplated under the Sub-contract Agreement would allow the Group to achieve this and consolidate its position in the Malaysian construction market. In addition, given that the Construction Contract has already been awarded to Qingjian Malaysia, the Sub-contract Agreement and the transaction contemplated thereunder would allow CNQC Malaysia to immediately commence construction, without the need to go through the tender process required in other prospective construction projects. The Sub-contract Agreement would also allow the Qingjian Malaysia to share its industry experience and knowledge in the Malaysian market as part of the project management support services provided to CNQC Malaysia. The Directors (including the independent non-executive Directors, excluding Mr. Wang Xianmao and Dr. Sun Huiye who have abstained from voting) considered that (i) the Sub-contract Agreement was entered into in the ordinary and usual course of business and on normal commercial terms; (ii) the terms of the Sub-contract Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (iii) the annual caps under the Sub-contract Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Board has approved the Sub-contract Agreement and none of the Directors has any material interest in the transactions contemplated thereunder. Since Mr. Wang Xianmao is a director and the chief executive officer in Guotsing PRC and Dr. Sun Huiye is a director of Guotsing PRC, Mr Wang and Dr. Sun have abstained from voting on the relevant resolutions of the Board to approve the Sub-contract Agreement.

IMPLICATIONS UNDER THE LISTING RULES

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

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

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CNQC Malaysia”	CNQC Engineering & Construction (Malaysia) Sdn. Bhd., a company incorporated in Malaysia and an indirectly wholly-owned subsidiary of the Company
“Company”	CNQC International Holdings Limited (青建國際控股有限公司), a company incorporated under the laws of Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Construction Contract”	the construction contract entered into between Qingjian Malaysia (as contractor) and President Hotel Sdn Bhd (as employer) in relation to the Construction Project
“Construction Project”	the construction project of a hotel in Kuala Lumpur, Malaysia
“Construction Work”	the undertaking of the supply, construction, completion and maintenance of the Construction Project
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Guotsing PRC”	國清控股集團有限公司 (Guotsing Holding Group Co. Ltd.*), a company incorporated in the PRC with limited liability
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	any of the five ratios set out in Rule 14.07 of the Listing Rules
“PRC”	The People’s Republic of China, which shall, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Qingjian Malaysia”	Qingjian Holding Group (M) Sdn. Bhd., a company incorporated in Malaysia and an indirect subsidiary of Guotsing PRC
“RM”	Malaysian Ringgit, the currency of Malaysia
“Share(s)”	share(s) of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sub-contract Agreement”	an agreement dated 30 May 2018 entered into by CNQC Malaysia and Qingjian Malaysia in relation to the provision of the Construction Work of the Construction Project
“%”	per cent.

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

Hong Kong, 30 May 2018

As at the date of this announcement, the Board comprises (i) five executive Directors, namely Mr. Cheng Wing On, Michael (Chairman), Mr. Wang Congyuan, Mr. Ho Chi Ling, Mr. Zhang Yuqiang and Mr. Wang Linxuan; (ii) three non-executive Directors, namely Dr. Sun Huiye, Mr. Wang Xianmao and Mr. Chen Anhua; and (iii) four independent non-executive Directors, namely Mr. Chuck Winston Calptor, Mr. Ching Kwok Hoo, Pedro, Mr. Tam Tak Kei, Raymond and Mr. Chan Kok Chung, Johnny.