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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

2021 FRAMEWORK AGREEMENT

On 29 April 2021, the Company entered into the 2021 Framework Agreement with Singapore Bai Chuan in relation to the continuing connected transactions contemplated under the 2021 Framework Agreement in respect of the period from 1 January 2021 to 31 December 2023.

IMPLICATIONS UNDER THE LISTING RULES

Singapore Bai Chuan is an indirect subsidiary of Guotsing PRC, which is under the common control of the ultimate beneficial owner of Guotsing Holding Company Limited, a controlling Shareholder. Singapore Bai Chuan 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 2021 Framework 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 2021 Framework 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.

2021 FRAMEWORK AGREEMENT

On 29 April 2021, the Company entered into the 2021 Framework Agreement with Singapore Bai Chuan in relation to the continuing connected transactions contemplated under the 2021 Framework Agreement in respect of the period from 1 January 2021 to 31 December 2023.

The principal terms of the 2021 Framework Agreement are set out as below:

Date

29 April 2021

Parties

- (1) The Company; and
- (2) Singapore Bai Chuan.

Term

The 2021 Framework Agreement is effective in respect of the period from 1 January 2021 to 31 December 2023.

Transactions under the 2021 Framework Agreement

Pursuant to the 2021 Framework Agreement, Singapore Bai Chuan agreed to provide the design, supply, manufacture and commission of various interior and exterior decoration engineering services, including but not limited to aluminum alloy, wood, iron, glass doors and windows curtain wall blinds lattice corridors, ironwork, wood products, tiles, floors, elevators and other services.

The 2021 Framework Agreement is a framework agreement which contains general terms and conditions upon which the parties stated therein are to carry out the transaction contemplated thereunder. Members of the Group and members of the Singapore Bai Chuan Group may from time to time enter into specific agreements in respect of the Decoration Engineering Services received by the Group, provided that the terms of such detailed agreements are not inconsistent with the terms of the 2021 Framework Agreement. The actual services received by the Group are subject to such detailed agreements entered into between the relevant members of Group and members of the Singapore Bai Chuan Group from time to time during the terms of the 2021 Framework Agreement.

Service Fee and Payment

The service fees payable under the 2021 Framework Agreement by the Company are to be agreed and determined on an arm's length basis between parties therein from time to time, which shall be comparable to, or no less favourable to the Group than, the fair market prices for similar services offered by independent third parties to the Group.

The Company shall, before it enters into specific agreements in respect of the Decoration Engineering Services pursuant to the 2021 Framework Agreement:

- (i) obtain at least two price quotations from suppliers who are independent third parties for the supply of the same or similar services required by the Group; or
- (ii) request the Singapore Bai Chuan Group to provide it with at least two sales records of the same or similar services offered by it to its customers, as the reference market price of such services.

If any members of the Group enters into a transaction with any members of the Singapore Bai Chuan Group for the services contemplated under the 2021 Framework Agreement, the price and other conditions at which such services are to be offered shall be no less favourable to the Group than any of the price quotations and sales records.

Historical Amounts

The historical transaction amounts with Singapore Bai Chuan are set out below:

	<i>(SGD million)</i>
From 1 January 2018 to 31 December 2018	6.9
From 1 January 2019 to 31 December 2019	1.9
From 1 January 2020 to 31 December 2020 (<i>note 1</i>)	0.5

Note 1: The total transaction amount for the financial year ended 2020 qualified for the de minimis exemption under Chapter 14A of the Listing Rules.

Annual Caps and basis

Pursuant to the 2021 Framework Agreement, the amount to be paid by the Group to the Singapore Bai Chuan Group for the provision of the Decoration Engineering Services under the 2021 Framework Agreement for the financial year ending 31 December 2021, 2022 and 2023 will not exceed the following annual caps:

Annual Caps	<i>(SGD million)</i>
From 1 January 2021 to 31 December 2021	8
From 1 January 2022 to 31 December 2022	8
From 1 January 2023 to 31 December 2023	8

The annual caps are determined based on (i) the historical transaction amount of the Decoration Engineering Services provided by the Singapore Bai Chuan Group to the Group before the pandemic situation; (ii) the projected amount of Decoration Engineering Services required for the performance of the construction contracts by the Group; and (iii) the projected increase in the average market prices for similar services due to increased labour costs and other factors. The Directors consider that the annual caps are fair and reasonable.

Internal Control Measures

In order to ensure that the terms for the provision of Decoration Engineering Services by the Singapore Bai Chuan Group to the Group are not less favourable than those available from independent third parties, the Company has adopted the following measures:

1. the fees for the Decoration Engineering Services will be negotiated on arm's length basis and with reference to the prevailing market prices of similar services, which will be determined through a periodic price research conducted by the staff of the business department of the Group by obtaining the prices of services charged by suppliers in the market for similar services comparable to the services under the 2021 Framework Agreement;
2. 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 transaction. 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 its respective agreement and will also regularly update the market price for the purpose of considering if the price charged for a specific transaction is fair and reasonable and in accordance with the aforesaid pricing policy;
3. the Company's external auditors will conduct an annual review on the pricing and the annual caps of the continuing connected transaction under the 2021 Framework Agreement;
4. 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 under the 2021 Framework Agreement by the Company; and
5. the independent non-executive Directors will conduct an annual review of the implementation and enforcement of the continuing connected transaction under the 2021 Framework Agreement.

INFORMATION ON THE COMPANY AND SINGAPORE BAI CHUAN

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.

Singapore Bai Chuan is a company incorporated in Singapore. The Singapore Bai Chuan Group is principally engaged in the provision of design, supply, manufacture and commission of various interior and exterior decoration engineering services.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTION

The Singapore Bai Chuan Group is one of the leading companies in the provision of the Decoration Engineering Services in Singapore. As set out in the Company's announcement dated 30 March 2017, the Group has entered into the 2017 Framework Agreement with Singapore Bai Chuan and engaged Singapore Bai Chuan to provide the Decoration Engineering Services from 2017 to 2019. Due to the outbreak of Covid-19 since early 2020, the Group's construction projects in Singapore had been suspended from work and hence, the Group had not renewed the 2017 Framework Agreement with Singapore Bai Chuan at that time. As the pandemic situation continues to stabilize and construction work is allowed to resume, the Company anticipates that the construction work would gradually restore to the pre-pandemic level and the entering into of the 2021 Framework Agreement would ensure stable supply of the Decoration Engineering Services at competitive pricing for the Group's future construction projects. The Directors (including the independent non-executive Directors, excluding Mr. Wang Congyuan and Dr. Du Bo who have abstained from voting) considered that (i) the 2021 Framework Agreement was entered into in the ordinary and usual course of business and on normal commercial terms; (ii) the terms of the 2021 Framework 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 2021 Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Board has approved the 2021 Framework Agreement. Since Mr. Wang Congyuan is a director and the chairman of Guotsing PRC and Dr. Du Bo is a director and honorary chairman of Guotsing PRC, Mr. Wang and Dr. Du have abstained from voting on the relevant resolutions of the Board to approve the 2021 Framework Agreement.

IMPLICATIONS UNDER THE LISTING RULES

Singapore Bai Chuan is an indirect subsidiary of Guotsing PRC, which is under the common control of the ultimate beneficial owner of Guotsing Holding Company Limited, a controlling Shareholder. Singapore Bai Chuan 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 2021 Framework 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 2021 Framework 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.

“2017 Framework Agreement”	an agreement dated 30 March 2017 entered into by the Company and Singapore Bai Chuan in relation to the provision of the Decoration Engineering Services to the Group effective from 30 March 2017 to 31 December 2019
“2021 Framework Agreement”	an agreement dated 29 April 2021 entered into by the Company and Singapore Bai Chuan in relation to the provision of the Decoration Engineering Services to the Group in respect of the period from 1 January 2021 to 31 December 2023
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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
“Decoration Engineering Services”	design, supply, manufacture and commission of various interior and exterior decoration engineering services, including but not limited to aluminum alloy, wood, iron, glass doors and windows curtain wall blinds lattice corridors, ironwork, wood products, tiles, floors, elevators and other services
“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
“SGD”	Singapore dollars, the lawful currency of Singapore;
“Share(s)”	share(s) of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Singapore Bai Chuan”	Singapore Bai Chuan Investment Pte. Ltd., a company incorporated in Singapore with limited liability
“Singapore Bai Chuan Group”	Singapore Bai Chuan and its subsidiaries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 29 April 2021

As at the date of this announcement, the Board comprises (i) four executive Directors, namely Mr. Cheng Wing On, Michael (Chairman), Mr. Wang Congyuan (Chief Executive Officer), Dr. Du Bo and Mr. Zhang Yuqiang; (ii) one non-executive Director, namely Mr. Chen Anhua; and (iii) three independent non-executive Directors, namely Mr. Ching Kwok Hoo, Pedro, Mr. Tam Tak Kei, Raymond and Mr. Chan Kok Chung, Johnny.