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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)

DISCLOSEABLE TRANSACTION ACQUISITION OF THE ENTIRE EQUITY INTEREST IN THE TARGET COMPANY

THE ACQUISITION

The Board is pleased to announce that on 11 November 2021, the Purchaser, a wholly-owned subsidiary of the Company, and the Vendors have entered into the Sale and Purchase Agreement, pursuant to which, the Purchaser has acquired, and the Vendors have sold, the Sale Shares at a consideration of HK\$72,200,000.

As a result of the Acquisition, which was completed on the same day as the date of the Sale and Purchase Agreement, the Target Company has become an indirect wholly-owned subsidiary of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out as below:

Date

11 November 2021

Parties

- (1) the Purchaser;
- (2) Chau Kam To (as Vendor 1);
- (3) Ng Yau Sum (as Vendor 2); and
- (4) Chau Sik Ming, Simon (as Vendor 3).

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser has purchased and the Vendors have sold the Sale Shares, representing the entire issued share capital of the Target Company, free from all encumbrances and with all rights attached thereto.

On Completion, which took place immediately following the execution of the Sale and Purchase Agreement, the Target Company became an indirect wholly-owned subsidiary of the Company. For further details of the Target Company, please refer to the section headed “Information on the Target Company” in this announcement.

Consideration and payment terms

The total consideration of the Acquisition is HK\$72,200,000, which shall be settled by the Purchaser in cash by instalments using internal resources of the Group in the following manner:

- (a) a sum of HK\$25,220,000 has been paid on Completion;
- (b) a sum of HK\$10,440,000 shall be paid within 6 months after the date of Completion;
- (c) a sum of HK\$10,440,000 shall be paid within 12 months after the date of Completion;
- (d) a sum of HK\$10,440,000 shall be paid within 18 months after the date of Completion;
and
- (e) a sum of HK\$15,660,000 shall be paid within 24 months after the date of Completion.

Basis of consideration of the Acquisition

The consideration of the Acquisition was determined upon arm's length negotiations between the parties to the Sale and Purchase Agreement with reference to, among others, (i) the current business operation and qualification of the Target Company; (ii) the prospects of the business activities of the Target Company and (iii) the guaranteed net asset value of the Target Company.

Post-Completion obligation of the Vendors

Pursuant to the Sale and Purchase Agreement, the Vendors shall deliver a set of management accounts of the Target Company as at the date of Completion to the Purchaser within one month after the date of Completion. If the net asset value of the Target Company in such management accounts is less than a guaranteed net asset value set out in the Sale and Purchase Agreement, the Vendors shall compensate the Purchaser for the shortfall on a dollar-to-dollar basis.

Management of the Target Company

Pursuant to the Sale and Purchase Agreement, with effect from Completion, the then existing directors (except for Vendor 1) and secretary of the Target Company nominated by the Vendors resigned and the persons nominated by the Purchaser were appointed as new directors and secretary of the Target Company. Vendor 1 shall remain as a director of the Target Company without remuneration for a period as the Purchaser may request, subject to a maximum of three years after the date of the Completion.

INFORMATION ON THE COMPANY AND THE PARTIES TO THE SALE AND PURCHASE AGREEMENT

The Company

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.

The Purchaser

The Purchaser is a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company. It is an investment holding company with subsidiaries in construction business.

The Vendors

The Vendors are Mr. Chau Kam To, Mr. Ng Yau Sum and Mr. Chau Sik Ming, Simon who respectively owned 62.5%, 2.5% and 35% of the Sale Shares as at the date of the Sale and Purchase Agreement. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendors are Independent Third Parties.

INFORMATION ON THE TARGET COMPANY

The Target Company was incorporated in Hong Kong in 1977 with limited liability and is principally engaged in construction business.

The Target Company is one of the authorised Public Works Contractors under the Group C contractor list of Hong Kong Development Bureau and it may tender for public works contracts of any values exceeding HK\$400 million. Besides, the Target Company is one of the authorised Building Contractors under the Building (New Works)/Group NW2 contractor list of Hong Kong Housing Authority and it may tender for any values of building works contracts of Hong Kong Housing Authority.

The summary of the audited financial information of the Target Company for the financial years ended 31 March 2020 and 2021 is as follows:

	For the year ended 31 March 2020	For the year ended 31 March 2021
	<i>HK\$</i>	<i>HK\$</i>
Net profit before taxation	6,369,924	6,010,183
Net profit after taxation	5,499,980	4,485,291

The audited net assets of the Target Company as at 31 March 2021 were approximately HK\$66,362,000 and the unaudited net assets of the Target Company as at 30 June 2021 were approximately HK\$65,020,000.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in, among others, construction business. It has been proactively exploring opportunities to expand its construction business and strengthen its market position.

The Target Company is a company with a long history and extensive experience in construction business in Hong Kong and is currently an approved contractor and approved supplier of large-scale public works of contractual amount exceeding HK\$400 million. It is expected that the Acquisition will further strengthen the market position and market influence of the Group in the Hong Kong construction market by leveraging the extensive experience, resources and network of the Target Company. The Acquisition is in line with the Group's strategy and represents an expansion of the Group's existing construction business.

The Directors (including the independent non-executive Directors) considered that (i) the Sale and Purchase Agreement was entered into in the ordinary and usual course of business and on normal commercial terms; and (ii) the terms and conditions of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares pursuant to the Sale and Purchase Agreement
“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 (stock code: 1240)
“Completion”	completion of the Acquisition
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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
“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
“Purchaser”	One Million International Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company

“Sale and Purchase Agreement”	a sale and purchase agreement dated 11 November 2021 entered into by the Vendors and the Purchaser in relation to the Acquisition
“Sale Shares”	the entire issued share capital of the Target Company
“Share(s)”	share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Woon Lee Construction Company Limited, a company incorporated in Hong Kong with limited liability
“Vendor 1”	Chau Kam To, the legal and beneficial owner of 62.5% of the Sale Shares prior to Completion
“Vendor 2”	Ng Yau Sum, the legal and beneficial owner of 2.5% of the Sale Shares prior to Completion
“Vendor 3”	Chau Sik Ming, Simon, the legal and beneficial owner of 35% of the Sale Shares prior to Completion
“Vendors”	Vendor 1, Vendor 2 and Vendor 3
“%”	per cent.

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

Hong Kong, 11 November 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.