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C CHENG HOLDINGS LIMITED

思城控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1486)

CONTINUING CONNECTED TRANSACTION: TENANCY AGREEMENT

On 21 June 2019, LWK Architecture (an indirect wholly-owned subsidiary of the Company), as tenant, entered into the Tenancy Agreement with BMEDI, as landlord, in respect of the leasing of the Premise for three years commencing from 1 July 2019 and expiring on 30 June 2022.

LISTING RULES IMPLICATIONS

As at the date of this announcement, BMEDI, through its wholly-owned subsidiary, Beijing Design Group Company Limited, held approximately 27.57% of the issued share capital of the Company and therefore was a substantial shareholder and a connected person of the Company for the purposes of the Listing Rules. Accordingly, the transactions contemplated under the Tenancy Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that one or more of the applicable percentage ratios are more than 0.1% but less than 5%, the aggregate transaction amount under the Tenancy Agreement falls within the thresholds prescribed in Rule 14A.76(2) of the Listing Rules, and hence, the entering into of the Tenancy Agreement is exempt from circular and independent Shareholders' approval requirements, but is subject to the annual review and reporting and announcement requirements under Chapter 14A of the Listing Rules.

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Set out below are the principal terms of the Tenancy Agreement:

TENANCY AGREEMENT

Date

21 June 2019

Parties involved

- (1) BMEDI as landlord; and
- (2) LWK Architecture as tenant.

Premise

The Premise is located at Room 5601, 56th Floor of Tower 1, Chang Fu Jin Mao Tower, Futian District, Shenzhen, the PRC, with a gross floor area of approximately 769 square meter for office use.

Term

Three years commencing from 1 July 2019 to 30 June 2022 (both days inclusive).

Rent

RMB130,730 per month (equivalent to approximately HK\$148,300).

Utility fees

LWK Architecture shall be responsible for the payment of utility fees, including but not limited to, water, electricity, air-conditioning and property management fee in proportion to the floor area of 56th Floor for which the Premise occupies.

The terms of the Tenancy Agreement were arrived at after arm's length negotiations between the parties to the Tenancy Agreement and determined with reference to, amongst other things, the current market rent payable for a similar property in the vicinity. The Group will pay the rent under the Tenancy Agreement out of its internal financial resources.

ANNUAL CAPS

The aggregated annual cap for the Tenancy Agreement for each of the financial years ending 31 December 2019, 2020, 2021 and 2022 are as follows:

	Annual cap amount for 1 July to 31 December 2019 (RMB)	Annual cap amount for 1 January to 31 December 2020 (RMB)	Annual cap amount for 1 January to 31 December 2021 (RMB)	Annual cap amount for 1 January to 30 June 2022 (RMB)
Annual Cap	800,000 (equivalent to approximately HK\$908,000)	1,600,000 (equivalent to approximately HK\$1,816,000)	1,600,000 (equivalent to approximately HK\$1,816,000)	800,000 (equivalent to approximately HK\$908,000)

The annual caps were determined based on the aggregated fixed monthly rental payable under the Tenancy Agreement and the rent of nearby premises with similar gross floor areas upon inquiry with property agents.

INFORMATION OF THE PARTIES TO THE TENANCY AGREEMENT

THE COMPANY

The Company was incorporated in the Cayman Islands with limited liability, the shares of which were listed on the GEM of the Stock Exchange on 20 December 2013 and the listing of the Company's shares was transferred from the GEM of the Stock Exchange to the Main Board of the Stock Exchange on 3 August 2015. The Group is engaged in the provision of comprehensive architectural design services and building information modelling services.

LWK ARCHITECTURE

LWK Architecture is an indirect wholly-owned subsidiary of the Company established in the PRC.

Established in 1986, LWK Architecture is engaged in provision of comprehensive architecture services focused in the PRC. LWK Architecture possessing Grade A Qualification in the PRC.

BMEDI

BMEDI, through its wholly-owned subsidiary, Beijing Design Group Company Limited, holds approximately 27.57% of the issued share capital of the Company.

Established in 1955, BMEDI is a wholly-owned subsidiary of Beijing Enterprises Group Company Limited, possessing grade A qualifications in engineering design. It is a technological innovative company which provides integrated services for the entire process of engineering construction project, and is a leader in the municipal construction design and research in the PRC. Its overall strength is especially seen in the professional design and research in the areas of: urban roadwork, highway system, mass transit railway system, bus rapid transit (BRT), integrated transportation hubs, fresh water and drainage system, water

recycling, solid waste disposal and treatment system, river restoration, urban design and landscape, urban underground space development and usage, integrated underground utilities system, and sponge city.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TENANCY AGREEMENT

The Group will make use of the Greater Bay Area Innovation Centre for business development and as show room of its services to potential customers, which allow the Group to take advantage of its strong connection with BMEDI and the recent fast-moving urbanisation and infrastructural development of the Greater Bay Area.

The Greater Bay Area Innovation Centre is an integrated development platform that gathers multi-disciplinary capabilities from the Group on architectural design, urban planning and building information modelling , along with engineering design expertise and experience from BMEDI in large-scale public infrastructures.

It is a forward-looking response to the national strategy in the Greater Bay Area development. The Group to spearhead databased innovations for smart cities, offering urbanisation blueprints and solutions for a world-class city cluster across the region. This is also a magnet that welcomes forward-looking industry talents and scholars, to join hands together to position the Greater Bay Area as a key link connecting cities in Mainland China as well as the belt and road countries.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, BMEDI, through its wholly-owned subsidiary, Beijing Design Group Company Limited, held approximately 27.57% of the issued share capital of the Company and was therefore a substantial shareholder and a connected person of the Company for the purposes of the Listing Rules. Accordingly, the transactions contemplated under the Tenancy Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that one or more of the applicable percentage ratios are more than 0.1% but less than 5%, the aggregate transaction amount under the Tenancy Agreement falls within the thresholds prescribed in Rule 14A.76(2) of the Listing Rules, and hence, the entering into of the Tenancy Agreement is exempt from circular and independent Shareholders' approval requirements, but is subject to the annual review and reporting and announcement requirements under Chapter 14A of the Listing Rules.

OPINION OF THE DIRECTORS

As Mr. Liu Gui Sheng and Mr. Liu Yong, the executive Directors, hold positions in BMEDI as the Chairman and Vice General Manager, respectively, they are deemed to have material interests in the Tenancy Agreement and have therefore abstained from voting on the resolution regarding the Tenancy Agreement. Save for the above named Directors, no other Director had a material interest in the Tenancy Agreement. The Directors (including the independent non-executive Directors) have considered and approved the resolution regarding

the Tenancy Agreement described under this announcement. The Directors considered that (i) the transactions contemplated under the Tenancy Agreement is on normal commercial terms or better, and in the ordinary and usual course of business of the Group; (ii) the terms of the Tenancy Agreement (together with the aforementioned annual caps) are fair and reasonable to all Shareholders; and (iii) the entering into of the Tenancy Agreement is in the interests of the Company and the Shareholders as a whole.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“BMEDI”	Beijing General Municipal Engineering Design & Research Institute Co., Ltd., a substantial shareholder of the Company
“Board”	the board of Directors;
“Company”	C Cheng Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1486);
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules and the word “connected” shall be construed accordingly;
“Director(s)”	the director(s) of the Company;
“Grade A Qualification”	architectural engineering design qualification of architectural industry – Grade A (建築行業(建築工程)甲級資質), a specialist qualification for design of construction projects in the PRC;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“LWK Architecture”	an indirect wholly-owned subsidiary of the Company established in the PRC
“PRC”	the People’s Republic of China

“Premise”	the premise located at Room 5601, 56th Floor of Tower 1, Chang Fu Jin Mao Tower, Futian District, Shenzhen, the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) of the Company with a par value of HK\$0.01 each
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tenancy Agreement”	the tenancy agreement dated 21 June 2019 entered into between LWK Architecture and BMEDI in relation to the leasing of the Premise;
“%”	per cent.

By order of the Board
C CHENG HOLDINGS LIMITED
Liang Ronald
Chairman and Executive Director

Hong Kong, 21 June 2019

As at the date of this announcement, the executive Directors are Mr. Liang Ronald, Mr. Liu Gui Sheng, Mr. Fu Chin Shing, Mr. Wang Jun You, Mr. Liu Yong and Mr. Ma Kwai Lam Lambert, and the independent non-executive Directors are Mr. Lo Wai Hung, Mr. Yu Chi Hang and Ms. Su Ling.