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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)**

### **CONNECTED TRANSACTION: ESTABLISHMENT OF SINO-FOREIGN JOINT VENTURE COMPANY**

#### **SINO-FOREIGN JV AGREEMENT**

The Board is pleased to announce that on 13 August 2019, LWK Project Management, an indirect wholly-owned subsidiary of the Company, entered into the Sino-foreign JV Agreement with BMEDI to establish the Sino-foreign JV Company, C-Bay Smart Cities Limited\*, which will focus on “smart cities” as its main line of business, of which the Guangdong-Hong Kong-Macau Greater Bay Area and the “Belt-and-Road” international cities development are the core markets. C-Bay Smart Cities Limited will provide services to the government and the property owners, namely regional comprehensive & strategic development planning, project feasibility planning, water resources and ecological environment management, urban renewal, digital smart-city platform establishment, as well as comprehensive investment, financing and construction consultation services. It will implement integrated solutions for the building of smart cities and contribute to building an international bay area and world-class city clusters.

The total investment of the Sino-foreign JV Company shall be HK\$50,000,000. The registered capital of the Sino-foreign JV Company shall be HK\$30,000,000. Pursuant to the Sino-foreign JV Agreement, LWK Project Management shall contribute HK\$15,000,000 in cash towards the registered capital of the Sino-foreign JV Company and hold 50% of the equity interest in the Sino-foreign JV Company.

#### **LISTING RULES IMPLICATIONS**

As BMEDI is a substantial shareholder of the Company, BMEDI is a connected person of the Company and hence the Transaction constitutes a connected transaction for the Company. Since the relevant percentage ratios under the Listing Rules are less than 5%, the Transaction is subject to the reporting and announcement requirements but is exempted from the circular (including independent financial advice) and Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

The Board is pleased to announce that on 13 August 2019, LWK Project Management, an indirect wholly-owned subsidiary of the Company, entered into the Sino-foreign JV Agreement with BMEDI to establish the Sino-foreign JV Company, C-Bay Smart Cities Limited. It will focus on “smart cities” as its main line of business, of which the Guangdong-Hong Kong-Macau Greater Bay Area and the “Belt-and-Road” international cities development are the core markets. C-Bay Smart Cities Limited will provide services to the government and the property owners, namely regional comprehensive & strategic development planning, project feasibility planning, water resources and ecological environment management, urban renewal, digital smart-city platform establishment, as well as comprehensive investment, financing and construction consultation services. It will implement integrated solutions for the building of smart cities and contribute to building an international bay area and world-class city clusters.

## **SINO-FOREIGN JV AGREEMENT**

The principal terms of the Sino-foreign JV Agreement are set out below:

### **Date**

13 August 2019

### **Parties**

- (1) LWK Project Management
- (2) BMEDI

### **LWK Project Management**

LWK Project Management is an indirect wholly-owned subsidiary of the Company and is an investment holding company.

### **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.

## **Principal Terms**

### *Business of the Sino-foreign JV Company*

Pursuant to the Sino-foreign JV Agreement, LWK Project Management and BMEDI have agreed to set up the Sino-foreign JV Company in Qinhai, the PRC. The Sino-foreign JV Company will be principally engaged in the provision of project management and consultancy services on comprehensive solutions of smart cities transformation and urbanisation solutions, including regional comprehensive & strategic development planning, project feasibility planning, water resources and ecological environment management, urban renewal, digital smart-city platform establishment, as well as comprehensive investment, financing and construction consultation services.

### *Capital structure*

The total investment of the Sino-foreign JV Company shall be HK\$50,000,000. The registered capital of the Sino-foreign JV Company shall be HK\$30,000,000. LWK Project Management and BMEDI shall each contribute HK\$15,000,000 in cash towards the registered capital of the Sino-foreign JV Company and each shall hold 50% of the equity interest in the Sino-foreign JV Company.

### *Timing of capital contribution*

LWK Project Management and BMEDI shall contribute HK\$10,000,000 (each contributing HK\$5,000,000) to the Sino-foreign JV Company within 30 days upon completion of the business registration of the Sino-foreign JV Company and shall contribute the remaining HK\$20,000,000 (each contributing HK\$10,000,000) within 30 years upon completion of the business registration of the Sino-foreign JV Company and the exact timing of such contribution shall be agreed upon by both parties to the Sino-foreign JV Agreement.

### *Board composition*

The board (the “JV Board”) of directors of the Sino-foreign JV Company (the “JV Director(s)”) shall consist of five directors, two of which shall be appointed by LWK Project Management, namely Mr. Fu Chin Shing and Mr. Lo Kin Nang, and two by BMEDI, namely Mr. Liu Gui Sheng and Mr. Liu Yong. The remaining one JV Director shall be independent to the parties of the Sino-foreign JV Agreement. The chairman of the JV Board shall be appointed by BMEDI, who will also be the legal representative of the Sino-foreign JV Company.

Each JV Director shall have one vote on matters and the resolutions shall be approved by two-third of the JV Directors other than certain important matters expressly set out in the Sino-foreign JV Agreement requiring unanimous approval of all JV Directors.

### *Transfer of interest to third party*

Subject to the prior approval of the other party to the Sino-foreign JV Agreement (the “Non-Selling Equity Holder”), each party to the Sino-foreign JV Agreement (the “Selling Equity Holder”) may transfer all or part of its equity interest in the Sino-foreign JV Company to any third party. However, prior to such transfer, the Selling Equity Holder shall first offer those equity interests for sale to the Non-Selling Equity Holder on the same terms and conditions as it offers to any potential third party purchaser.

## **REASONS FOR AND BENEFITS OF THE ESTABLISHMENT OF THE SINO-FOREIGN JV COMPANY**

The signing of the Sino-foreign JV Agreement will facilitate the Company and BMEDI to leverage respective technologies and experiences in the main businesses in line with the Company's business strategic development to spearhead upper-stream business opportunities, in order to build an internationally influential brand of consultation services. It will pool trans-disciplinary business talents to develop comprehensive and innovative technologies, facilitating the deep integration of the Internet, big data, artificial intelligence with the economy. It is targeted to realise the dual-development initiative of "Technology + Capital" and to create world-class city clusters.

The formation of the Sino-foreign JV Company, C-Bay Smart Cities Limited, demonstrates the successful strategic partnership between the Company and BMEDI. It can facilitate the growth, through the synergy with BMEDI, to further solidify the development in the Greater Bay Area. The Sino-foreign JV Company will be accounted for as a joint venture of the Company in the consolidated financial statements of the Group.

Save for Mr. Liu Gui Sheng and Mr. Liu Yong, who are directors of both the Company and BMEDI and have therefore abstained from voting, the Directors (including the independent-non-executive Directors) are of the view that the Sino-foreign JV Agreement was entered into after arm's length negotiation between the parties thereto, on normal commercial terms, is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

## **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 Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Since each of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Transaction is more than 0.1% but less than 5%, the Transaction constitutes connected transaction of the Company and is subject to the reporting and announcement requirements, but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **INFORMATION OF 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 transfer 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 BIM services.

## DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“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 and whose shares are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LWK Project Management”	LWK Project Management Company Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“PRC”	The People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Sino-foreign JV Agreement”	the joint venture agreement dated 13 August 2019 entered into between LWK Project Management and BMEDI in relation to the formation of the Sino-foreign JV Company
“Sino-foreign JV Company”	C-Bay Smart Cities Limited* (大雲灣智滙城市發展(深圳)有限公司), the sino-foreign joint venture company with limited liability to be established in the PRC pursuant to the Sino-foreign JV Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Transaction”	the establishment of the Sino-foreign JV Company under the Sino-foreign JV Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	percentage

\* *The English translations of Chinese names or words in this announcement, where indicated, are included for information purposes only, and should not be regarded as the official English translations of such Chinese names or words*

By Order of the Board  
**C Cheng Holdings Limited**  
**LIANG Ronald**  
*Chairman and Executive Director*

Hong Kong, 13 August 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.*