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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)

FURTHER SUPPLEMENTAL ANNOUNCEMENT

Reference is made to the announcements of C Cheng Holdings Limited (the “**Company**”) dated 21 June 2019 and 24 September 2019 (the “**Announcements**”) in relation to the Tenancy Agreement. Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

THE SUPPLEMENTAL AGREEMENT

On 18 December 2019, LWK Architecture, being an indirect wholly-owned subsidiary of the Company and as tenant, entered into the supplemental agreement (the “**Supplemental Agreement**”) with BMEDI as landlord to amend certain terms in the Tenancy Agreement. The principal amendments that are effected by the Supplemental Agreement on the Tenancy Agreement are set out below:

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| Leased area: | the area leased under the Supplemental Agreement is reduced from approximately 769 square meters to 621 square meters |
| Term: | the amendment takes effect from 18 December 2019 for the remaining term of the Supplemental Agreement, namely the period commencing from 18 December 2019 to 30 June 2022. |
| Rent: | as a result of the downward adjustment of the area of the Premises leased, the rent will decrease from RMB130,730 per month (equivalent to approximately HK\$145,110) to RMB105,611 per month (equivalent to approximately HK\$117,220) for the remaining term of the Tenancy Agreement. |

All other terms of the Tenancy Agreement remain in full force and effect.

Based on the Supplemental Agreement, the remaining aggregate amount of rent payable by LWK Architecture will be approximately RMB3,216,000 (equivalent to HK\$3,569,000), which is expected to be financed by the internal resources of the Group, the unaudited value of right-of-use asset to be recognised under the Supplemental Agreement shall be approximately HK\$3,438,000.

REASONS FOR ENTERING INTO THE SUPPLEMENTAL AGREEMENT

Following a recent review of the business strategy and development of the Group, the Company has been contemplating to rent a smaller area of the Premise under the Tenancy Agreement. On the other hand, C-Bay Smart Cities Limited (“**C-Bay**”), a company incorporated in the PRC with limited liability, 50% held by LWK Project Management Company Limited (an indirect wholly-owned subsidiary of the Company) and 50% held by BMEDI, and accounted for as a joint venture (instead of a subsidiary) of the Company in the consolidated financial statements of the Group, as tenant has entered into a tenancy agreement with BMEDI, as landlord in respect of part of 56th Floor of Tower 1, Chang Fu Jin Mao Tower, Futian District, Shenzhen, the PRC. Such part has included the part of the area returned by the Company under the Supplemental Agreement. The entering into of the Supplemental Agreement is in line with the Group’s operational and business needs and does not cause any disruptions to the operations of the Group.

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 Supplemental Agreement and have therefore abstained from voting on the resolution regarding the Supplemental Agreement. Save for the above named Directors, no other Director had a material interest in the Supplemental Agreement. The Directors (including the independent non-executive Directors) have considered and approved the resolution regarding the Supplemental Agreement described under this announcement. The Directors considered that (i) the transactions contemplated under the Supplemental Agreement are on normal commercial terms or better, and in the ordinary and usual course of business of the Group; (ii) the terms of the Supplemental Agreement (together with the aforementioned annual caps) are fair and reasonable to all Shareholders; and (iii) the entering into of the Supplemental Agreement is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As BMEDI, through its wholly-owned subsidiary, Beijing Design Group Company Limited, holds approximately 27.57% of the issued share capital of the Company, it is therefore a substantial shareholder and a connected person of the Company for the purposes of the Listing Rules. Accordingly, the transactions contemplated under the Supplemental Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the rental under the Supplemental Agreement would be accounted for as right-of-use asset in the Group’s financial statements in accordance with HKFRS 16, the transaction contemplated under the Supplemental Agreement would be regarded as an acquisition of asset and constitutes a connected transaction of the Company for the purpose of Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios in respect of the value of the right-of-use asset for the Supplemental Agreement of approximately HK\$3,438,000 is more than 0.1% but less than 5%, the transactions contemplated under the Supplemental Agreement are therefore subject to the reporting and announcement requirements but are exempted from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

By order of the Board
C Cheng Holdings Limited
Liang Ronald
Chairman and Executive Director

Hong Kong, 18 December 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.