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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)

DISCLOSEABLE AND CONNECTED TRANSACTION RELATING TO THE ACQUISITION OF 60% OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY, AND THE PROVISION OF THE PURCHASER SHAREHOLDER'S LOAN AND THE PURCHASER FURTHER SHAREHOLDER'S LOAN TO THE TARGET COMPANY

THE ACQUISITION

The Board is pleased to announce that on 16 September 2020 (after trading hours), the Sale and Purchase Agreement was entered into between the Purchaser, a direct wholly-owned subsidiary of the Company, and the Vendor, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, 6,000 Sale Shares free from all encumbrances together with all rights now and hereafter attaching thereto for the Consideration of HK\$6,000.

Upon Completion, the Target Company will be owned as to 60% by the Purchaser and as to 40% by the Vendor respectively. Therefore, the Company will, through its direct wholly-owned subsidiary, the Purchaser, be interested in 60% of the entire equity interest of the Target Company. The Target Company will also become an indirect non wholly-owned subsidiary of the Company and the results of which will be consolidated into the financial statements of the Group.

THE PROVISION OF THE PURCHASER SHAREHOLDER’S LOAN AND THE PURCHASER FURTHER SHAREHOLDER’S LOAN TO THE TARGET COMPANY

Upon Completion, the Purchaser will enter into the Shareholders’ Agreement with the Vendor and the Target Company, pursuant to which, among others, (i) within three Business Days from the date of the Shareholders’ Agreement, the Purchaser shall provide an initial funding to the Target Company for the business of the Target Group by way of shareholder’s loan in the sum of HK\$7,200,000 (the **“Purchaser Shareholder’s Loan”**) for working capital and investment purposes, and the Purchaser Shareholder’s Loan will then be capitalised by the Target Company; and (ii) on or before 31 December 2021, the Purchaser shall provide a further funding to the Target Company for the business of the Target Group by way of shareholder’s loan up to an aggregate sum of HK\$15,000,000 for working capital and investment purposes (the **“Purchaser Further Shareholder’s Loan”**).

LISTING RULES IMPLICATIONS

The Acquisition, and the provision of the Purchaser Shareholder’s Loan and the Purchaser Further Shareholder’s Loan to the Target Company are collectively referred to as the **“Investment”**.

As one or more of the applicable percentage ratio(s) as set out in the Listing Rules in respect of the Investment exceeds 5% but all of them are less than 25%, the Investment constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements but is exempt from Shareholders’ approval under the Listing Rules.

The Vendor, namely Mr. Liang Nathan Wei, is the son of Mr. Liang Ronald (the chairman of the Board, an executive Director and a substantial Shareholder), and is therefore a connected person of the Company at the issuer level. Further, upon Completion, the Target Company will be owned as to 40% by the Vendor and therefore the Target Company will become a connected subsidiary of the Company under Chapter 14A of the Listing Rules. As such, after the Acquisition, the provision of the Purchaser Shareholder’s Loan and the Purchaser Further Shareholder’s Loan to the Target Company constitutes a connected transaction under Chapter 14A of the Listing Rules. Therefore, the Investment as a whole constitutes a connected transaction under Chapter 14A of the Listing Rules and is therefore subject to the reporting, announcement, circular and the Independent Shareholders’ approval requirements under the Listing Rules.

The Company will convene and hold the EGM for the Independent Shareholders to consider and, if thought fit, approve the Investment and the transactions contemplated thereunder. An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in relation to the Investment and the transactions contemplated thereunder. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

Mr. Liang Ronald is considered to have material interests in the Investment by virtue of his relationship with the Vendor, and therefore he shall abstain from voting on the Board resolutions approving the Investment and the transactions contemplated thereunder. Save as disclosed, no other Directors shall abstain from voting on the said Board resolutions. Further, Mr. Liang Ronald, and Rainbow Path International Limited and Veteran Ventures Limited, both of which are wholly-owned by Mr. Liang Ronald, as well as the Vendor, will abstain from voting on the resolutions approving the Investment and the transactions contemplated thereunder in the EGM.

DESPATCH OF CIRCULAR

A circular containing, among others, information on the Sale and Purchase Agreement and the Shareholders' Agreement, the letter from the Independent Board Committee to the Independent Shareholders, the letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, and other information as is required to be contained in it under the Listing Rules, together with a notice of the EGM and a form of proxy, is expected to be despatched to the Shareholders on or before 9 October 2020.

Shareholders and potential investors of the Company should note that Completion is subject to the satisfaction of the Conditions. Therefore, the Acquisition may or may not proceed. In addition, the provision of the Purchaser Shareholder's Loan and the Purchaser Further Shareholder's Loan to the Target Company is subject to Completion. Therefore, the Investment as a whole also may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

INTRODUCTION

The Board is pleased to announce that on 16 September 2020 (after trading hours), the Purchaser (a direct wholly-owned subsidiary of the Company) and the Vendor entered into a Sale and Purchase Agreement, pursuant to which, among others, the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell 6,000 Sale Shares for a consideration of HK\$6,000. Upon Completion, the Target Company will become an indirect non wholly-owned subsidiary of the Company.

SALE AND PURCHASE AGREEMENT

Date

16 September 2020

Parties

1. Mr. Liang Nathan Wei (as the Vendor); and
2. Bertrand Investments Limited (as the Purchaser).

The Vendor, namely Mr. Liang Nathan Wei, is the son of Mr. Liang Ronald (the chairman of the Board, an executive Director and a substantial Shareholder), and is therefore a connected person of the Company at the issuer level.

The Purchaser, namely Bertrand Investments Limited, is a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company.

Acquisition

Pursuant to the terms and conditions of the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, 6,000 Sale Shares free from all encumbrances together with all rights now and hereafter attaching thereto for a consideration of HK\$6,000.

Consideration

The Consideration to be paid by the Purchaser for the Acquisition of the 6,000 Sale Shares is HK\$6,000, which shall be payable by cashier order(s) issued by a licensed bank in Hong Kong, or cheque(s) drawn on a licensed bank in Hong Kong upon Completion.

The Consideration shall be free from any set-off, counterclaim or other deduction of any nature whatsoever.

Basic of Consideration

The Consideration for the Acquisition of 6,000 Sale Shares from the Vendor was determined between the Purchaser and the Vendor after arm's length negotiations and on normal commercial terms after taking into account, among others, the net asset value of the Target Company.

On the basis of the above factors, the Directors consider that the Consideration is fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

The Consideration is to be funded by the Group's internal resources.

Conditions

Completion is subject to the satisfactory fulfillment and/or waiver of the following Conditions:

- (a) the Purchaser being reasonably satisfied with the results of the due diligence;
- (b) all necessary approvals by the government and regulatory authorities (including but not limited to the Stock Exchange), corporate approvals and consents for the transactions contemplated under the Sale and Purchase Agreement being obtained;
- (c) save and except the current accounts that the Target Company is indebted to the Vendor in the aggregate sum of HK\$3,700,000, which shall remain interest-free after Completion, all current accounts and loans connected to the existing shareholders and their associates, directors and their associates and related parties of the Target Company having been fully settled;
- (d) in relation to the transactions contemplated in the Sale and Purchase Agreement, all relevant regulatory requirements (including but not limited to those under the Listing Rules) having been complied with and satisfied;
- (e) all representations, warranties and undertakings given by the Vendor under the Sale and Purchase Agreement having remained true and accurate in all material respects;

- (f) there not having been, at any time before the Completion Date:
- (I) any adverse change or any prospective adverse change in the conditions (financial, business, operations, prospects or otherwise) of the Target Company which is material in the context of the transaction contemplated in the Sale and Purchase Agreement;
 - (II) the occurrence of any event or the existence of any circumstance which would render any of the representations, warranties and undertakings given by the Vendor under the Sale and Purchase Agreement untrue or inaccurate in any material respect; and
 - (III) the occurrence of any breach of the terms of the Sale and Purchase Agreement or any undertakings given by the Target Company or the Vendor as set out in the Sale and Purchase Agreement.

The Purchaser may at any time waive in writing any Conditions (other than Conditions (b) and (d) above) and such waiver may be made subject to such terms and conditions as may be determined by the Purchaser. Conditions (b) and (d) above are not capable of being waived by the Purchaser.

If the Conditions have not been fulfilled or waived by the Purchaser (as the case may be) at or before 12:00 noon on the Long Stop Date (or such later date as all parties may agree in writing), the Sale and Purchase Agreement shall lapse, whereupon all rights and obligations of the parties shall cease to have effect except in respect of any accrued rights and obligations of the parties and continued application of certain clauses.

Completion

Completion shall take place on the Completion Date at which no later than Long Stop Date; or such other day as all parties may agree in writing.

Upon Completion, the Target Company will be owned as to 60% by the Purchaser and as to 40% by the Vendor respectively. Therefore, the Company will, through its direct wholly-owned subsidiary, the Purchaser, be interested in 60% of the entire equity interest of the Target Company. The Target Company will also become an indirect non-wholly owned subsidiary of the Company and the results of which will be consolidated into the financial statements of the Group.

SHAREHOLDERS' AGREEMENT

Upon Completion, the Purchaser will enter into the Shareholders' Agreement with the Vendor and the Target Company.

The following table summarises the principal rights of the Purchaser in respect of the Target Company pursuant to the Shareholders' Agreement, among others:

Board composition	:	The maximum number of directors of the Target Company shall be three (3) and the Purchaser shall have the right to appoint and remove two (2) directors and appoint the chairman of the board; and the Vendor shall have the right to appoint and remove one (1) director.
Activities required Special Consent	:	<p>The Target Company must not take any of the following acts without a Special Consent:</p> <ol style="list-style-type: none">1. any material change in the nature or scope of the business, including (i) discontinuance of any major operation of the business; and (ii) introduction of any field of activity that is not ancillary to the business or relocation or expansion of the business each involving substantial capital expenses other than pursuant to the business plan approved by the board;2. any amendment to the memorandum or the articles of association or the equivalent constitutional documents;3. any appointment, termination, removal or any change in the auditors;4. any change to the share capital (other than pursuant to and in compliance with the terms and conditions of the Shareholders' Agreement);5. the grant, issue or allotment of any shares or other share capital or securities of whatever nature including any securities convertible into any share capital of a Target Group Company, or the creation or grant of any option or right to subscribe or acquire, or convert any security into, any share capital of a Target Group Company;

6. the transfer of any shares or other securities of a Target Group Company otherwise than in accordance with the Shareholders' Agreement;
7. any resolution to liquidate or wind up or the filing of a petition for winding up of a Target Group Company, or to make any arrangement with creditors generally or any application for an administration order or for the appointment of a receiver or administrator;
8. the formation of any subsidiary or acquiring shares in any other company or participating in any partnership or joint venture or profit sharing arrangement;
9. the appointment or removal of any directors of any Target Group Company other than in accordance with the Shareholders' Agreement;
10. initiate any litigation or arbitration of a material nature or involving more than HK\$3,000,000;
11. enter into or vary any transaction or arrangement with, or for the benefit of (i) any of its directors or shareholders of any Target Group Company; or (ii) any other person who is a "related party" of the Target Group within the meaning of Hong Kong Accounting Standard 24; or (iii) any shareholder of any shareholder of the Target Company (provided that the aforesaid restriction shall not apply to any transaction or arrangement between a holding company and its wholly-owned subsidiary or between two wholly-owned subsidiaries of a holding company who are Target Group Companies), save with respect to employment contracts of directors or chief executive officers of any Target Group Company on normal commercial terms and negotiated on an arm's length basis;

12. the acquisition or disposal of any business or asset (including any securities, futures contracts, bonds and derivatives, either listed or unlisted) which will trigger any the compliance obligation of the Company under the Listing Rules and the SFO;
13. introduction of any field of activity that is a regulated activity under the SFO; or
14. any agreement or proposal or resolution to do any of the matters set out in paragraphs 1 to 13 above.

Non-alienation	:	Each of the shareholders of the Target Company shall not (except with the prior Special Consent) (1) pledge, mortgage, charge or otherwise encumber any of his/her/its shares or any interest in his/her/its shares; (2) grant an option over any of his/her/its shares or any interest in any of his/her/its shares; (3) enter into any agreement in respect of any votes attached to any of his/her/its shares; (4) regarding the Purchaser, cease to be the subsidiary of the Company; or (5) regarding the shareholders of the Target Company other than the Purchaser, change the ultimate holding entity of the relevant shareholder.
New shareholders	:	All the new shareholder(s) of the Target Company shall execute a deed of adherence such that they will be bounded by the Shareholders' Agreement.
Financing and funding	:	The Vendor confirms that the Target Company is indebted to him in the aggregate sum of HK\$3,700,000 as at the date of this announcement (the " Vendor Shareholder's Loan ").

Within three Business Days from the date of the Shareholders' Agreement: (i) the Vendor shall provide a further funding to the Target Company for the business of the Target Group by way of shareholder's loan in such amount (i.e. HK\$1,100,000) so that the total sum of the Vendor Shareholder's Loan shall be at HK\$4,800,000; and (ii) the Purchaser shall provide an initial funding to the Target Company for the business of the Target Group by way of shareholder's loan in the sum of HK\$7,200,000 (the "**Purchaser Shareholder's Loan**"), both for working capital and investment purposes.

Immediately after the due provision of the Vendor Shareholder's Loan at HK\$4,800,000 and the Purchaser Shareholder's Loan at HK\$7,200,000, both the Vendor Shareholder's Loan at HK\$4,800,000 and the Purchaser Shareholder's Loan at HK\$7,200,000 shall then be capitalised by the Target Company and the Target Company shall allot and issue, 4,000 new shares and 6,000 new shares to the Vendor and the Purchaser respectively, all of which shall be issued and allotted as fully paid up or credited as fully paid up (the "**Loan Capitalisation**").

Upon the completion of the Loan Capitalisation, the Target Company will be owned as to 12,000 shares (60%) by the Purchaser and as to 8,000 shares (40%) by the Vendor respectively.

On or before 31 December 2021, the Purchaser shall provide a further funding to the Target Company for the business of the Target Group by way of shareholder's loan up to an aggregate sum of HK\$15,000,000 for working capital and investment purposes (the "**Purchaser Further Shareholder's Loan**"). The Purchaser Further Shareholder's Loan can be withdrawn either by lump sum or by parts, and is unsecured, repayable within three (3) years and at the interest rate of 4.75% per annum on simple basis.

The Target Company shall repay the principal and the interests of the Purchaser Further Shareholder's Loan in one lump sum upon maturity. The Target Company shall also be entitled to early repay the Purchaser Further Shareholder's Loan before maturity without compensation to the Purchaser.

The Purchaser Shareholder's Loan and the Purchaser Further Shareholder's Loan are to be funded by the Group's internal resources.

DEED OF INDEMNITY

Pursuant to the Sale and Purchase Agreement, upon Completion, the Vendor shall separately enter into a Deed of Indemnity in favour of the Purchaser and the Target Company regarding certain indemnities in relation to, among others, tax, liabilities and other unrecorded in the latest audited accounts and management accounts of the Target Group prior to Completion, non-compliance matters, litigations and potential litigations prior to Completion.

DEED OF NON-COMPETITION

Pursuant to the Sale and Purchase Agreement, upon Completion, the Vendor shall separately enter into a Deed of Non-competition under which the Vendor undertakes to the Purchaser and the Target Company (for themselves and for the benefit of each of the Target Group Companies) that the Vendor shall not and shall procure that neither the Vendor nor his close associates and/or companies controlled by him will on his own account or with each other or in conjunction with or on behalf of any person, firm or company, directly or indirectly:

- (a) carry on or be engaged in, concerned with or interested in, whether as a shareholder (other than being a director or a shareholder of the Target Group Companies or their associated companies), director, employee, partner, agent or otherwise in any business that competes or may compete, directly or indirectly or through nominee, joint venture, alliance, cooperation, partnership or otherwise with the business of the Target Group from time to time (the “**Restricted Activity**”) in territories in which any Target Group Company carries on or is engaged or invests in the Restricted Activity from time to time (the “**Restricted Territories**”), nor provide support in any form to persons other than the Target Group to engage in business that constitute or may constitute direct or indirect competition with the businesses that the Target Group is currently and from time to time carrying on in the Restricted Territories unless the prior written consents of the Purchaser and the Target Company have been obtained;
- (b) solicit or procure any of the suppliers and/or the customers of the Target Group from time to time to terminate their business relationships or otherwise reduce the amount of business with the Target Group;

- (c) solicit or procure any of the directors, senior management or other employees of the Target Group from time to time to resign or otherwise cease providing services to the Target Group;
- (d) take any action that may be harmful to the reputation of any Target Group Company or which may lead any person to reduce their level of business with any Target Group Company; and
- (e) make use of any confidential information pertaining to the business of the Target Group which may have come to his knowledge in his capacity as a shareholder of the Target Company or director of any Target Group Company for the purpose of competing with the business of the Target Group.

In the event that the Vendor or any of his close associates (other than the Target Group) are given any new business opportunities that is or may involve direct or indirect competition with the businesses of the Target Group (the “**Business Opportunity**”), the Vendor shall, and is obliged to use his best endeavours to procure his respective close associates (other than the Target Group) to, refer the Business Opportunity to the Target Group in writing and provide to the Target Company all information which is reasonably necessary for the Target Company to consider whether or not to engage in such Business Opportunity and shall assist the Target Group to obtain such Business Opportunity in the terms no less favourable than those offered to the Vendor or his close associates.

In addition, the Vendor undertakes with the Purchaser and the Target Company that none of the Vendor and his respective close associates shall pursue the Restricted Activity and/or the Business Opportunity until the Target Company decides not to pursue the Restricted Business and/or the Business Opportunity because of commercial reasons and provides such decision in writing to the Vendor.

The Vendor undertakes to the Purchaser and the Target Company that he shall, during the term of the Deed of Non-competition, indemnify and keep indemnified the Purchaser, the Target Company and the Target Group against any loss suffered by the Purchaser and the Target Company or the Target Group (as relevant) arising out of or in connection with any breach of any of his undertakings and/or obligations under the Deed of Non-competition.

INFORMATION OF THE GROUP AND THE TARGET COMPANY

The Group is principally a comprehensive architectural and Building Information Modelling (BIM) service provider in Hong Kong and the PRC.

The Target Company is a company incorporated in Hong Kong on 18 October 2017 with limited liability. The scope of business of the Target Company is proprietary securities trading and investment.

As at the date of this announcement, the Target Company has in total HK\$10,000 issued share capital divided into 10,000 ordinary shares, and is entirely held by the Vendor. Upon the Completion, the shareholding structure of the Target Company will become:

	No. of Shares	Percentage Shareholding
The Purchaser	6,000	60%
The Vendor	4,000	40%
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Total:	<u>10,000</u>	<u>100%</u>

Upon the completion of the Loan Capitalisation, the shareholding structure of the Target Company will become:

	No. of Shares	Percentage Shareholding
The Purchaser	12,000	60%
The Vendor	8,000	40%
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Total:	<u>20,000</u>	<u>100%</u>

As at the date of this announcement, the Target Company has no subsidiary.

Financial information of the Target Company

Set out below is the summary of the key financial information of the Target Company for the financial periods from 18 October 2017 to 31 December 2018 and from 1 January 2019 to 31 December 2019:

	For the period from 18 October 2017 to 31 December 2018 HK\$	For the year from 1 January 2019 to 31 December 2019 HK\$
Realised and unrealised (loss)/gain on investment	(329,994)	430,736
Dividend income	18,054	189,600
Net (loss)/profit before tax	(503,637)	253,326
Net (loss)/profit after tax	(503,637)	253,326

The Target Company has commenced business since August 2018.

The audited liabilities of the Target Company as at 31 December 2019 was approximately HK\$240,311.

REASONS FOR AND BENEFITS OF THE INVESTMENT

From time to time, the Group has idle funds and seeking ways for investment giving reasonable returns. Reference can be made to the announcements of the Company dated 21 July 2017 and 15 September 2017. As at 30 June 2020, the Group has approximately HK\$106,000,00 cash and bank balances, net of bank borrowing.

Although the Target Company has only commenced business since August 2018, according to its audited report for the year ended 31 December 2019, with the current investments amounted to approximately HK\$5,100,000, the realised and unrealised gain on current investments and dividend income amounted to approximately HK\$431,000 and HK\$190,000, respectively. As such, the Directors are of the view that despite the Target Company is in its infancy, it has demonstrated a progressive and promising performance.

In the Investment, the Loan Capitalisation will result in an additional capital of HK\$8,300,000 (i.e. HK\$1,100,000 + HK\$7,200,000) to be injected in the Target Company for working capital and investment purposes which allows the current investments of the Target Company to be scaled up and/or new investments to be made. Besides, the Purchaser Further Shareholder's Loan up to HK\$15,000,000 will serve as an immediately available fund pool and give flexibility to the board of the Target Company for them to catch any investment opportunities in future taking into account the rate of return of the then current investments. Serving as an additional return for the Group's extra capital contribution to the Target Company, the Group will enjoy an interest which is slightly higher than the interest rate for one-year time deposit as offered by the licenced banks if any of the Purchaser Further Shareholder's Loan is drawn down by the Target Company.

The Vendor, having been managing the Target Company since its commencement of business, will be appointed as the managing director of the Target Group. Prior to the establishment of the Target Company, the Vendor had been working in Goldman Sachs in Hong Kong and Singapore for almost 11 years and his last position was an executive director in prime brokerage client services in Goldman Sachs in Hong Kong. Starting in Operations on servicing hedge funds across equities and/or derivatives and then moving to the front office to manage hedge fund relationships and their day to day pre-or post-execution needs, the Vendor has extensive knowledge of the Asia markets in addition to an understanding of Europe, Middle East and Africa (EMEA) markets and the Americas. He obtained a Bachelor Degree of Science in Business Administration and Management from Boston University School of Management in 2006 (now known as Questrom School of Business). During his time in the front office at Goldman Sachs, he possessed the licenses to carry out Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities under the SFO.

The Directors consider that by leveraging on the profession and the experience of the Vendor in the financial market, proprietary securities trading and investment and combining with the established internal control and stringent regulatory supervision of the Group, the Target Group will be able to serve as an investment platform of the Group with the added benefit of a treasury function which is comparable to the structure of established investment banks in the market.

Further, by taking a controlling interest in the Target Company, the Group can take this opportunity to branch into the financial industry and gain exposure to the sector of securities trading and investment which is believed to have growth potential. In the long term, the Group would be able to fulfil its strategic goal of integration of comprehensive architectural and BIM services into a financial platform so as to enhance and gear up the value of the Group's professional services.

Taking into account the above factors, including the fact that the interest rate of the Purchaser Further Shareholder's Loan is slightly higher than the interest rate for one-year time deposit as offered by the licenced banks, the Board approved (with Mr. Liang Ronald abstained from voting on the Board resolutions approving the Investment) the Group to enter into the Sale and Purchase Agreement, the Shareholders' Agreement, the Deed of Indemnity and the Deed of Non-competition. In addition, the Directors, including the independent non-executive Directors, believe that the Investment is not entered in the ordinary and usual course of business of the Group, but the terms thereof are on normal commercial terms or better after arm's length negotiations between the parties and are fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) as set out in the Listing Rules in respect of the Investment exceeds 5% but all of them are less than 25%, the Investment constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements but is exempt from Shareholders' approval under the Listing Rules.

The Vendor, namely Mr. Liang Nathan Wei, is the son of Mr. Liang Ronald (the chairman of the Board, an executive Director and a substantial Shareholder), and is therefore a connected person of the Company at the issuer level. Further, upon Completion, the Target Company will be owned as to 40% by the Vendor and therefore the Target Company will become a connected subsidiary of the Company under Chapter 14A of the Listing Rules. As such, after the Acquisition, the provision of the Purchaser Shareholder's Loan and the Purchaser Further Shareholder's Loan to the Target Company constitutes a connected transaction under Chapter 14A of the Listing Rules. Therefore, the Investment as a whole constitutes a connected transaction under Chapter 14A of the Listing Rules and is therefore subject to the reporting, announcement, circular and the Independent Shareholders' approval requirements under the Listing Rules.

EGM

The Company will convene and hold the EGM for the Independent Shareholders to consider and, if thought fit, approve the Investment and the transactions contemplated thereunder.

Mr. Liang Ronald is considered to have material interests in the Investment by virtue of his relationship with the Vendor, and therefore he shall abstain from voting on the Board resolutions approving the Investment and the transactions contemplated thereunder. Save as disclosed, no other Directors shall abstain from voting on the said Board resolutions. Further, Mr. Liang Ronald, and Rainbow Path International Limited and Veteran Ventures Limited, both of which are wholly-owned by Mr. Liang Ronald, as well as the Vendor, will abstain from voting on the resolutions approving the Investment and the transactions contemplated thereunder in the EGM. As at the date of this announcement, Mr. Liang Ronald, Rainbow Path International Limited and Veteran Ventures Limited together hold 75,670,000 Shares, representing approximately 26.25% issued share capital of the Company, and the Vendor holds 22,000 Shares, representing less than 0.01% issued share capital of the Company.

Save for the aforesaid and to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of this announcement, no other Shareholder is interested in the Investment and the transactions contemplated thereunder.

A circular containing, among others, information on the Sale and Purchase Agreement and the Shareholders' Agreements, the letter from the Independent Board Committee to the Independent Shareholders, the letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, and other information as is required to be contained in it under the Listing Rules, together with a notice of the EGM and a form of proxy, is expected to be despatched to the Shareholders on or before 9 October 2020.

ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE

The Company has established the Independent Board Committee, comprising all the independent non-executive Directors, to advise the Independent Shareholders in connection with the Investment and the transactions contemplated thereunder. An independent financial adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in connection with the Investment and the transactions contemplated thereunder.

Shareholders and potential investors of the Company should note that Completion is subject to the satisfaction of the Conditions. Therefore, the Acquisition may or may not proceed. In addition, the provision of the Purchaser Shareholder's Loan and the Purchaser Further Shareholder's Loan to the Target Company is subject to Completion. Therefore, the Investment as a whole also may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Acquisition”	the acquisition of 6,000 Sale Shares by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement
“associate(s)”	shall have the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors

“Business Day”	a day (excluding Saturday, Sunday and public holiday and any day on which a tropical cyclone warning no.8 signal or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business
“close associate(s)”	shall have the meaning ascribed thereto in the Listing Rules
“Company”	C Cheng Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1486)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	the third Business Day following the day on which all the Conditions are satisfied in full or waived by the Purchaser (as the case may be) in accordance with the terms of the Sale and Purchase Agreement or such other date as the parties may agree being the date on which Completion shall be taken place
“Condition(s)”	the conditions precedent to Completion pursuant to the Sale and Purchase Agreement, a summary of which is set forth under the paragraph headed “Conditions” in this announcement
“connected person(s)”	shall have the same meaning ascribed thereto in the Listing Rules
“Consideration”	the total consideration of HK\$6,000 for the Acquisition
“Director(s)”	the director(s) of the Company
“Deed of Indemnity”	the separate deed of indemnity to be executed by the Vendor upon Completion in favour of the Purchaser and the Target Company

“Deed of Non-competition”	the separate deed of non-competition undertakings to be executed by the Vendor upon Completion in favour of the Purchaser and the Target Company regarding certain non-competition undertakings
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, approving the Investment and the transactions contemplated thereunder, or where the context so admits, any adjournment of such extraordinary general meeting
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee, comprising all independent non-executive Directors, formed to advise the Independent Shareholders in respect of the Investment and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders who, under the Listing Rules, are not required to abstain from voting for the resolutions approving the Investment and the transactions contemplated thereunder
“Investment”	the Acquisition, and the provision of the Purchaser Shareholder’s Loan and the Purchaser Further Shareholder’s Loan to the Target Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 November 2020, or such later date as all parties may agree in writing
“Mr. Liang Ronald”	Mr. Liang Ronald (梁鵬程), the chairman of the Board, an executive Director and a substantial Shareholder
“PRC”	the People’s Republic of China

“Purchaser”	Bertrand Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“Purchaser Further Shareholder’s Loan”	is defined under the paragraph headed “Shareholders’ Agreement” in this announcement
“Purchaser Shareholder’s Loan”	is defined under the paragraph headed “Shareholders’ Agreement” in this announcement
“Sale and Purchase Agreement”	the sale and purchase agreement for the Acquisition entered into between the Vendor and Purchaser dated 16 September 2020
“Sale Shares”	6,000 shares representing 60% of the issued share capital of the Target Company as at the Completion Date
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shares”	the ordinary share(s) in the share capital of the Company
“Shareholders”	the shareholders of the Company
“Shareholders’ Agreement”	the shareholders’ agreement to be entered into between the Vendor, and the Purchaser and the Target Company upon Completion
“Special Consent”	pursuant to the Shareholders’ Agreement, a written consent addressed to the board of the Target Company given by all the shareholders of the Target Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Mettle Capital Limited (邁達投資管理有限公司), a company incorporated in Hong Kong with limited liability

“Target Group”	the Target Company and its subsidiaries, if any, from time to time, and a “Target Group Company” means any one of them
“Vendor”	Mr. Liang Nathan Wei (梁偉), the son of Mr. Liang Ronald
“%”	per cent

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

Hong Kong, 16 September 2020

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.