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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 TRANSACTION
IN RELATION TO
THE TENANCY AGREEMENTS**

THE TENANCY AGREEMENTS

The Board announces that on 25 March 2021, LWK Architecture Shenzhen, an indirect wholly-owned subsidiary of the Company, entered into the Tenancy Agreements with the Landlord for the purpose of the leasing of the Premises for a term of five years commencing from 1 April 2021 and ending on 31 March 2026 (both dates inclusive) as its office premises in Shenzhen.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to HKFRS 16, the entering into of the Tenancy Agreements as a tenant will require the Group to recognise the right-of-use asset in the consolidated financial statements of the Company, and thus the entering into of the Tenancy Agreements and the transactions contemplated thereunder will be regarded as an acquisition of asset by the Group in accordance with the Listing Rules.

As one or more than one of the applicable percentage ratios in respect of the aggregated value of the right-of-use asset of the Premises under the Tenancy Agreements is more than 5% and below 25%, the entering into of the Tenancy Agreements constitutes a discloseable transaction for the Company, and is therefore subject to the notification and announcement requirements but exempt from Shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

BACKGROUND

The Board announces that on 25 March 2021, LWK Architecture Shenzhen, an indirect wholly-owned subsidiary of the Company, entered into the Tenancy Agreements with the Landlord for the purpose of the leasing of the Premises for a term of five years commencing from 1 April 2021 and ending on 31 March 2026 (both dates inclusive) as its office premises in Shenzhen.

THE TENANCY AGREEMENTS

Details of the principal terms of the Tenancy Agreements are set out below:

Date	:	25 March 2021
Parties	:	(i) 深圳華溢雲計算科技有限公司, as the Landlord; (ii) LWK Architecture Shenzhen, an indirect wholly-owned subsidiary of the Company, as the Tenant. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Landlord and its ultimate beneficial owner(s) are Independent Third Parties.
Premises	:	3rd, 8th and 9th Floor, Building 1, Shuimu Yifang Building, Nanshan District, Shenzhen, Guangdong Province, PRC.
Total gross floor area	:	The total gross floor area of the Premises is 4,376 square metres.
Term	:	Five years commencing from 1 April 2021 and ending on 31 March 2026 (both dates inclusive).
Monthly rent	:	HK\$649,586 (equivalent to RMB547,020) per calendar month, exclusive of management fee, water charges, electricity charges, and all other outgoings, with 5% increase every two years since the third year.

The rent under the Tenancy Agreements was determined after arm's length negotiations between the parties, after taking into consideration the prevailing market rental values for comparable premises in the vicinity of the Premises.

- Rent free period** : 4 months, from 1 April 2021 to 31 July 2021.
- The aggregate value of consideration payable** : The aggregate amount of rent payable under the Tenancy Agreements is approximately HK\$37,955,324 (equivalent to approximately RMB31,962,378), which will be funded by internal resources of the Group.
- Deposit** : A deposit of HK\$1,299,173 (equivalent to RMB1,094,040), being equivalent to two months' rent, shall be paid by the Tenant to the Landlord as security deposit for the due observance and performance of its obligations under the Tenancy Agreements.
- Use** : The Tenant shall not use or permit or suffer the Premises or any part thereof to be used for any purpose other than as an office for commercial purpose only.

RIGHT-OF-USE ASSET

Pursuant to HKFRS 16, as a result of the entering into of the Tenancy Agreements, the Premises leased under the Tenancy Agreements will be recognised as right-of-use asset for an amount of approximately HK\$33,562,722 (equivalent to approximately RMB28,263,345), which is calculated with reference to the aggregate lease payments and discounted by a discount rate.

REASONS FOR AND BENEFITS OF THE TENANCY AGREEMENTS

The Premises will be occupied by LWK Architecture Shenzhen as its office premises in Shenzhen. The monthly rental of the Premises is lower than the monthly rental of its existing office premises in Shenzhen, and the lower monthly rental will help the Group on costs saving in the long run.

The Directors considered that the transactions contemplated under the Tenancy Agreements were entered into in the ordinary and usual course of business of the Group, and the Tenancy Agreements were entered into on normal commercial terms after arm's length negotiations between the parties, after taking into consideration the prevailing market rental value for comparable premises in the vicinity of the Premises, and the terms of the transactions contemplated under the Tenancy Agreements were fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE PARTIES

The Group and the Company

The Company is an investment holding company. The Group is principally a comprehensive architectural and Building Information Modelling ("BIM") service provider in Hong Kong and the PRC.

LWK Architecture Shenzhen

LWK Architecture Shenzhen is a limited liability company established under the laws of the PRC. LWK Architecture Shenzhen is an indirect wholly-owned subsidiary of the Company and is principally engaged in comprehensive architectural services in the PRC.

The Landlord

The Landlord is a limited liability company established under the laws of the PRC and is principally engaged in the development of computing information technology and property investment.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to HKFRS 16, the entering into of the Tenancy Agreements as a tenant will require the Group to recognise the right-of-use asset in the consolidated financial statements of the Company, and thus the entering into of the Tenancy Agreements and the transactions contemplated thereunder will be regarded as an acquisition of asset by the Group in accordance with the Listing Rules.

As one or more than one of the applicable percentage ratios in respect of the aggregated value of the right-of-use Premises under the Tenancy Agreements is more than 5% and below 25%, the entering into of the Tenancy Agreements constitutes a discloseable transaction for the Company, and is therefore subject to the notification and announcement requirements but exempt from Shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Board”	:	the board of Directors
“Company”	:	C Cheng Holdings Limited, a company incorporated in the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1486)
“connected person(s)”	:	has the meaning ascribed to it under the Listing Rules
“Directors”	:	the directors of the Company
“Group”	:	the Company and its subsidiaries
“HKFRS”	:	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“LWK Architecture Shenzhen” or the “Tenant”	:	梁黃顧建築設計(深圳)有限公司, a limited liability company established under the laws of the PRC and is an indirect wholly-owned subsidiary of the Company
“Hong Kong”	:	The Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	:	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are not connected persons of the Company and is/are third party(ies) independent of the Company and its connected persons in accordance with the Listing Rules
“Landlord”	:	深圳華溢雲計算科技有限公司, a limited company established under the laws of the PRC
“Listing Rules”	:	the Rules Governing the Listing of Securities on the Stock Exchange
“Tenancy Agreements”	:	the tenancy agreements dated 25 March 2021 entered into between the Landlord and LWK Architecture Shenzhen in relation to the Premises
“PRC”	:	the People’s Republic of China
“Premises”	:	3rd, 8th and 9th Floor, Building 1, Shuimu Yifang Building, Nanshan District, Shenzhen, PRC
“Shareholder(s)”	:	holder(s) of share(s) issued by the Company
“Stock Exchange”	:	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 25 March 2021

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. Yu Chi Hang, Mr. Lo Wai Hung and Ms. Su Ling.