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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)

**SUPPLEMENTAL ANNOUNCEMENT ON
AUDITED ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2021 AND
CHANGE IN USE OF PROCEEDS**

Reference is made to the announcements of C Cheng Holdings Limited (the “**Company**”) dated 31 March 2022 in relation to the unaudited annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2021 and change in use of proceeds (the “**2021 Results Announcement**”) and 1 April 2022 in relation to the update of publication of the audited annual results and annual report of the Group for the year ended 31 December 2021. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the 2021 Results Announcement.

**AUDITOR’S AGREEMENT ON THE ANNUAL RESULTS FOR THE
YEAR 2021**

The board of directors of the Company (the “**Board**”) is pleased to announce that Ernst & Young, the auditor of the Company has completed its audit of the consolidated financial statements of the Group for the year ended 31 December 2021 (“**2021 Consolidated Financial Statements**”) in accordance with Hong Kong Standards on Auditing (“**HKSA**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The final results contained in the 2021 Results Announcement remain unchanged. The 2021 Consolidated Financial Statements have been agreed and reviewed by the audit committee of the Company.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 of the Group as set out in the 2021 Results Announcement have been agreed by the auditor of the Company, Ernst & Young, to the amounts set out in the 2021 Consolidated Financial Statements. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with HKSA, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Ernst & Young on the 2021 Results Announcement or this supplemental announcement.

THE ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company (the “AGM”) will be held on Wednesday, 8 June 2022 and a notice convening the AGM will be published and dispatched to the shareholders of the Company in accordance with the Company’s Articles of Association and the Listing Rules in due course.

The register of members of the Company will be closed from Thursday, 2 June 2022 to Wednesday, 8 June 2022 (both days inclusive), for the purpose of determining entitlement of the Shareholders to attend and vote at the AGM, during which period no share transfers will be registered. All transfers accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong, for registration no later than 4:00 p.m. on Wednesday, 1 June 2022.

USE OF PROCEEDS AND CHANGE IN USE OF NET PROCEEDS

During the year ended 31 December 2021, the net proceeds from the Subscription had been applied and on 31 March 2022, the Board has resolved to change in use of the unutilised net proceeds as follows:

	Planned use of net proceeds <i>HK\$ million</i>	Actual use of net proceeds up to 31 Dec 2021 <i>HK\$ million</i>	Unutilised net proceeds as at 31 Dec 2021 <i>HK\$ million</i>	Reallocation of unutilised net proceeds <i>HK\$ million</i> <i>(Note a)</i>
For potential merger and acquisition of targets in the similar business of the Company for vertical integration strategies	126.8	42.5	84.3	–
To expand the offices of the Group in order to maximise the benefits from the established and expanding client network <i>(Note b)</i>	13.0	13.0	–	–
To enhance information technology infrastructure and working capital <i>(Note c)</i>	6.0	6.0	–	54.3
For potential investment opportunities and establishment of business including but not limited to Smart City business	–	–	–	30.0
	<u>145.8</u>	<u>61.5</u>	<u>84.3</u>	<u>84.3</u>

Notes:

- It is expected that the unutilised net proceeds to be fully utilised to be extended till end of 2023 in view of the current market circumstances and is subject to change depending on the market conditions and developments at the relevant times.
- Since the Subscription, the Group expanded the offices in Mainland China and also the overseas markets in order to capture potential opportunities in different locations and to strengthen the international position of the Group. As disclosed in the announcement dated 31 March 2022, the actual use of resources on this category was higher than the planned use of proceeds at HK\$13.0 million and such difference was sourced from the Group's internal resources and therefore such figure was revised to HK\$13.0 million for clarification purpose in this announcement.
- In order to support the expansion and improvement in working productivity of the Group, information technology infrastructure was enhanced and upgraded since the Subscription. As disclosed in the announcement dated 31 March 2022, the actual use of resources on this category was higher than the planned use of proceeds at HK\$6.0 million and such difference was sourced from the Group's internal resources and was revised to HK\$6.0 million for clarification purpose in this announcement.

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

The Company would like to further elaborate the rationale on the change in use of proceeds.

For potential investment opportunities and establishment of business including but not limited to Smart City business

The Company has been actively exploring various strategic acquisition opportunities since April 2017, but has not found suitable investment opportunities, other than isBIM Limited in late 2017, and Mettle Capital Limited and Accentrix Company Limited in 2020. The Group continues exploring different investment opportunities bringing values to the Group, but not only by merger and acquisition in the vertical integration strategies. The governments in Mainland China and Hong Kong published Smart City blueprint and policies and promoted Smart City development in recent years and as a comprehensive architectural and building information modelling services provider, while no further suitable targets for merger and acquisition at this moment, the Group planned to develop by establishment of vertical integration business, including Smart City business, which is in line with the development of ordinary business of the Group.

For information technology infrastructure enhancement and general working capital

In view of the latest development of property development market in Mainland China and overall economic climate, the Board has resolved to reallocate part of the unutilised net proceeds for general working capital to allow the Group to deploy its financial resources in a more flexible, beneficial and effective way. The reallocation will allow the Group to meet its general operational and business needs and provide more resources to cope with the economic uncertainties in the future.

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

Hong Kong, 14 April 2022

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.