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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)**

# **MAJOR TRANSACTION DEEMED DISPOSAL OF A SUBSIDIARY**

## **THE SUBSCRIPTION**

The Board is pleased to announce that on 3 August 2023 (after trading hours), isBIM (an indirect non-wholly owned subsidiary of the Company), Mr. Li, the Company, the Investors and each of the subsidiaries of isBIM entered into the Share Subscription Agreement, pursuant to which, among others, isBIM conditionally agreed to allot and issue, and each of Investor 1 and Investor 2 conditionally agreed to subscribe for 4,123 and 2,062 Series A-1 Preferred Shares at the subscription price of approximately HK\$31.2 million and approximately HK\$15.6 million, respectively.

Immediately after Closing, on an as-converted basis, the percentage of the Company's shareholding interest in isBIM will be reduced from approximately 44.9% to approximately 35.0%, and the Company will cease to control the board of isBIM. Therefore, isBIM will cease to be a subsidiary of the Company and the financial results of isBIM will no longer be consolidated into the financial statements of the Company.

## **LISTING RULES IMPLICATIONS**

Given that isBIM will cease to be a subsidiary of the Company immediately after Closing, the Subscription will constitute a deemed disposal of isBIM by the Company under Rule 14.29 of the Listing Rules.

As one or more of the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) in respect of the Subscription exceeds 25% but all are less than 75%, the Subscription constitutes a major transaction – disposal of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under the Listing Rules.

As at the date of this announcement, Mr. Fu Chin Shing, being an executive Director, the chief executive officer and a substantial shareholder of the Company, is also a director of isBIM and is interested in approximately 2.7% of the issued share capital of isBIM. By virtue of his relationships with isBIM and for the sake of prudence, Mr. Fu Chin Shing has abstained from voting on the Board resolutions approving the Subscription and the transactions contemplated thereunder.

An EGM will be convened and held for the Shareholders to consider, and if thought fit, approve the Subscription and the transactions contemplated thereunder.

The voting in respect of the Subscription will be conducted by way of poll. As at the date of this announcement, besides Mr. Fu Chin Shing, (i) Mr. Lo Kin Nang, interested in approximately 0.3% of the issued share capital of the Company, is also a director of isBIM and is interested in approximately 0.9% of the issued share capital of isBIM; and (ii) Ms. Yu Wing Sze, interested in approximately 0.1% of the issued share capital of the Company, is also a director of isBIM and is interested in approximately 0.9% of the issued share capital of isBIM. By virtue of their relationships with isBIM and for the sake of prudence, Mr. Fu Chin Shing, Mr. Lo Kin Nang and Ms. Yu Wing Sze and their respective close associates will abstain from voting on the resolutions approving the Subscription and the transactions contemplated thereunder at the EGM. Further, Mr. Li, a director and the chief executive officer of isBIM and holding approximately 33.6% of the issued share capital of isBIM, is interested in approximately 0.1% of the issued share capital of the Company as at the date of this announcement. Therefore, Mr. Li is considered to have material interests in the Subscription, and he and his close associates will abstain from voting on the resolutions approving the Subscription and the transactions contemplated thereunder at the EGM.

## **DESPATCH OF CIRCULAR**

A circular containing, among others, (i) further information on the Subscription and the transactions contemplated thereunder; (ii) financial information of the Company; (iii) other information as required under the Listing Rules; (iv) the notice of the EGM; and (v) a form of proxy, is expected to be despatched to the Shareholders on or before 24 August 2023.

**As Closing is subject to the fulfilment and/or waiver of the conditions precedent to the Share Subscription Agreement, the Subscription may or may not proceed. Shareholders and potential investors are advised to take caution in dealing in the securities of the Company.**

## **INTRODUCTION**

The Board is pleased to announce that on 3 August 2023 (after trading hours), isBIM (an indirect non-wholly owned subsidiary of the Company), Mr. Li, the Company, the Investors and each of the subsidiaries of isBIM entered into the Share Subscription Agreement, pursuant to which, among others, isBIM conditionally agreed to allot and issue, and each of Investor 1 and Investor 2 conditionally agreed to subscribe for 4,123 and 2,062 Series A-1 Preferred Shares at the subscription price of approximately HK\$31.2 million and approximately HK\$15.6 million, respectively.

Immediately after Closing, on an as-converted basis, the percentage of the Company's shareholding interest in isBIM will be reduced from approximately 44.9% to approximately 35.0%, and the Company will cease to control the board of isBIM. Therefore, isBIM will cease to be a subsidiary of the Company and the financial results of isBIM will no longer be consolidated into the financial statements of the Company.

## **THE SHARE SUBSCRIPTION AGREEMENT**

### **Date:**

3 August 2023

### **Parties:**

- (1) isBIM, an indirect non-wholly owned subsidiary of the Company;
- (2) Mr. Li;
- (3) the Company;
- (4) the Investors; and
- (5) each of the subsidiaries of isBIM

Investor 1, namely Future M Company Limited, is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of MTR Corporation Limited, whose shares are listed on the Main Board of the Stock Exchange (stock code: 66). Investor 2, namely AEF Greater Bay Area LPF, is a limited partnership fund established in Hong Kong and is managed by Gobi Admiralty Limited. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Investor 1, MTR Corporation Limited, Investor 2 and Gobi Admiralty Limited are Independent Third Parties.

### **Subject matter**

isBIM conditionally agreed to allot and issue, and each of Investor 1 and Investor 2 conditionally agreed to subscribe for 4,123 and 2,062 Series A-1 Preferred Shares at the subscription price of approximately HK\$31.2 million and approximately HK\$15.6 million, respectively.

### **Consideration**

The consideration payable by Investor 1 and Investor 2 for the Series A-1 Preferred Shares subscribed by each of them shall be approximately HK\$31.2 million and approximately HK\$15.6 million, respectively, which shall be payable by wire transfer to a designated bank account of isBIM at Closing.

The consideration was determined based on arm's length negotiations between the parties which has taken into account, among others, (i) the valuation of comparable companies with similar business activities, industry, size and future prospects; (ii) the net asset value of isBIM; (iii) the business development and performance of isBIM Group; (iv) the future business prospect of isBIM Group; and (v) the reasons and benefits set out in the section headed "Reasons and benefits of the Subscription" in this announcement.

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

## **Conditions to Closing**

Closing is conditional upon fulfilment (or waiver, as the case may be) of, among others, the following conditions:

- (1) completion of due diligence exercise of isBIM Group by the Investors in form and substance satisfactory to the Investors;
- (2) the representations and warranties made by Mr. Li and each of the isBIM Group Companies remaining true, complete and correct on the Closing Date;
- (3) the representations and warranties made by each of the Investors remaining true, complete and correct on the Closing Date;
- (4) there being no injunctions and/or legal proceedings prohibiting the parties from consummating the Subscription;
- (5) each party (except the Investors) having performed and complied with all agreements, obligations and conditions contained in the Share Subscription Agreement that are required to be performed or complied with by it on or before Closing;
- (6) each party (except the Investors) having duly carried out all corporate procedures that are required under the laws of the Company's and each isBIM Group Company's jurisdiction of incorporation in connection with, among others, the Share Subscription Agreement, the Shareholders Agreement and the Restated Articles and the transactions contemplated thereby, including:
  - (i) approval by the board of directors and, to the extent required by the constitutional documents or applicable law, the approval by the shareholders of the execution, delivery and performance by the Company and each isBIM Group Company of, among others, the Share Subscription Agreement, the Shareholders Agreement and the Restated Articles, the allotment and issuance of the Series A-1 Preferred Shares to be subscribed by the Investors (including the updates of the register of members of isBIM) and the other transactions contemplated by, among others, the Share Subscription Agreement, the Shareholders Agreement and the Restated Articles to which the Company and each isBIM Group Company is a party;

- (ii) adoption of the Restated Articles by all necessary action of the board of directors and shareholders of isBIM and due filing of the Restated Articles with the Hong Kong Companies Registry;
  - (iii) waivers of all rights of pre-emption in respect of the issuance of Series A-1 Preferred Shares to be subscribed by the Investors;
- (7) one (1) nominee of Investor 1 having been duly elected as a director of isBIM, effective upon Closing;
- (8) one (1) nominee of Investor 2 having been duly elected as a director of isBIM, effective upon Closing;
- (9) all consents and approvals of, notices to and filings or registrations with any governmental authority or any other person required pursuant to any applicable law or regulation of any governmental authority in connection with the execution, delivery or performance by the parties (except the Investors) of, among others, the Share Subscription Agreement, the Shareholders Agreement and the Restated Articles or the consummation of the transactions contemplated thereby having been duly obtained or made;
- (10) the Company having published and despatched a circular in relation to the Subscription in accordance with the Listing Rules;
- (11) all requirements, if any, imposed on the parties (except the Investors) by the Stock Exchange, the SFC, other governmental authorities and/or under any securities laws in connection with the transactions contemplated under, among others, the Share Subscription Agreement, the Shareholders Agreement and the Restated Articles, having been complied with in full;
- (12) there having been since the date of the Share Subscription Agreement:
  - (i) no change having a material adverse effect on the business, operations, properties, financial position (including any material increase in provisions), prospects or condition of any isBIM Group Company; and

(ii) no material change in any relevant laws, regulations or policies in any of the jurisdictions in which any isBIM Group Company does business (whether coming into effect prior to, on or after the Closing Date) that, in the opinion of any of the Investors, materially and adversely affects or may materially and adversely affect any isBIM Group Company; and

(13) there being no governmental authority or other person that has:

(i) requested any information in connection with, or instituted or threatened, any action or investigation to restrain, prohibit or otherwise challenge the Subscription;

(ii) threatened to take any action to restrain, prohibit or otherwise challenge the Subscription as a result of or in anticipation of the implementation of the Subscription;

(iii) threatened to take any action that would, in the reasonable opinion of any of the Investors, materially and adversely affect the operations, assets or financial condition of any isBIM Group Company; or

(iv) proposed or enacted any statute or regulation which would prohibit, materially restrict or materially delay implementation of the Subscription or the operation of any isBIM Group Company after Closing.

Any one or more of the above conditions may be waived by the Investors. If any above condition has not been fulfilled or waived by the Target Closing Date, each Investor may:

(a) defer Closing to a later date;

(b) proceed to Closing so far as practicable; or

(c) terminate the Share Subscription Agreement.

In the case of termination, no party shall have any rights or claims against the other, save for those that expressly survive termination of the Share Subscription Agreement in accordance with the provisions therein.

## **Closing**

At Closing:

- (a) isBIM shall, among others,
  - (i) adopt the Restated Articles;
  - (ii) deliver, or procure to be delivered, to each Investor the Shareholders Agreement, duly executed by each party thereto (save for the Investors); and
  - (iii) issue and allot the Series A-1 Preferred Shares to the Investors; and
- (b) the Investors shall:
  - (i) pay their respective consideration by wire transfer to a designated bank account of isBIM; and
  - (ii) deliver, or procure to be delivered, to isBIM the Shareholders Agreement, duly executed by the respective Investor.

## **Others**

The Investors may, at each of their sole discretions independent of each other, and upon achievement by isBIM and its subsidiaries of certain key performance indicators, further invest in isBIM in a second tranche investment by subscription for Series A-2 Preferred Shares, and isBIM may allot and issue the Series A-2 Preferred Shares to the Investors.

## **THE RESTATED ARTICLES**

At Closing, isBIM shall adopt the Restated Articles. The principal terms in relation to the Series A-1 Preferred Shares in the Restated Articles are summarised as follows:

### **Dividends and Distributions**

Other than on an event of (a) a liquidation, dissolution or winding up of isBIM; or (b) a Trade Sale (each a “**Liquidation Event**”), each Preferred Share is entitled, *pari passu* with the other classes of shares of isBIM, to participate in any dividends or distributions which shall be payable pro-rata on the Preferred Share based on the number of ordinary shares of isBIM into which it is convertible, but only if and when declared by the board of isBIM.

## **Liquidation Preference**

In the event of any Liquidation Event, the holders of Series A-1 Preferred Shares will be entitled to receive, prior and in preference to the holders of the ordinary shares of isBIM, a per share amount for each Series A-1 Preferred Share equal to the greater of: (i) 100% of the applicable series A price per share, plus interest at the rate of 12% per annum, compounded annually from the Closing Date to the date of the Liquidation Event, and plus any accrued but unpaid dividends on each Series A-1 Preferred Share; and (ii) the amount they would be entitled to receive if the Series A-1 Preferred Shares had been converted to ordinary shares of isBIM and sold or disposed of in such Liquidation Event (in case the Liquidation Event is a Trade Sale).

## **Voluntary Conversion**

Holders of the Series A-1 Preferred Shares will have the right to convert the Series A-1 Preferred Shares, at the option of the holder, at any time, and without the payment of additional consideration, into ordinary shares of isBIM. The initial conversion rate for Series A-1 Preferred Shares to ordinary shares of isBIM shall be 1:1 and shall be subject to adjustments as stated in the Restated Articles.

## **Mandatory Conversion**

All Series A-1 Preferred Shares will automatically convert to ordinary shares of isBIM at the then applicable conversion rate in the event of (i) a Qualified IPO; or (ii) the consent of the Investors.

## **Voting Rights**

The holders of Series A-1 Preferred Shares will have the right to vote as a single class with the ordinary shares of isBIM on an as-converted basis, except as specifically provided in the Restated Articles, the Shareholders Agreement or as otherwise required by applicable law.

## **Anti-dilution provisions**

If isBIM issues any additional equity securities (subject to the exceptions specified in the Restated Articles) without consideration or for a consideration per share less than the applicable conversion price then in effect immediately prior to such issue, then the applicable conversion price of the affected Series A-1 Preferred Shares shall be reduced concurrently with such issue to a price determined in accordance with the mechanism as stated in the Restated Articles.

## THE SHAREHOLDERS AGREEMENT

At Closing, isBIM, Mr. Li, the Investors, other shareholders of isBIM and each of the subsidiaries of isBIM will enter into the Shareholders Agreement, the principal terms of which are summarised as follows:

1. After Closing, the board of directors of isBIM shall consist of up to six directors. Each of Mr. Li and Bertrand shall be entitled to appoint two directors, respectively and each of the Investors shall be entitled to appoint one director, respectively. Mr. Li shall be entitled to designate one of his appointed director as the chairman of board meetings who shall have a casting vote where there is an equal number of votes on any resolution in a board meeting.
2. There are board reserved matters set forth in the Shareholders Agreement requiring the affirmative consent or approval by the majority of the total votes of the directors of isBIM (which majority shall include the directors appointed by the Investors).
3. There are shareholders reserved matters set forth in the Shareholders Agreement requiring the prior written approval of a majority of the holders of Series A-1 Preferred Share.
4. Subject to the requirements of applicable laws, each of the Investors shall have the right to require isBIM to repurchase any or all of the Series A-1 Preferred Shares held by each of them if isBIM fails to complete a Qualified IPO or a Trade Sale by the fifth anniversary of Closing.
5. Mr. Li undertakes to the Investors that commencing from the date of the Shareholders Agreement until two (2) years after the later of: (i) the date of his resignation or departure from the relevant isBIM Group Company; and (ii) the date on which he ceases to hold any equity interests, directly or indirectly, in any isBIM Group Company, Mr. Li and his immediate family members will not, without the prior written consent of the Investors, either on their own account or through any of their affiliates, or in conjunction with or on behalf of any other person:
  - (a) be engaged or invest, directly or indirectly in any business that provides services or engages in a business similar to the business of isBIM Group or any other business engaged by any isBIM Group Company;

- (b) provide service of any form to any entity engaged in any business that provides services or engages in a business similar to the business of isBIM Group or any other business engaged by any isBIM Group Company; or
  - (c) solicit or entice away or attempt to solicit or entice away from any isBIM Group Company, any director, officer, employee, consultant, supplier, customer, client, representative, business partner or agent of such isBIM Group Company.
6. isBIM and Mr. Li jointly and severally undertake to the Investors that in the event any isBIM Group Company grants, issues, or provides any other person (each, a “**Relevant Person**”) any right, privilege or protection more favourable than those granted to each of the Investors, each of the Investors shall have the right to require, and isBIM and Mr. Li shall procure, that such isBIM Group Company concurrently grants, issues, or provides the same rights, privileges or protections to the Investors, as the case may be, senior to or at least *pari passu* with such Relevant Person.
7. There are terms in relation to share transfer restrictions of Mr. Li, pre-emptive right, right of first refusal, right of co-sale and drag-along right.

## **INFORMATION OF ISBIM GROUP**

isBIM is a company incorporated in Hong Kong on 12 February 2010 with limited liability. As at the date of this announcement, isBIM is an indirect non-wholly owned subsidiary of the Company.

The shareholding structure of isBIM as at the date of this announcement and immediately after Closing is set forth below:

Name of shareholders	As at the date of this announcement			Immediately after Closing		
	Number of ordinary shares	Number of Series A-1 Preferred Shares	Approximate shareholding percentage <sup>(1)</sup>	Number of ordinary shares	Number of Series A-1 Preferred Shares	Approximate shareholding percentage <sup>(1)(3)</sup>
Bertrand	9,800	–	44.9%	9,800	–	35.0%
Mr. Li <sup>(4)</sup>	7,340	–	33.6%	7,340	–	26.2%
Max Luck	3,060	–	14.0%	3,060	–	10.9%
Fu Chin Shing <sup>(4)</sup>	600	–	2.8%	600	–	2.1%
Liang Ronald <sup>(5)</sup>	200	–	0.9%	200	–	0.7%
Lo Kin Nang <sup>(4)</sup>	200	–	0.9%	200	–	0.7%
Yu Wing Sze <sup>(4)</sup>	200	–	0.9%	200	–	0.7%
Tong Kwok Leung <sup>(4)</sup>	150	–	0.7%	150	–	0.5%
Other shareholders	300	–	1.4%	300	–	1.1%
Investor 1	–	–	–	–	4,123	14.7%
Investor 2	–	–	–	–	2,062	7.3%
<b>Total</b>	<b>21,850<sup>(2)</sup></b>	<b>–</b>	<b>100%</b>	<b>21,850<sup>(2)</sup></b>	<b>6,185</b>	<b>100%</b>

*Notes:*

- (1) The shareholding percentages have been adjusted by rounding.
- (2) As at the date of this announcement, there are 2,000 outstanding share options pursuant to the share option scheme of isBIM as adopted and approved by the Shareholders on 6 June 2018.
- (3) The shareholding percentages are calculated taking into account all shares of isBIM immediately after Closing on an as-converted basis at the conversion rate of 1:1 for the conversion of each Series A-1 Preferred Share into the ordinary share of isBIM.
- (4) As at the date of this announcement, isBIM has five directors, namely Mr. Fu Chin Shing, Mr. Li, Mr. Lo Kin Nang, Mr. Tong Kwok Leung and Ms. Yu Wing Sze.
- (5) Mr. Liang Ronald is the chairman of the Board, an executive Director and a substantial shareholder of the Company.

isBIM Group is principally engaged in building information modelling (“**BIM**”) software developing, BIM consultancy services and BIM professional training services. The project nature of isBIM covers smart cities, infrastructure projects, transit projects and large-scale property development.

Set forth below are the unaudited consolidated financial information of isBIM Group for the two financial years ended 31 December 2021 and 2022 which are prepared in accordance with Hong Kong Financial Reporting Standards:

	<b>For the year ended</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2021</b>	<b>2022</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(unaudited)
Net profit before tax	16,212	21,175
Net profit after tax	<u>12,989</u>	<u>18,565</u>

As at 31 December 2022, the unaudited consolidated net asset value of isBIM Group was approximately HK\$111.3 million.

## **INFORMATION OF OTHER PARTIES TO THE SHARE SUBSCRIPTION AGREEMENT**

### **The Company**

The Company is incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange (stock code: 1486). The Group is principally engaged in the provision of comprehensive architectural services and BIM services.

### **Mr. Li**

Mr. Li is a director and the chief executive officer of isBIM and holds approximately 33.6% of the issued share capital of isBIM as at the date of this announcement.

## **Investor 1**

Investor 1 is a company incorporated in Hong Kong with limited liability and is principally engaged in holding of investments. Investor 1 is an indirect wholly-owned subsidiary of MTR Corporation Limited, whose shares are listed on the Main Board of the Stock Exchange (stock code: 66). MTR Corporation Limited is principally engaged in railway design, construction, operation, maintenance and investment in Hong Kong, Macau, the PRC and a number of overseas cities; project management in relation to railway and property development businesses in Hong Kong and the PRC; station commercial business including leasing of station retail space, leasing of advertising space inside trains and stations, and enabling of telecommunication services on the railway system in Hong Kong; property business including property development and investment, management and leasing management of investment properties (including shopping malls and offices) in Hong Kong and the PRC; investment in Octopus Holdings Limited; provision of railway management, engineering and technology training; and investment in relevant new technologies.

## **Investor 2**

Investor 2 is a limited partnership fund established in Hong Kong in March 2021 and is principally engaged in providing equity investment to startups founded by entrepreneurs in the Greater Bay Area (“GBA”) or operating from the GBA from various industries, particularly artificial intelligence (AI), industry 4.0, consumer goods, fintech, healthcare and sustainability.

Investor 2 is managed by Gobi Admiralty Limited, a company incorporated in Hong Kong with limited liability. As of 2023, Gobi Admiralty Limited has invested in over 70 start-ups across the GBA, and has fostered the growth of multiple unicorns originated in Greater China.

## **FINANCIAL EFFECT OF THE SUBSCRIPTION ON THE GROUP**

Immediately after Closing, on an as-converted basis, the percentage of the Company's shareholding interest in isBIM will be reduced from approximately 44.9% to approximately 35.0%, and the Company will cease to control the board of isBIM. Therefore, isBIM will cease to be a subsidiary of the Company and become an associated company of the Company.

The Subscription will be accounted for as a deemed disposal transaction. Accordingly, the financial results and financial position of isBIM will cease to be consolidated in the financial statements of the Company after Closing. All assets and liabilities of isBIM, including goodwill and intangible assets attributable to isBIM, will be derecognised. The interest in isBIM held by the Company as an associated company will be recognised as an asset according to its fair value initially and measured by using equity method subsequently. The estimated gain on such deemed disposal transaction will be approximately HK\$15 million, subject to the finalised fair value and net assets value of isBIM as at the Closing Date and transaction expenses. The estimated gain is mainly derived from the difference between the fair value of the associated company recognised by the Company and net assets of isBIM derecognised upon Closing, adjusted by the cumulative of other comprehensive income of isBIM that are eligible to be reclassified to profit or loss and the transaction expenses directly attributable to the transaction. Shareholders should note that the actual amount of gain or loss as a result of the Subscription to be recorded by the Company will be subject to review by the auditor of the Company.

## **USE OF PROCEEDS**

The gross proceeds from the Subscription are approximately HK\$46.8 million and the net proceeds (after the deduction of related transaction expenses) are expected to be approximately HK\$45.3 million. isBIM intends to apply such proceeds for (i) expanding the sales channels and partner networks of isBIM Group; (ii) acquiring companies in the software and artificial intelligence sectors and architecture, engineering and construction companies; (iii) investing in research and development of the software as a service (“**SaaS**”) platform and enhancing the artificial intelligence and data analysis capabilities of isBIM Group; and (iv) recruiting personnel specialising in the fields of computer visuals and artificial intelligence and forming a team of product sales and marketing of isBIM Group.

## **REASONS AND BENEFITS OF THE SUBSCRIPTION**

The services offered by isBIM covers BIM consultancy services, digital transformation consultancy services, cloud based BIM platform development, cloud based project management platform development, sales of IT related products, IT platform integration and BIM professional training services. The project nature of isBIM covers smart cities, infrastructure projects, transit projects and large-scale property development.

Digital transformation in the property development and management market, or digital build, has rapidly expanded. As the industry pivots to modernise its supply chain and working methods to cut carbon, improve site safety, and enhance building quality, such market sentiments advance the wide adoption of digital technologies to drive a greener, smarter, and safer development path. In view of the recent rapid technology focused development in the property market, the Board considers that the introduction of Investor 1 as a shareholder of isBIM will enable isBIM Group to expand the sales of its SaaS platform, which is in line with the business development strategy of isBIM Group.

Further, the Board believes that isBIM Group could leverage the financial resources, industry experience and investment network of Investor 2 by entering into the Share Subscription Agreement which is conducive to isBIM Group's expansion and development in the growing digital-build market. Besides, the introduction of the Investors as shareholders of isBIM will diversify the shareholder base of isBIM and enhance its corporate profile and reputation, thereby increasing its ability to attract future investors and strategic partners, which is beneficial to the long-term growth and development of isBIM Group.

With the growth and development of isBIM Group and eventually achieving a Qualified IPO, the Group will be benefited from the capital gain of its investment on isBIM.

Based on the above, the Directors consider that the Subscription and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Given that isBIM will cease to be a subsidiary of the Company immediately after Closing, the Subscription will constitute a deemed disposal of isBIM by the Company under Rule 14.29 of the Listing Rules.

As one or more of the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) in respect of the Subscription exceeds 25% but all are less than 75%, the Subscription constitutes a major transaction – disposal of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under the Listing Rules.

As at the date of this announcement, Mr. Fu Chin Shing, being an executive Director, the chief executive officer and a substantial shareholder of the Company, is also a director of isBIM and is interested in approximately 2.7% of the issued share capital of isBIM. By virtue of his relationships with isBIM and for the sake of prudence, Mr. Fu Chin Shing has abstained from voting on the Board resolutions approving the Subscription and the transactions contemplated thereunder.

An EGM will be convened and held for the Shareholders to consider, and if thought fit, approve the Subscription and the transactions contemplated thereunder.

The voting in respect of the Subscription will be conducted by way of poll. As at the date of this announcement, besides Mr. Fu Chin Shing, (i) Mr. Lo Kin Nang, interested in approximately 0.3% of the issued share capital of the Company, is also a director of isBIM and is interested in approximately 0.9% of the issued share capital of isBIM; and (ii) Ms. Yu Wing Sze, interested in approximately 0.1% of the issued share capital of the Company, is also a director of isBIM and is interested in approximately 0.9% of the issued share capital of isBIM. By virtue of their relationships with isBIM and for the sake of prudence, Mr. Fu Chin Shing, Mr. Lo Kin Nang and Ms. Yu Wing Sze and their respective close associates will abstain from voting on the resolutions approving the Subscription and the transactions contemplated thereunder at the EGM. Further, Mr. Li, a director and the chief executive officer of isBIM and holding approximately 33.6% of the issued share capital of isBIM, is interested in approximately 0.1% of the issued share capital of the Company as at the date of this announcement. Therefore, Mr. Li is considered to have material interests in the Subscription, and he and his close associates will abstain from voting on the resolutions approving the Subscription and the transactions contemplated thereunder at the EGM.

Save for the aforesaid and to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, no Shareholders or any of their close associates have any material interest in the Subscription and the transactions contemplated thereunder, and no Shareholders will be required to abstain from voting on the resolutions approving the Subscription and the transactions contemplated thereunder at the EGM.

## DESPATCH OF CIRCULAR

A circular containing, among others, (i) further information on the Subscription and the transactions contemplated thereunder; (ii) financial information of the Company; (iii) other information as required under the Listing Rules; (iv) the notice of the EGM; and (v) a form of proxy, is expected to be despatched to the Shareholders on or before 24 August 2023.

**As Closing is subject to the fulfilment and/or waiver of the conditions precedent to the Share Subscription Agreement, the Subscription may or may not proceed. Shareholders and potential investors are advised to take caution in dealing in the securities of the Company.**

## DEFINITIONS

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

“Bertrand”	Bertrand Investments Limited, a company incorporated in the British Virgin Islands with limited liability, a direct wholly-owned subsidiary of the Company and a shareholder holding approximately 44.9% of the issued share capital of isBIM as at the date of this announcement
“Board”	the board of Directors
“close associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Closing”	the closing of the Subscription
“Closing Date”	the date on which Closing takes place
“Company”	C Cheng Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1486)

“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider, and if thought fit, approve the Subscription 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 dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a third party or third parties independent of and not connected with (within the meaning of the Listing Rules) any directors, chief executive, substantial shareholders of the Company, its subsidiaries or any of their respective associates
“Investor 1”	Future M Company Limited, a company incorporated in Hong Kong with limited liability
“Investor 2”	AEF Greater Bay Area LPF, a limited partnership fund established in Hong Kong
“Investors”	Investor 1 and Investor 2 collectively
“IPO”	an initial public offering of the shares of isBIM on the Main Board of the Stock Exchange or an internationally recognised stock exchange approved by the board of isBIM (with affirmative approval of the director to be appointed by Investor 1)

“isBIM”	ISBIM Limited (香港互聯立方有限公司), a company incorporated in Hong Kong with limited liability and an indirect non-wholly owned subsidiary of the Company as at the date of this announcement
“isBIM Group” or “isBIM Group Companies”	isBIM and its subsidiaries, each an “isBIM Group Company”
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Max Luck”	Max Luck Asia Investment Limited (福盛亞太投資有限公司), a company incorporated in Hong Kong with limited liability and a shareholder holding approximately 14.0% of the issued share capital of isBIM as at the date of this announcement
“Mr. Li”	Mr. Li Kwong (李剛), who is a director and the chief executive officer of isBIM and is holding approximately 33.6% of the issued share capital of isBIM as at the date of this announcement
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Preferred Share(s)”	the preferred share(s) created or to be created in the capital of isBIM, including the Series A Preferred Shares
“Qualified IPO”	an IPO yielding at least US\$80,000,000 net proceeds to isBIM at a pre-money valuation of isBIM of at least US\$400,000,000
“Restated Articles”	the amended and restated articles of association of isBIM to be adopted by isBIM prior to Closing

“RMB”	Renminbi, the lawful currency of the PRC
“Series A Preferred Shares”	the Series A-1 Preferred Shares and the Series A-2 Preferred Shares
“Series A-1 Preferred Shares”	the series A-1 convertible preferred shares of isBIM which shall be created upon the adoption of the Restated Articles at Closing
“Series A-2 Preferred Shares”	the series A-2 convertible preferred shares of isBIM which may be created if the Investors decide, at their sole discretion and upon achievement by isBIM Group of certain key performance indicators, to further invest in isBIM in a second tranche investment
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shareholders Agreement”	the shareholders agreement to be entered into between isBIM, Mr. Li, the Investors, other shareholders of isBIM and each of the subsidiaries of isBIM upon Closing
“Share Subscription Agreement”	the share subscription agreement dated 3 August 2023 entered into between isBIM, Mr. Li, the Company, the Investors and each of the subsidiaries of isBIM in relation to the Subscription
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of a total of 6,185 Series A-1 Preferred Shares by the Investors in accordance with the terms and conditions of the Share Subscription Agreement

“Target Closing Date”	30 September 2023
“Trade Sale”	means, unless waived by the written consent of the Investors: <ul style="list-style-type: none"> <li>(a) a merger, consolidation or reorganisation involving isBIM following which Bertrand, Mr. Li, Max Luck, Investor 1 and Investor 2 collectively fail to control (directly or indirectly) 50% or above the voting power of isBIM (but excluding bona fide financing transactions);</li> <li>(b) the transfer, disposition or sale of all or substantially all of the assets of isBIM (including the stock or assets of any subsidiary or group of subsidiaries of isBIM that represent all or substantially all of the assets of isBIM); or</li> <li>(c) the exclusive licensing of all or substantially all intellectual properties of isBIM (but excluding exclusive licenses entered into in the ordinary course of business which do not negatively affect isBIM’s overall ability to further develop and operate its business)</li> </ul>
“US\$”	the lawful currency of the United States of America
“%”	per cent.

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

Hong Kong, 3 August 2023

*As at the date of this announcement, the executive Directors are Mr. Liang Ronald, Mr. Liu Jiang Tao, 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. Wong Hin Wing, Mr. Chan James and Ms. Su Ling.*