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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 SURRENDER AGREEMENTS**

### **SURRENDER AGREEMENTS**

The Board announces that on 2 July 2021, LWK Architecture Shenzhen, as the Tenant, entered into the Surrender Agreements with the Landlord in relation to the early termination of the Tenancy Agreements.

### **IMPLICATIONS UNDER THE LISTING RULES**

Pursuant to the Surrender Agreements, in total approximately of HK\$2,836,000 (equivalent to approximately RMB2,363,000) of rental deposit will be forfeited by the Landlord. Further, pursuant to HKFRS 16, the entering into the Surrender Agreements will require the Group to derecognise the right-of-use asset in the consolidated financial statements of the Company, and thus the transactions contemplated thereunder will be regarded as a disposal of the right-of-use asset by the Group in accordance with the Listing Rules.

As one or more of the applicable percentage ratios under the Listing Rules in respect of the transactions under the Surrender Agreements exceed 5% but less than 25%, the entering of the Surrender Agreements constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under the Listing Rules.

## **SURRENDER AGREEMENTS**

The Board announces that on 2 July 2021, LWK Architecture Shenzhen, as the Tenant, entered into the Surrender Agreements with the Landlord in relation to the early termination of the Tenancy Agreements, pursuant to which the rental periods of the Tenancy Agreements shall be shortened as per the manner set forth below:

	<b>Original termination date</b>	<b>New termination date</b>
Tenancy Agreement A	31 December 2022	20 June 2021
Tenancy Agreement B	31 December 2022	4 July 2021
Tenancy Agreement C	31 December 2023	20 June 2021

Pursuant to the Surrender Agreements, in total approximately of HK\$2,836,000 (equivalent to approximately RMB2,363,000) of rental deposit will be forfeited by the Landlord. Other than shortening of the rental period and the forfeiture of the aforesaid rental deposit, the remaining terms and conditions of the Tenancy Agreements remain unchanged.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE SURRENDER AGREEMENTS**

As mentioned in an announcement of the Company dated 25 March 2021 in respect of the tenancy agreements with 深圳華溢雲計算科技有限公司 for the purpose of the leasing of 3rd, 8th and 9th Floor, Building 1, Shuimu Yifang Building, Nanshan District, Shenzhen, PRC, the monthly rental of the said new premises is lower than the monthly rental of Premises A, Premises B and Premises C under the Tenancy Agreements, and the lower monthly rental will help the Group on cost saving in the long run. The Board is of the opinion that the entering into the Surrender Agreements have been arrived under normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

Pursuant to the Surrender Agreements, in total approximately of HK\$2,836,000 (equivalent to approximately RMB2,363,000) of rental deposit will be forfeited by the Landlord. Further, pursuant to HKFRS 16, the entering into the Surrender Agreements will require the Group to derecognise the right-of-use asset in the consolidated financial statements of the Company, and thus the transactions contemplated thereunder will be regarded as a disposal of the right-of-use asset by the Group in accordance with the Listing Rules. With reference to the aggregated lease payments under the Tenancy Agreements and discounted by a discount rate, the amount of such right-of-use asset to be disposed is at approximately HK\$25,959,000 (equivalent to approximately RMB21,633,000).

As one or more of the applicable percentage ratios under the Listing Rules in respect of the transactions under the Surrender Agreements exceed 5% but less than 25%, the entering of the Surrender Agreements constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under 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 with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1486)
“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 “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”	:	First Capital Securities Co., Ltd. (第一創業證券股份有限公司), a limited liability company established under the laws of the PRC, is listed on the Shenzhen Stock Exchange (SZSE: 002797) and an Independent Third Party, and as per the information available to the Company and the Directors, its largest shareholder (holding approximately 12.72% shareholdings of which) is a limited liability company established under the laws of the PRC and controlled by the People’s Government of Beijing Municipality (which is also an Independent Third Party)
“Listing Rules”	:	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	:	the People’s Republic of China
“Premises A”	:	Unit 802, 8th Floor, Investment Bank Building, No. 115 1st Fuhua Road, Futian District, Shenzhen, PRC
“Premises B”	:	14th Floor, Investment Bank Building, No. 115 1st Fuhua Road, Futian District, Shenzhen, PRC
“Premises C”	:	Unit 1301, 13th Floor, Investment Bank Building, No. 115 1st Fuhua Road, Futian District, Shenzhen, PRC

- “Shareholder(s)” : holder(s) of share(s) issued by the Company
- “Stock Exchange” : The Stock Exchange of Hong Kong Limited
- “Surrender Agreements” : the three surrender agreements all dated 2 July 2021 entered into between the Landlord and the Tenant in relation to the early termination of the Tenancy Agreements
- “Tenancy Agreement A” : the tenancy agreement dated 12 February 2018 (as supplemented by the supplemental agreement dated 6 August 2020) entered into between the Landlord and the Tenant in relation to the leasing of Premises A
- “Tenancy Agreement B” : the tenancy agreement dated 23 January 2018 (as supplemented by the supplemental agreement dated 6 August 2020) entered into between the Landlord and the Tenant in relation to the leasing of Premises B
- “Tenancy Agreement C” : the tenancy agreement dated 29 September 2020 entered into between the Landlord and the Tenant in relation to the leasing of Premises C
- “Tenancy Agreements” : the Tenancy Agreement A, the Tenancy Agreement B and the Tenancy Agreement C

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

Hong Kong, 2 July 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.*