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## **JiaChen Holding Group Limited**

**佳辰控股集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1937)**

### **DISCLOSEABLE TRANSACTION ACQUISITION OF LAND**

#### **ACQUISITION OF LAND**

References are made to the Company's announcements dated 25 March 2021, 30 September 2021 and 31 December 2021 in connection with the MOUs and the announcement dated 18 March 2022 in connection with the acquisition of the First Parcel of Land.

The Board announces that on 12 October 2022, the Vendor and the Purchaser entered into the Second Land Acquisition Agreement pursuant to which the Purchaser agrees to acquire the Second Parcel of Land at the Consideration of RMB11,680,000.

#### **LISTING RULES IMPLICATIONS**

As the acquisition of the First Parcel of Land and the Second Parcel of Land was made between the same parties and occurred within 12 months, the transactions will be aggregated pursuant to Rule 14.22 of the Listing Rules in the calculation of the applicable percentage ratios. As the applicable percentage ratios (as defined under the Listing Rules) for the transactions contemplated under the First Land Acquisition Agreement and the Second Land Acquisition Agreement are more than 5% but less than 25%, the entering into of the Second Land Acquisition Agreement will constitute a discloseable transaction for the Company, and is therefore subject to the notification and announcement requirements but exempt from circular and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

## THE ACQUISITION

References are made to the Company's announcements dated 25 March 2021, 30 September 2021 and 31 December 2021 in connection with the MOUs and the announcement dated 18 March 2022 in connection with the acquisition of the First Parcel of Land.

The Board announces that on 12 October 2022, the Vendor and the Purchaser entered into the Second Land Acquisition Agreement pursuant to which the Purchaser agrees to acquire the Second Parcel of Land from the Vendor. Material terms of the Second Land Acquisition Agreement are set out below:

Parties	(1) The Vendor  (2) The Purchaser
Subject matter	The Second Parcel of Land is situated at Yangyin Road East, North Side of National Highway 312, Henglin Town, Wujin District, Changzhou City, Jiangsu Province, the PRC. The land use right of the Second Parcel of Land is 50 years from the Completion Date. The size of the Second Parcel of Land is 19,462 square metres.
Consideration	RMB11,680,000
Security Deposit	Pursuant to the bidding notice on collective land construction land issued by 常州市公共資源交易中心 (Changzhou City Public Resources Exchange Centre*) on 23 August 2022 regarding the bidding of the Second Parcel of Land, in order to show its intention to bid for the Second Parcel of Land, any party who intends to bid for the Second Parcel of Land is required to pay a security deposit to the Vendor.

In the event the security deposit paid by the intending purchaser is not more than 20% of the acquisition price, upon signing of the land acquisition agreement, the security deposit will be treated as deposit. In the event that the security deposit paid by the intending purchaser is more than 20% of the acquisition price, the amount representing 20% of the acquisition price will be treated as deposit while the remaining balance of the security deposit will be utilised to settle the remaining acquisition price.

The Purchaser paid the Security Deposit to the Vendor on 15 September 2022.

- Payment terms
- (1) A deposit of RMB2,336,000 will be settled by utilising part of the Security Deposit;
  - (2) 50% of the Consideration in the amount of RMB5,840,000 will be settled within 30 days from the date of the Second Land Acquisition Agreement by utilising the deposit of RMB2,336,000 as referred to in (1) above and the balance of the Security Deposit in the amount of RMB3,504,000 to settle part of the Consideration; and
  - (3) the remaining balance of the Consideration in the amount of RMB5,840,000 will be settled within 60 days from the date of the Second Land Acquisition Agreement.

Usage of the Property

The Second Parcel of Land is designated for industrial use. The Group will construct a factory building on the Land. The construction of the factory building will commence on or before 8 December 2023 and complete on or before 8 December 2026.

If the Purchaser cannot commence the construction of the factory building on or before 8 December 2023, it can apply to the Vendor to extend the commencement date of the construction of the factory building but the completion date of the construction cannot be extended for more than one year.

Completion Date

On or before 8 December 2022.

## **INFORMATION ON THE PARTIES**

The Company is an investment holding company and the Purchaser is principally engaged in the manufacturing and sales of access flooring products and the provision of related installation services.

The Vendor is the local government authority of Wujin District, Changzhou City, Jiangsu Province, the PRC and is a third party independent of the Company and its connected persons (as defined in the Listing Rules).

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

As disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus, the Group intended to use approximately RMB20.3 million of the net proceeds to acquire the land use right of a parcel of land in order to cope its expansion plan. The Purchaser had entered the First Land Acquisition Agreement in March 2022 and the Second Land Acquisition Agreement is for the acquisition of the remaining parcel of land as disclosed in the Prospectus.

The Consideration was calculated based on the agreed price of approximately RMB600 per square metre. The price (per square metre) was determined by open bidding process. The Directors, having taken into account, the market value of the Second Parcel of Land and the Group’s business strategies, consider that the terms of the Acquisition (including the Consideration) are fair and reasonable and that the Acquisition is in the interests of the Company and the shareholders of the Company as a whole. The Group will satisfy the Consideration by utilising the net proceeds raised from the Global Offering (as defined in the Prospectus) and the internal resources of the Group.

None of the Directors had any material interest in the Second Land Acquisition Agreement and none of them has abstained from voting on the Board resolutions which approved the Second Land Acquisition Agreement and the Acquisition.

## **LISTING RULES IMPLICATIONS**

As the acquisition of the First Parcel of Land and the Second Parcel of Land was made between the same parties and occurred within 12 months, the transactions will be aggregated pursuant to Rule 14.22 of the Listing Rules in the calculation of the applicable percentage ratios. As the applicable percentage ratios (as defined under the Listing Rules) for the transactions contemplated under the First Land Acquisition Agreement and the Second Land Acquisition Agreement are more than 5% but less than 25%, the entering into of the Second Land Acquisition Agreement will constitute a discloseable transaction for the Company, and is therefore subject to the notification and announcement requirements but exempt from circular and shareholders’ approval requirements pursuant to Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

“Acquisition”	the acquisition by the Purchaser of the land use right of the Second Parcel of Land from the Vendor pursuant to the Second Land Acquisition Agreement
“Board”	the board of Directors

“China” or “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
“Company”	JiaChen Holding Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Stock Exchange (stock code: 1937)
“Completion Date”	the completion date of the Acquisition pursuant to the Second Land Acquisition Agreement
“Consideration”	the consideration payable by the Purchaser to the Vendor pursuant to the Second Land Acquisition Agreement
“Director(s)”	director(s) of the Company
“First Land Acquisition Agreement”	the formal sale and purchase agreement dated 4 March 2022 in relation to the acquisition of the First Parcel of Land
“First Parcel of Land”	the parcel of land referred to in the First Land Acquisition Agreement, details of which have been disclosed in the announcement dated 18 March 2022
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“MOU”	the memorandum of understanding dated 20 December 2018 entered into between the Vendor and the Purchaser setting out preliminary understanding in relation to the possible acquisition of a parcel of land located in Henglin Town, Wujin District, Changzhou City, Jiangsu Province, the PRC
“MOUs”	collectively, the MOU, the Supplemental MOU, the Second Supplemental MOU and the Third Supplemental MOU
“Prospectus”	the prospectus issued by the Company dated 31 December 2019
“Purchaser”	JiaChen Floor Changzhou Co., Ltd.* (佳辰地板常州有限公司), an indirect non-wholly owned subsidiary of the Company

“RMB”	Renminbi, the lawful currency of the PRC
“Second Parcel of Land”	the parcel of land which is situated at Yangyin Road East, North Side of National Highway 312, Henglin Town, Wujin District, Changzhou City, Jiangsu Province, the PRC
“Second Land Acquisition Agreement”	the formal sale and purchase agreement dated 12 October 2022 in relation to the Acquisition
“Second Supplemental MOU”	the non-legally binding second supplemental memorandum of understanding to the MOU dated 30 September 2021 entered into between the Vendor and the Purchaser
“Security Deposit”	the amount of RMB5,840,000 paid by the Purchaser to the Vendor prior to the bidding of the Second Parcel of Land
“Supplemental MOU”	the non-legally binding supplemental memorandum of understanding to the MOU dated 25 March 2021 entered into between the Vendor and the Purchaser
“Third Supplemental MOU”	the non-legally binding third supplemental memorandum of understanding to the MOU dated 31 December 2021 entered into between the Vendor and the Purchaser
“Vendor”	the municipal people’s government in Henglin Town, Wujin District, Changzhou, China (常州市武進區橫林鎮人民政府)

By Order of the Board  
**JiaChen Holding Group Limited**  
**SHEN Min**  
*Executive Director and Chairman*

Changzhou, the People’s Republic of China, 12 October 2022

*As at the date of this announcement, the executive Directors are Mr. SHEN Min (Chairman), Mr. SHEN Minghui, Mr. CHEN Shipping (Chief Executive Officer) and Ms. LIU Hui; and the independent non-executive Directors are Mr. Xie Xing, Mr. Wang Li and Ms. Long Mei.*

*\* The English translation of the PRC entities, institutions and locations in Chinese included in this announcement is for identification purposes only.*