

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

江 農 國 際 控 股 有 限 公 司
Jiangchen International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)
(stock code: 08305)

DISCLOSEABLE AND CONNECTED TRANSACTION
ACQUISITION OF SHAREHOLDING INTEREST

The Board is pleased to announce that, on 2 December 2009, Sino Prosper, a wholly-owned subsidiary of the Company, as the Purchaser, has conditionally entered into Equity Transfer Agreement whereby Sino Prosper agreed to purchase from and Hong Feng International agreed to dispose of 70% of the equity interest in Hongfeng Textile for a consideration of approximately RMB8.2 million (equivalent to approximately HK\$9.3 million).

As the applicable percentage ratios under the GEM Listing Rules in respect of the consideration of the Equity Transfer Agreement exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under rule 19.06 of the GEM Listing Rules.

Hong Feng International is owned as to 50% by Mr. Cai Shuiyong and as to 50% by Mr. Cai Shuiping, the Directors and controlling Shareholders of the Company. Pursuant to Chapter 20 of the GEM Listing Rules, the transaction contemplated under the Equity Transfer Agreement constitutes a connected transaction of the Company under rule 20.13 of the GEM Listing Rules.

As the applicable percentage ratios under the GEM Listing Rules in respect of the consideration of the Equity Transfer Agreement exceed 2.5% but are less than 25% and the consideration is less than HK\$10.0 million, pursuant to GEM Listing Rules 20.33, the above connected transaction is only subject to reporting and announcement as set out under GEM Listing Rules 20.45 to 20.47.

INTRODUCTION

The Board is pleased to announce that, on 2 December 2009, Sino Prosper, a wholly-owned subsidiary of the Company, as the Purchaser, has conditionally entered into Equity Transfer Agreement whereby Sino Prosper agreed to purchase from and Hong Feng International agreed to dispose of 70% of the equity interest in Hongfeng Textile for a consideration of approximately RMB8.2 million (equivalent to approximately HK\$9.3 million).

MAJOR TERMS OF THE EQUITY TRANSFER AGREEMENT

- Date : 2 December 2009
- Parties : • Sino Prosper, as the Purchaser
• Hong Feng International, as the Vendor
- Subject matter : The Acquisition of 70% of the equity interest in Hongfeng Textile for a consideration of approximately RMB8.2 million (equivalent to approximately HK\$9.3 million) from Hong Feng International by Sino Prosper.
- Consideration : The consideration payable by Sino Prosper to the Vendor under the Equity Transfer Agreement is RMB8.2 million (equivalent to approximately HK\$9.3 million), which is to be settled in cash in two instalments as follows:
- (i) an initial deposit of 40% of the total consideration (i.e. about RMB3.3 million, equivalent to about HK\$3.7 million) to be paid by the Purchaser within 15 Business Days upon signing of the Equity Transfer Agreement on 2 December 2009; and
 - (ii) the remaining balance of 60% of the total consideration (i.e. about RMB4.9 million, equivalent to about HK\$5.6 million) to be paid by the Purchaser within 15 Business Days upon completion of the transfer of the legal title of Hongfeng Textile.

The payment for the consideration of the Equity Transfer Agreement will be funded by the Group's internal generated resources. At present, the Company does not have any intention to change the use of net proceeds from its initial listing on the Stock Exchange.

BASIS OF CONSIDERATION

The consideration of approximately RMB8.2 million (equivalent to approximately HK\$9.3 million) for 70% of the equity interest in Hongfeng Textile has been determined on arm's length negotiation with reference to the current market valuation of Hongfeng Textile of RMB11.7 million as at 31 October 2009 appraised by a PRC qualified independent valuer with a report issued on 10 November 2009 using replacement cost approach. The cost approach entails the estimation of the gross replacement costs of the assets from which deductions may be made to allow for age, physical deterioration and other relevant factors to arrive at the value of the land and plants.

REASON FOR THE ACQUISITION

The Group is principally engaged in the manufacturing and wholesaling of apparels on an original equipment manufacturing (“OEM”) basis. The Group’s OEM products are mainly sold to domestic import and export companies and overseas trading companies for export. The Group is also engaged in manufacturing and wholesaling of the Group’s designed products to domestic distributors for sales in the PRC. Since March 2008, the Group has established a wholesale outlet in Wannian county, Jiangxi province, the PRC for marketing and sales of the Group’s designed products using the Group’s brand name.

As disclosed in the Company’s prospectus dated 29 September 2009, Wannianxian Xiefeng Textiles and Garments Co., Ltd., an indirect wholly-owned subsidiary of the Company has entered into a lease agreement with Hongfeng Textile to lease the two plants located at Feng Shou Industrial Park, Wannian County, Jiangxi province, the PRC for production at an annually rental of RMB144,000 since January 2009.

The Board believes by acquiring 70% of the equity interest of Hongfeng Textile, the Group would secure its main production base. The Group could also utilize the vacant area proximity to the production plants, which is not included in the above-mentioned lease agreement, to establish additional production lines and a research and development department as disclosed in the Company’s prospectus dated 29 September 2009.

Having taken into account various factors, including those set out above, the Directors (including the independent non-executive Directors) consider that the Equity Transfer Agreement is entered into on normal commercial terms and its terms and conditions are fair and reasonable and are in the interests of the Company and its Shareholders as a whole. As the payment for the consideration of the Equity Transfer Agreement will be funded by the Group’s internal generated resources, the Board does not expect that there will be any significant financial impact to the Group on the Acquisition.

INFORMATION ON HONGFENG TEXTILE

Hongfeng Textile has acquired the land in May 2007. As disclosed in the Company’s prospectus dated 29 September 2009, Hongfeng Textile does not have any business operations for the two financial years ended 31 December 2008 except for holding the two plants located at Feng Shou Industrial Park, Wannian County, Jiangxi province, the PRC with a total gross floor area of approximately 3,828 square metres and the relevant piece of land with an area of approximately 56,572 square metres. After the completion of the construction of the plants in late 2008, Hongfeng Textile has entered into a lease agreement with Wannianxian Xiefeng Textiles and Garments Co., Ltd. to lease the two plants in January 2009. Apart from the lease, Hongfeng Textile does not have any other business operations.

According to Hongfeng Textile's unaudited management account for the two years ended 31 December 2008 which was prepared in accordance with PRC generally accepted accounting principles, Hongfeng Textile records a nil turnover, net profit before and after taxation for each of the two years ended 31 December 2007 and 2008. For the ten months ended 31 October 2009, the turnover, net profit before and after taxation of Hongfeng Textile was approximately HK\$144,000, HK\$118,000 and HK\$118,000, respectively.

The unaudited net asset value of Hongfeng Textile as at 31 December 2007, 31 December 2008 and 31 October 2009 was approximately RMB6.3 million, RMB6.3 million and RMB6.4 million, respectively.

INFORMATION ON HONG FENG INTERNATIONAL

Hong Feng International is a company with limited liability incorporated in the British Virgin Islands and is principally engaged in investment holding.

GENERAL

As the applicable percentage ratios under the GEM Listing Rules in respect of the consideration of the Equity Transfer Agreement exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under rule 19.06 of the GEM Listing Rules.

Hong Feng International is owned as to 50% by Mr. Cai Shuiyong and as to 50% by Mr. Cai Shuiping, the Directors and controlling Shareholders of the Company. Pursuant to Chapter 20 of the GEM Listing Rules, the transaction contemplated under the Equity Transfer Agreement constitutes a connected transaction of the Company under rule 20.13 of the GEM Listing Rules.

As the applicable percentage ratios under the GEM Listing Rules in respect of the consideration of the Equity Transfer Agreement exceed 2.5% but are less than 25% and the consideration is less than HK\$10.0 million, pursuant to GEM Listing Rules 20.33, the above connected transaction is only subject to reporting and announcement as set out under GEM Listing Rules 20.45 to 20.47.

DEFINITIONS

Unless the contexts otherwise require, the following terms shall have the following meanings as used in this announcement:

“Acquisition”	the acquisition of Hongfeng Textile by the Purchaser from the Vendor pursuant to the terms and conditions of the Equity Transfer Agreement
“Board”	the board of Directors of the Company

“Business Day”	a day other than a Saturday and Sunday and public holidays in the PRC and Hong Kong
“Company”	Jiangchen International Holdings Limited, a company incorporated in Cayman Islands with limited liability whose Shares are listed and traded on GEM of the Stock Exchange (Stock Code: 8305)
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Directors”	the directors of the Company
“Equity Transfer Agreement”	the sale and purchase agreement dated 2 December 2009 entered into between the Vendor and the Purchaser for the Acquisition
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Group”	the Company and its subsidiaries
“Hongfeng Textile”	江西泓峰紡織有限公司 (Jiangxi Hongfeng Textile Company Limited*), a wholly foreign-owned enterprise established under the laws of PRC with limited liability and a wholly-owned subsidiary of the Hong Feng International prior to the completion of the Acquisition
“Hong Feng International” or “Vendor”	泓峰國際控股有限公司 (Hong Feng International Holdings Limited), a company incorporated in the British Virgin Islands with limited liability
“Hong Kong”	the Hong Kong Special Administrative Region of PRC
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary shares in the share capital of the Company with a nominal value of HK\$0.01 each
“Shareholder(s)”	holder(s) of the Shares

“Sino Prosper” or the “Purchaser”	華盛(亞洲)有限公司(Sino Prosper (Asia) Limited), a wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

Unless otherwise stated, for illustration purpose, the exchange rate used in this announcement is RMB1.00 to HK\$1.13.

* *For identification purposes only*

By order of the Board
Jiangchen International Holdings Limited
Cai Shuiyong
Chairman and Executive Director

The PRC, 2 December 2009

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Cai Shuiyong and Mr. Cai Shuiping; and three independent non-executive Directors, namely Mr. Lin Anqing, Ms. Lin Peifen and Mr. Liu Jianlin.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the “ Latest Company Announcements ” page of the GEM website at <http://www.hkgem.com> for 7 days from the date of its posting. This announcement will also be posted on the Company’s website at <http://www.jcholding.hk>.