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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)

VOLUNTARY ANNOUNCEMENT ACQUISITION OF LAND

This announcement is made by the Company on a voluntary basis.

References are made to the Company's announcements dated 25 March 2021, 30 September 2021 and 31 December 2021 in connection with the MOUs.

The Board announces that on 4 March 2022, the Vendor and the Purchaser entered into the Land Acquisition Agreement pursuant to which the Purchaser agrees to acquire the Land at the Consideration of RMB16,050,000.

As all the applicable percentage ratios (as defined under the Listing Rules) for the transactions contemplated under the Land Acquisition Agreement are less than 5%, the entering into of the Land Acquisition Agreement does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

THE ACQUISITION

This announcement is made by the Company on a voluntary basis.

As disclosed in the Prospectus, on 20 December 2018, the Purchaser entered into the MOU with the Vendor in respect of a possible acquisition of the land use right of one parcel of land which is located in Henglin Town, Wujin District, Changzhou City, Jiangsu Province, the PRC and a construction plan of construction of factory building thereon. References are also made to the Company's announcement dated 25 March 2021, 30 September 2021 and 31 December 2021 in connection with the MOUs.

The Board announces that on 4 March 2022, the Vendor and the Purchaser entered into the Land Acquisition Agreement pursuant to which the Purchaser agrees to acquire the Land from the Vendor. Material terms of the Land Acquisition Agreement are set out below:

Parties	(1) The Vendor (2) The Purchaser
Subject matter	The 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 Land is 50 years from the Completion Date. The size of the Land is approximately 35.67 mu.
Consideration	RMB16,050,000
Payment terms	(1) A deposit of RMB3,210,000 has been paid by the Purchaser on 9 February 2022; (2) 50% of the Consideration in the amount of RMB6,420,000 will be paid on before 30 days from the date of the Land Acquisition Agreement, i.e., on or before 3 April 2022; and (3) the balance of the Consideration in the amount of RMB6,420,000 will be paid on before 60 days from the date of the Land Acquisition Agreement, i.e., on or before 3 May 2022.
Usage of the Land	<p>The 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 4 May 2023 and complete on or before 4 September 2025.</p> <p>If the Purchaser cannot commence the construction of the factory building on or before 4 May 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.</p>
Completion Date	On or before 4 June 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 entered into the MOUs with the Vendor relating to the Acquisition. The Land Acquisition Agreement is the formal sale and purchase agreement setting out the material terms of the Acquisition.

The Consideration was calculated based on the agreed price of RMB450,000 per mu. The price (per mu) was determined by open bidding process. The Directors, having taken into account, the market value of the Land and the Group’s business strategies, consider that the terms of the Acquisition (including the Consideration) to be 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).

As all the applicable percentage ratios (as defined under the Listing Rules) for the transactions contemplated under the Land Acquisition Agreement are less than 5%, the entering into of the Land Acquisition Agreement does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

PREPAYMENT FEE

As disclosed in the announcement dated 30 September 2021, the Purchaser paid RMB21,124,450 to the relevant government authorities as directed by the Vendor as prepayment fee for land integration. On 19 January 2022, the Vendor refunded RMB10,699,650 to the Purchaser and the remaining amount of the prepayment fee for land integration is reduced to RMB10,424,800. Such balance shall be used to offset part of the Consideration by the Purchaser.

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 Land from the Vendor pursuant to the 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 Land Acquisition Agreement
“Director(s)”	director(s) of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“Land Acquisition Agreement”	the formal sale and purchase agreement dated 4 March 2022 in relation to the Acquisition
“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 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
“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, 18 March 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. 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.*