

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.



常茂生物化學工程股份有限公司

Changmao Biochemical Engineering Company Limited*
(a joint stock limited company incorporated in the People's Republic of China)
(Stock Code: 954)

**DISCLOSEABLE TRANSACTION
RELATING TO
ACQUISITION OF LAND**

ACQUISITION OF LAND

The Board wishes to inform the Shareholders that on 9 April 2021, Changmao Dalian, the Changxingdao Land Reserve Trading Centre and the Vendor entered into the Confirmations which confirm that the Group has successfully bid the Land through a sale listing at a consideration of RMB71,780,000. Changmao Dalian and the Vendor will enter into the Agreement as soon as practicable.

LISTING RULES IMPLICATIONS

As some of the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company, and is therefore subject to the reporting and announcement requirement under the Listing Rules.

THE ACQUISITION

Reference is made to the announcement by the Company dated 2 December 2020 in which the Company announced that it has entered into an investment agreement (the “**Investment Agreement**”) with Changxingdao Committee. Under the Investment Agreement, the Company agreed to, through a newly established wholly-owned subsidiary, bid for the Land through the “bid, auction and listing” procedures. The Board wishes to inform the Shareholders that on 9 April 2021, Changmao Dalian, the Changxingdao Land Reserve Trading Centre and the Vendor entered into the Confirmations which confirm that the Group has successfully bid the Land through a sale listing at a consideration of RMB71,780,000. Changmao Dalian and the Vendor will enter into the Agreement as soon as practicable.

PRINCIPAL TERMS OF THE ACQUISITION

The principal terms of the Acquisition based on the Confirmations and the Agreement to be entered into are as follows:

Date of the : 9 April 2021
Confirmations

Purchaser: 常茂（大連）新材料有限公司
(Changmao (Dalian) New Material Company Limited*), a wholly-owned subsidiary of the Company

Vendor: 大連市自然資源局長興島經濟區分局(The Ministry of Natural Resources of Changxingdao Economic Zone, Dalian City*)

The Land

The Land is located at Changxingdao Economic and Technological Development Zone, Dalian City, Liaoning Province, the PRC, with a total land area of 188,887.75 square metres and a total building area of 113,332.65 square metres for industrial use. The Land will be granted for a term of 50 years.

The Group must obtain consent from the Changxingdao Committee if the Land is used as security for obtaining financing and the fund obtained from such financing shall be used exclusively for constructions on the Land.

The Group may not transfer or lease the Land within 10 years from the date of signing of the Investment Agreement without obtaining approval from the Changxingdao Committee or its superior authority. If the Group transfers or leases the Land after 10 years from the date of the Investment Agreement, it should comply with the relevant national regulations.

Consideration

The Consideration for the Acquisition is RMB71,780,000. The Consideration was arrived at a successful bidding through a sale listing. The Board considers that the Consideration is fair and reasonable having taken into account the prevailing market value of the lands in the vicinity of the Land.

A deposit amounting to RMB14,360,000 has been paid by the Group and the remaining balance of the Consideration will be paid in cash in one payment.

Condition precedent

The Acquisition is subject to the signing of the Agreement.

REASONS FOR AND BENEFIT OF THE ACQUISITION

The Group is principally engaged in the production and sales of organic acid products.

Reference is made to the announcements by the Company dated 24 June 2020, 28 September 2020 and 2 December 2020 (the “**Announcements**”). As disclosed in the Announcements, due to the recent changes in government’s policies, the Company has to relocate part of its production plant and its office premises in the Binjiang Area of Changzhou City. As such, the Group entered into the transaction to acquire the Land for the purpose of relocating certain production lines in its original production plant in the Binjiang Area of Changzhou City to the location of the Land.

The Consideration of RMB71,780,000 will be satisfied in cash by the Group's internal resources.

The Directors are of the view that the terms of the Acquisition are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE COMPANY AND CHANGMAO DALIAN

The Company is a joint stock limited company incorporated in the PRC and is principally engaged in the production and sales of organic acid products.

Changmao Dalian, a wholly-owned subsidiary of the Company, is a limited liability company incorporated in the PRC and is principally engaged in the production of organic acid products.

INFORMATION OF THE VENDOR

As far as the Company is aware and after making reasonable enquiries, the Vendor is a government department under the municipal government of Dalian City and is responsible for overseeing the owner of all natural resource assets of the whole people and supervise all land and space use, drafting natural resources and land and space planning and related laws and regulations, natural resources investigation, monitoring and evaluation, and formulating relevant indicator systems and statistical standards, and establishing a unified standard of the natural resources survey, monitoring and evaluation system, implements and monitoring basic natural resource surveys. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons as at the date of this announcement.

IMPLICATIONS UNDER THE LISTING RULES

As some of the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company, and is therefore subject to the reporting and announcement requirement under the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings ascribed to them below:

“Acquisition”	the acquisition of the Land by the Company from the Vendor through a successful bidding in a sale listing
“Agreement”	the formal State-owned construction land use right assignment contract (國有建設用地使用權出讓合同) to be entered into between Changmao Dalian and the Vendor in relation to the Acquisition in accordance with the terms of the Confirmations
“Board”	the board of the Directors
“Changmao Dalian”	常茂（大連）新材料有限公司（Changmao (Dalian) New Material Company Limited*), a wholly-owned subsidiary of the Company
“Changxingdao Committee”	大連長興島經濟區管理委員會 (Dalian Changxingdao Economic Zone Management Committee*)
“Changxingdao Land Reserve Trading Centre”	大連長興島經濟區土地儲備交易中心 (Dalian Changxingdao Economic Zone Land Reserve Trading Center*)
“Company”	常茂生物化學工程股份有限公司 (Changmao Biochemical Engineering Company Limited*), a joint stock limited company incorporated in the PRC with the H Shares currently listed on the Main Board of the Stock Exchange (Stock Code: 954)
“Confirmations”	the transaction confirmation dated 9 April 2021 signed by Changmao Dalian and Changxingdao Land Reserve Trading Center and the land transfer confirmation dated 9 April 2021 signed by Changmao Dalian and the Vendor which confirm the successful bidding of the Land by Changmao Dalian
“connected person(s)”	has the meaning ascribed to that term under the Listing Rules
“Consideration”	the consideration of RMB71,780,000 in respect of the Acquisition payable in cash by Changmao Dalian

“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Land”	a parcel of land located at Changxingdao Economic and Technological Development Zone, Dalian City, Liaoning Province, the PRC, with a total land area of 188,887.75 square metres and total building area of 113,332.65 square metres for industrial use
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	大連市自然資源局長興島經濟區分局 (The Ministry of Natural Resources of Changxingdao Economic Zone, Dalian City*)
“%”	per cent.

By order of the Board of
Changmao Biochemical Engineering Company Limited*
Rui Xin Sheng
Chairman

The PRC, 9 April 2021

**For identification purpose*

As at the date hereof, Mr. Rui Xin Sheng (Chairman) and Mr. Pan Chun are the executive Directors, Mr. Zeng Xian Biao, Mr. Yu Xiao Ping, Mr. Wang Jian Ping and Ms. Leng Yi Xin are the non-executive Directors, Prof. Ouyang Ping Kai, Ms. Wei Xin and Ms. Au Fung Lan are the independent non-executive Directors.

This announcement will be published on the “Listed Company Information” page of the Stock Exchange’s website at www.hkexnews.hk and on the Company’s website at www.cmbec.com.hk.