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Channel Micron Holdings Company Limited

捷心隆控股有限公司

(Incorporated in the Cayman Islands with members' limited liability)

(Stock Code: 2115)

DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF LAND IN MALAYSIA

THE ACQUISITION

On 16 April 2021, Channel Systems (Asia), a wholly-owned subsidiary of the Company, and the Vendor entered into the Sale and Purchase Agreement pursuant to which the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Land at a total consideration of RM26,787,903.00 (equivalent to approximately RMB42,403,367).

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio as defined under 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 subject to the reporting and announcement requirements, but is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

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Parties

- (i) Channel Systems (Asia), a wholly-owned subsidiary of the Company (as purchaser)
- (ii) the Vendor (as seller)

Based on publicly available information, the Vendor is owned as to 60% by Ng Kim Ong and 10% each by Ooi Ah An, Teoh Chii Dyi, Yeoh Su Wei and Yeoh Su Ngan. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, as at the date of this announcement, the Vendor and its ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company.

The Land

Location: H.S. (D) 139754 PT 69181, Mukim Kapar, Daerah Klang, Negeri Selangor, Malaysia

Area: Approximately 16,056 square metres

Permitted Land Uses: Industrial

Consideration

The Consideration for the Acquisition to be paid by Channel Systems (Asia) to the Vendor is RM26,787,903.00 (equivalent to approximately RMB42,403,367).

The Consideration was determined at arm's length with reference to the prevailing market prices of industrial lands in the proximate area.

Approximately RM7.9 million (equivalent to approximately RMB12.5 million) of the Consideration will be financed by the Net Proceeds. The remaining balance of the Consideration will be financed by the internal resources and bank borrowings of the Group.

Payment Terms

The Consideration is payable as follows:

- (i) 10% of the Consideration (i.e. RM2,678,790.30 (equivalent to approximately RMB4,240,337)) is paid as deposit upon (the “**Deposit Sum**”) entering into the Sale and Purchase Agreement; and
- (ii) the remaining balance of the Consideration (i.e. RM24,109,112.70 (equivalent to approximately RMB38,163,030)) (the “**Balance Consideration**”) is payable within three months from the Unconditional Date (as defined below).

Conditions Precedent

Pursuant to the Sale and Purchase Agreement, the sale and purchase of the Land is subject to the following conditions precedent:

- (i) Channel Systems (Asia) having obtained the written approval of the State Authority of Selangor for the purchase of the Land by Channel Systems (Asia) in accordance with Section 433B of the National Land Code, 1965 of Malaysia (the “**S433B Consent**”); and

- (ii) Channel Systems (Asia) having obtained the approval of the Government of Malaysia's Economic Planning Unit (“**EPU**”) pursuant to the “Guidelines on the Acquisition of Properties 2014” for the acquisition of the Land by Channel Systems (Asia) or letter from EPU confirming that EPU approval is not required (the “**EPU Confirmation**”).

The date on which the Sale and Purchase Agreement becomes unconditional is the date of the receipt of a copy by the solicitors of the Vendor of the S433B Consent and EPU Confirmation (the “**Unconditional Date**”).

In the event that the conditions precedent cannot be fulfilled within six months from the date of the Sale and Purchase Agreement or within any extension period as mutually agreed by both parties, then the Sale and Purchase Agreement shall automatically terminate and be of no further effect and the Deposit Sum and any other monies paid shall be refunded in full free of interest to Channel Systems (Asia) within 14 Business Days of the notice of rescission of the Sale and Purchase Agreement.

Completion

The completion of the sale and purchase of the Land shall take place upon the receipt of the Balance Consideration provided that all conditions precedent have been fulfilled.

INFORMATION OF THE PARTIES

Channel Systems (Asia) is a company established in Malaysia and its principal business activity is design, manufacture and marketing of cleanroom walls and component parts for cleanroom facilities and high technology plants.

The Vendor is a company established in Malaysia and its principal business activity is property investment.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the provision of cleanroom wall and ceiling systems and cleanroom equipment in the PRC and Malaysia.

As disclosed in the announcement of the Company dated 1 March 2021, the Company decided not to proceed with the Land Offer as the parties could not reach an agreement regarding the terms of the sale and purchase agreement to be entered into and Company would continue to look for potential acquisitions targets including existing factories and empty plots of industrial land. Company made further enquires and was introduced to a few potential acquisition targets. After considering the purchase cost, location and land site area, the Company considers the Acquisition suitable to meet the Company's expansion plan in Malaysia as described in the Prospectus. Upon completion of the Acquisition, the Company will commence to plan for the construction of the new factory. Further announcement on the construction of the new factory will be made as and when required in accordance with the requirements of the Listing Rules.

The Board considers the terms of the Acquisition are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

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DEFINITIONS

“Acquisition”	the acquisition of the Land by Channel Systems (Asia) as contemplated under the Sales and Purchase Agreement
“Board”	the board of Directors
“Business Day(s)”	day(s) not being a Saturday, Sunday or gazetted public holiday in Kuala Lumpur or Selangor
“Company”	Channel Micron Holdings Company 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
“Consideration”	RM26,787,903.00 (equivalent to approximately RMB42,403,367), being the total consideration for the Acquisition payable by Channel Systems (Asia)
“Channel Systems (Asia)”	Channel Systems Asia Sdn Bhd, a company incorporated in Malaysia with limited liability and a wholly-owned subsidiary of the Company
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Land”	a parcel of freehold industrial land situated at H.S. (D) 139754 PT 69181, Mukim Kapar, Daerah Klang, Negeri Selangor, Malaysia with a site area of approximately 16,056 square metres
“Land offer”	the offer submitted by Channel Systems (Asia) on 6 November 2020 to acquire a parcel of freehold industrial land in Malaysia, accepted by the counterparty and effective and legally binding on 18 November 2020, and subsequently terminated on 26 February 2021

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Net Proceeds”	the net proceeds from the listing of the Shares on the main board of the Stock Exchange on 15 October 2020
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Taiwan, Hong Kong and the Macau Special Administrative Region of the PRC)
“Prospectus”	prospectus of the Company dated 22 September 2020
“RM”	Malaysian Ringgit, the lawful currency of Malaysia
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the conditional agreement for the sale and purchase of the Land entered into between Channel Systems (Asia) and the Vendor dated 16 April 2021
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Info Cahaya Sdn. Bhd., a company incorporated in Malaysia with limited liability
“%”	per cent

For illustration purposes in this announcement, the amounts in RM were translated into RMB at the rate of RM1 = RMB1.5829297. No representation is made that any amounts in RM or RMB could have been or could be converted at the above rate or at any other rates or at all.

By Order of the Board
Channel Micron Holdings Company Limited
Ng Yew Sum
Chairman and Executive Director

Hong Kong, 16 April 2021

As at the date of this announcement, the Board comprises: (1) Mr. NG Yew Sum (Chairman), Mr. CHIN Sze Kee, Mr. LAW Eng Hock, Mr. LIM Kai Seng and Ms. YAP Chui Fan as the executive Directors; and (2) Mr. NG Seng Leong, Mr. Martin Giles MANEN and Mr. WU Chun Sing as the independent non-executive Directors.