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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)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024**

#### **RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of JiaChen Holding Group Limited (the “**Company**”) presents the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2024 (the “**Period**”), together with comparative figures for the corresponding period in 2023 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

		<b>For the six months ended</b>	
		<b>30 June</b>	
	<i>Notes</i>	<b>2024</b>	2023
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue</b>	4	<b>108,715</b>	87,310
<b>Cost of sales</b>		<b>(79,168)</b>	(71,106)
<b>Gross profit</b>		<b>29,547</b>	16,204
Other revenue and other net income	5	<b>1,177</b>	2,885
Selling expenses		<b>(4,664)</b>	(3,633)
Impairment of contract assets and trade and bills receivables, net		<b>(789)</b>	(353)
Administrative expenses		<b>(11,582)</b>	(9,394)
<b>Profit from operations</b>		<b>13,689</b>	5,709
Finance costs	6	<b>(1,630)</b>	(1,709)
<b>Profit before taxation</b>	7	<b>12,059</b>	4,000
Income tax	8	<b>(3,054)</b>	(930)
<b>Profit and total comprehensive income for the period</b>		<b>9,005</b>	3,070
<b>Attributable to:</b>			
Owners of the Company		<b>8,958</b>	3,047
Non-controlling interests		<b>47</b>	23
<b>Profit and total comprehensive income for the period</b>		<b>9,005</b>	3,070
		<i>RMB cent</i>	<i>RMB cent</i>
<b>Earnings per share</b>			
Basic and diluted	10	<b>0.90</b>	0.31

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2024 <i>RMB'000</i> (Unaudited)	At 31 December 2023 <i>RMB'000</i> (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		70,194	70,183
Land use rights		45,737	46,190
Right-of-use assets		36	91
Long-term deposits and prepayments		3,968	3,968
Deferred tax assets		6,699	6,699
		126,634	127,131
<b>Current assets</b>			
Inventories		59,133	50,011
Contract assets	11	78,544	80,949
Trade and bills receivables	12	123,037	164,918
Deposits, prepayments and other receivables		20,210	13,679
Restricted bank deposits		8,219	4,561
Cash and cash equivalents		58,028	41,881
		347,171	355,999
<b>Total assets</b>		473,805	483,130
<b>Current liabilities</b>			
Trade payables	13	28,349	33,283
Contract liabilities	14	2,888	3,468
Accruals and other payables		28,877	40,113
Amount due to a director		322	322
Lease liabilities		34	86
Bank borrowings		88,990	90,990
Tax payable		2,303	1,824
		151,763	170,086
<b>Net current assets</b>		195,408	185,913
<b>Total assets less current liabilities</b>		322,042	313,044

		At 30 June 2024 <i>RMB'000</i> (Unaudited)	At 31 December 2023 <i>RMB'000</i> (Audited)
<b>Non-current liabilities</b>			
Lease liabilities		—	7
<b>Net assets</b>		<b>322,054</b>	313,037
<b>Equity</b>			
Share capital	15	8,856	8,856
Reserves		311,730	302,772
<b>Equity attributable to owners of the Company</b>		<b>320,586</b>	311,628
Non-controlling interests		1,456	1,409
<b>Total equity</b>		<b>322,042</b>	313,037

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

*For the six months ended 30 June 2024*

### 1. GENERAL INFORMATION

The Company was incorporated on 7 July 2017 and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law Chapter 22 of the Cayman Islands. The address of the Company's registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and its principal place of business is No. 18 Changhong East Road, Henglin Town, Wujin District, Changzhou, Jiangsu, the People's Republic of China (the "**PRC**").

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacturing and sales of access flooring products and the provision of related installation services in the PRC. During the Period, the principal business was carried out through JiaChen Floor Changzhou Co., Ltd. ("**JiaChen Floor**"), which is an indirect non wholly-owned subsidiary of the Company incorporated in the PRC.

The Company's shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Group's condensed consolidated interim financial information for the Period (the "**Interim Financial Information**") has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") including compliance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

The HKICPA has issued a number of amendments to Hong Kong Financial Reporting Standards which are effective for the current accounting period of the Group. None of those developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The accounting policies adopted in preparing the Interim Financial Information are consistent with those adopted in the annual report of the Group for the year ended 31 December 2023.

The Interim Financial Information is unaudited but has been reviewed by the audit committee of the Company.

### 3. OPERATING SEGMENT INFORMATION

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has three reportable operating segments which are the manufacturing and sales of the following three product lines:

- Steel access flooring plates; and
- Calcium-sulfate access flooring plates
- Aluminium alloy access flooring plates

#### (a) Segment results, assets and liabilities

For the purpose of assessing segment performance and allocating resources between segments, the Group's most senior executive management, who are also the executive directors of the Company, monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

- Segment assets include all tangible and intangible assets and other current and non-current assets with exception of unallocated corporate assets. Segment liabilities include trade and bills payables, contract liabilities, accruals and other payables, lease liabilities and bank borrowings attributable to each reporting segment, with the exception of unallocated corporate liabilities.
- Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Segments results represent profit or loss attributable to the reportable segments without allocation of certain administrative costs and directors' remuneration. Taxation and finance costs are not allocated to reportable segments. This is the measure reported to the Group's most senior executive management, who are also the executive directors of the Company, for the purpose of resources allocation and performance assessment.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management, who are also the executive directors of the Company, for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2024 and 2023 is set out below:

(i) *Analysis of the Group's revenue and results by segment:*

	Steel access flooring plates		Calcium-sulfate access flooring plates		Aluminium alloy access flooring plates		Total	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2024	2023	2024	2023	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Reportable segment revenue from external customers	84,898	73,328	21,427	13,982	2,390	–	108,715	87,310
Reportable segment gross profit	23,432	13,734	5,470	2,470	645	–	29,547	16,204
Reportable segment results	11,104	4,670	2,393	513	232	–	13,729	5,183

(ii) *Analysis of the Group's assets and liabilities by segment:*

	Steel access flooring plates		Calcium-sulfate access flooring plates		Aluminium alloy access flooring plates		Total	
	As at 30 June	As at 31 December	As at 30 June	As at 31 December	As at 30 June	As at 31 December	As at 30 June	As at 31 December
	2024	2023	2024	2023	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Reportable segment assets	282,084	262,894	122,280	172,291	1,444	–	405,808	435,185
Reportable segment liabilities	116,980	130,801	23,755	31,791	441	–	141,176	162,592

(b) **Reconciliations of reportable segment revenue and profit or loss**

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Revenue</b>		
Reportable segment total revenue and consolidated revenue	<b>108,715</b>	87,310
<b>Profit or loss</b>		
Reportable segment results	<b>13,729</b>	5,183
Unallocated other revenue	<b>209</b>	1,017
Unallocated head office and corporate expenses	<b>(249)</b>	(491)
Unallocated finance costs	<b>(1,630)</b>	(1,709)
Consolidated profit before taxation	<b>12,059</b>	4,000

(c) **Reconciliations of reportable assets and liabilities**

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
<b>Assets</b>		
Reportable segment assets	405,808	435,185
Unallocated head office and corporate assets	<u>67,997</u>	<u>47,945</u>
Consolidated total assets	<u><b>473,805</b></u>	<u><b>483,130</b></u>
<b>Liabilities</b>		
Reportable segment liabilities	141,176	162,592
Unallocated head office and corporate liabilities	<u>10,587</u>	<u>7,501</u>
Consolidated total liabilities	<u><b>151,763</b></u>	<u><b>170,093</b></u>

(d) **Geographical information**

The Group's operations are primarily located in the PRC. The non-current assets of the Group are primarily located in the PRC. Accordingly, no analysis by geographical basis is presented.

The following table sets out information about the geographical analysis of the Group's revenue based on the location of the Group's external customers:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
PRC	89,927	77,332
Other countries ( <i>Note</i> )	<u>18,788</u>	<u>9,978</u>
	<u><b>108,715</b></u>	<u><b>87,310</b></u>

*Note:* Other countries mainly include Singapore, Taiwan, Thailand and The United Arab Emirates.



#### 4. REVENUE

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Revenue from contracts with customers by types of performance:		
– Sales of access flooring plates	<b>98,451</b>	82,304
– Provision of installation services	<b>10,264</b>	5,006
	<b>108,715</b>	87,310
	<b><u>108,715</u></b>	<b><u>87,310</u></b>
Analysis of revenue by types of contracts:		
– Sales of access flooring plates and provision of installation services	<b>78,810</b>	71,447
– Sales of access flooring plates	<b>29,754</b>	15,853
– Provision of installation services	<b>151</b>	10
	<b>108,715</b>	87,310
	<b><u>108,715</u></b>	<b><u>87,310</u></b>

Set out below is an analysis of revenue recognised over time and at a point in time:

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Revenue recognised over time:		
– Sales of access flooring plates	<b>68,697</b>	66,451
– Provision of installation services	<b>10,264</b>	5,006
	<b>78,961</b>	71,457
	<b><u>78,961</u></b>	<b><u>71,457</u></b>
Revenue recognised at a point in time		
– Sales of access flooring plates	<b>29,754</b>	15,853
	<b>108,715</b>	87,310
	<b><u>108,715</u></b>	<b><u>87,310</u></b>

## 5. OTHER REVENUE AND OTHER NET INCOME

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Other revenue</b>		
Bank interest income	<u>196</u>	<u>1,017</u>
<b>Other net income</b>		
Government subsidies	66	948
Scrap sales	529	834
Exchange gain, net	373	83
Sundry income	<u>13</u>	<u>3</u>
	<u>981</u>	<u>1,868</u>
	<u><u>1,177</u></u>	<u><u>2,885</u></u>

## 6. FINANCE COSTS

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank borrowings	1,628	1,705
Unwinding of finance costs on lease liabilities	<u>2</u>	<u>4</u>
	<u><u>1,630</u></u>	<u><u>1,709</u></u>

## 7. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging the following items:

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Contract costs of goods sold and services rendered ( <i>Note (a)</i> )	<b>79,168</b>	71,106
Depreciation of property, plant and equipment	<b>2,483</b>	1,518
Amortisation of right-of-use assets	<b>55</b>	47
Amortisation of land use rights	<b>496</b>	271
Operating lease charges in respect of properties and land use rights	<b>236</b>	217
Staff costs, including directors' remuneration:		
– Salaries, wages and other benefits	<b>7,952</b>	7,197
– Contributions to defined contribution retirement plans	<b>1,458</b>	1,367
	<b>9,410</b>	8,564
Research and development costs ( <i>Note (b)</i> )	<b>4,287</b>	4,237

*Notes:*

(a) Contract costs of goods sold and services rendered

Included in the contract costs of goods sold and services rendered were the raw materials consumed of approximately RMB53,006,000 (six months ended 30 June 2023: RMB49,411,000), staff costs of approximately RMB3,272,000 (six months ended 30 June 2023: RMB2,751,000), installation costs of approximately RMB6,567,000 (six months ended 30 June 2023: RMB4,163,000), transportation costs of approximately RMB6,010,000 (six months ended 30 June 2023: RMB4,544,000), and depreciation of property, plant and equipment of approximately RMB2,315,000 (six months ended 30 June 2023: RMB1,349,000), which were included in the respective total amounts disclosed above for each type of these expenses.

(b) Research and development costs

Included in the research and development costs were raw materials consumed of approximately RMB2,642,000 (six months ended 30 June 2023: RMB2,199,000), staff cost of approximately RMB1,352,000 (six months ended 30 June 2023: RMB1,392,000) and depreciation of property, plant and equipment of approximately RMB142,000 (six months ended 30 June 2023: RMB160,000), of which, their respective total amounts were disclosed above for each type of these expenses.

**8. INCOME TAX IN THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Current tax</b>		
PRC Corporation Income Tax	<b>3,054</b>	930

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

No provision for the Hong Kong Profits Tax has been made as the Group had no taxable income derived in Hong Kong during the six months ended 30 June 2024 and 2023.

The Group's subsidiaries incorporated in the British Virgin Islands had no assessable profits derived in Hong Kong during the six months ended 30 June 2024 and 2023.

Pursuant to the PRC Income Tax Law and the respective regulations, all the subsidiaries of the Group operating in Mainland China are subject to Corporate Income Tax ("CIT") at a rate of 25% on the taxable income. On 7 November 2019, JiaChen Floor was recognised by the relevant authorities as "High Technology Enterprise". Accordingly, JiaChen Floor was entitled to a preferential CIT rate of 15% on its taxable profit. The other subsidiaries of the Group established in the PRC are subject to PRC CIT at the applicable standard rate of 25% on their taxable profits. However, none of these other subsidiaries had taxable profits since their respective dates of establishment.

According to applicable regulations prevailing in the PRC, dividends distributed by a company established in the PRC to foreign investors with respect to profits derived after 1 January 2008 are generally subject to a 10% withholding tax. Under the double taxation arrangement between the PRC and Hong Kong, the relevant withholding tax rate applicable to the Group is reduced from 10% to 5% subject to the fulfilment of certain conditions. However, no provision for deferred tax is recognised with respect to the withholding tax on undistributed profits of JiaChen Floor as the Group can control the dividend policy of JiaChen Floor which has no plan to make dividend distribution in the foreseeable future.

## 9. DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

## 10. EARNINGS PER SHARE

The calculation of the basic earnings per share for each of the six months ended 30 June 2024 and 2023 is based on the following data:

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Earnings for the purpose of basic earnings per share</b>		
Profit for the period attributable to owners of the Company	<b>8,958</b>	3,047
	<b>'000</b>	<b>'000</b>
<b>Number of ordinary shares</b>		
Number of ordinary shares at the beginning and the end of the reporting period and the weighted average number of shares	<b>1,000,000</b>	1,000,000

Basic earnings per share for the Period amounted to RMB0.90 cent (six months ended 30 June 2023: RMB0.31 cent) per share.

Diluted earnings per share is the same as basic earnings per share as there was no dilutive potential ordinary share of the Company outstanding during both periods.

## 11. CONTRACT ASSETS

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Rights to consideration for obligations performed on contracts in progress	71,655	75,222
Retention monies receivable on completed contracts	<u>11,914</u>	<u>10,752</u>
	83,569	85,974
Less: Allowance for lifetime expected credit losses (“ECLs”)	<u>(5,025)</u>	<u>(5,025)</u>
	<u><b>78,544</b></u>	<u><b>80,949</b></u>

The contract assets represent the Group’s rights to consideration for access flooring plates and/or installation services transferred to the customers but the rights to payments are still conditional upon the quality and quantity checks by the customers on the installed access flooring plates transferred by the Group, other than on passage of time. The contract assets are transferred to trade receivables when the rights to receipt of the consideration for performed obligations become unconditional and transfers out of contract assets to trade receivables were made.

## 12. TRADE AND BILLS RECEIVABLES

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Trade receivables	156,480	201,473
Bills receivables	<u>5,056</u>	<u>1,155</u>
	161,536	202,628
Less: Allowance for lifetime ECLs	<u>(38,499)</u>	<u>(37,710)</u>
	<u><b>123,037</b></u>	<u><b>164,918</b></u>

An ageing analysis of trade and bills receivables (net of allowance for lifetime ECLs), based on the invoice date, is as follows:

	As at <b>30 June</b> <b>2024</b> <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Within 1 month	18,125	32,298
1 to 3 months	6,667	30,638
3 to 6 months	26,315	31,534
6 to 9 months	30,845	26,908
9 to 12 months	9,571	8,109
1–2 years	24,771	29,632
Over 2 years	6,743	5,799
	<u>123,037</u>	<u>164,918</u>

The Group grants a credit period ranging from 60 to 365 days to its customers.

### 13. TRADE PAYABLES

The following is an analysis of trade payables by age based on the invoice date:

	As at <b>30 June</b> <b>2024</b> <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Within 1 months	23,393	24,081
1 to 3 months	2,567	4,630
3 to 6 months	655	3,682
Over 6 months	1,734	890
	<u>28,349</u>	<u>33,283</u>

Trade payables are non-interest bearing and have a credit term ranging from one to two months after invoice date.

#### 14. CONTRACT LIABILITIES

The contract liabilities primarily relate to the advance considerations received from contract customers for the goods or services to be transferred by the Group.

The movements in contract liabilities are set out below:

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
At the beginning of the reporting period	3,468	2,095
Advance considerations received from customers	776	2,441
Revenue recognised that was included in the contract liabilities balance at the beginning of the period	<u>(1,356)</u>	<u>(1,068)</u>
At the end of the reporting period	<u><u>2,888</u></u>	<u><u>3,468</u></u>

#### 15. SHARE CAPITAL

	Number of shares		Nominal value	
	As at 30 June 2024 '000 (Unaudited)	As at 31 December 2023 '000 (Audited)	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
<b>Authorised:</b>				
Ordinary shares of HK\$0.01 each	<u>50,000</u>	<u>50,000</u>	<u>44,280</u>	<u>44,280</u>
<b>Issued and fully paid:</b>				
Ordinary shares of HK\$0.01 each	<u>10,000</u>	<u>10,000</u>	<u>8,856</u>	<u>8,856</u>

#### 16. MATERIAL RELATED PARTY TRANSACTIONS

Remuneration for key management personnel of the Group, including amounts paid to the directors and certain highest paid employees is as follows:

	For the six months ended 30 June	
	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
Salaries and other emoluments	486	551
Post-employment benefits	<u>53</u>	<u>52</u>
	<u><u>539</u></u>	<u><u>603</u></u>



## MANAGEMENT DISCUSSION AND ANALYSIS

### Review and Prospect

JiaChen Holding Group Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) is principally engaged in the manufacturing and sales of access flooring plates and the provision of related installation services with the headquarters based in Changzhou City, Jiangsu Province, the People’s Republic of China (the “**PRC**”). The Group’s products mainly consist of: (i) steel access flooring plates; (ii) calcium-sulfate access flooring plates; and (iii) Aluminum alloy access flooring plates. The access flooring products of the Group have been generally applied in office buildings in the PRC with the characteristics of: (i) cable management (wires and cables are managed and organised underfloor with flexibility to accommodate any electronic devices); (ii) short installation time; (iii) high compressive strength and fire-resistance characteristic; and (iv) high bearing capacity.

Access flooring plates have been widely applied for use in office buildings, industrial office buildings, data centres, classrooms, libraries, etc. The usage of raised access flooring products, in longer term, is expected to increase at a steady rate in the PRC due to the growth in the continuous investments in new office buildings and growing construction area of industrial land. This steady growth trend is mainly attributed to the following primary factors: (i) a rising demand from construction of industrial office buildings in second-tier and above cities in China; (ii) an increase in the number of aging office buildings in China with the retirement of more and more obsolete access flooring plates; (iii) more stringent policies adopted by the PRC Government, stimulating an expected increase in the demand for access flooring plates; and (iv) increasing penetration rate of calcium-sulfate access flooring plates due to its high performance.

In response to the growing demand in the high-tech industries in the PRC, the Group introduced aluminum alloy flooring plates, designed for controlled environments like telecommunications facilities and clean rooms in the first half of 2024. This flooring product offers superior benefits including corrosion resistance, excellent anti-static properties, fire resistance, and dimensional stability when exposed to moisture. Manufactured through precise casting and mechanical processing, it ensures high dimensional accuracy and exceptional load-bearing capacity, surpassing traditional steel or calcium sulfate options. While the initial cost is higher due to premium materials, the long-term value is significant, with high recyclability and refurbishment potential. This flooring product is particularly suited for clean rooms with heavy machinery in advanced industries.

Despite the ongoing challenges in the real estate sector of the PRC, the Group's total revenue for the six months ended 30 June 2024 (the "Period") witnessed a moderate increase of approximately 24.5% to approximately RMB108.7 million, compared with approximately RMB87.3 million for the corresponding six months in 2023. This growth can be attributed to the gradual recovery in the commercial building construction industry and the commencement of several data centre projects during the first half of 2024. The Group maintained its competitive product pricing strategy while benefiting from the decreased material costs, which contributed to the increase in total revenue for the Period. The improvement in total revenue has also led to an increase in gross profit and net profit of the Group from approximately RMB16.2 million and approximately RMB3.1 million respectively for the six months ended 30 June 2023 to approximately RMB29.5 million and approximately RMB9.0 million respectively for the Period.

In the first half of 2024, China's economy demonstrated resilience with a 5 percent year-on-year GDP growth, aligning with its annual target. The national economy bolstered by policy incentives and rebounding external demand has shown steady improvement. However, the real estate sector continued to face challenges, with sales of newly-built commercial buildings declining by 25.0 percent. Despite these headwinds, China's export performance grew by 6.9 percent, showcasing economic resilience. Notably, investment in high-tech industries increased by 10.6 percent year-on-year, with high-tech manufacturing and services growing by 10.1 percent and 11.7 percent respectively. This growth correlates with increased demand for data center buildings and our access flooring plates which are well known for efficient cable management, quick installation, high compressive strength, fire-resistance, and high load-bearing capacity. These products are ideally positioned to cater for this expanding market and would enhance the Group to a stronger position to meet the rising demand.

Despite the recent economic challenges, the Board maintains an optimistic outlook on the long-term prospect of the access flooring industry and the Group's operations. Recognizing the growth potential in the data center service market and the enhancement of the quality and demand for our products, we remain confident. The Group will continue to prioritize resources to enhance product recognition, improve product technology, and upgrade production lines. This approach aims to maintain effective cost and liquidity control, bolstering our competitiveness in the market. Our resolve to navigate the temporary economic downturn remains steadfast, reinforcing our positive long term perspective.

## Sales Analysis

The Group posted a consolidated revenue of approximately RMB108.7 million for the Period, representing an increase of approximately RMB21.4 million or 24.5% as compared to that of the six months ended 30 June 2023. During the Period, sales revenue amounting to approximately RMB 2.4 million for a new product type, aluminum alloy access flooring plates was recorded.

Details of the Group's revenue by product are as follows:

	For the six months ended 30 June			
	2024		2023	
	RMB'000	%	RMB'000	%
Steel access flooring plates	84,898	78.1	73,328	84.0
Calcium-sulfate access flooring plates	21,427	19.7	13,982	16.0
Aluminum alloy access flooring plates	2,390	2.2	–	–
<b>Total</b>	<b>108,715</b>	<b>100.0</b>	<b>87,310</b>	<b>100.0</b>

Sales of steel access flooring plates was the largest contributor to the Group's revenue and it accounted for approximately 78.1% of the total revenue for the Period. Revenue derived from sales of steel access flooring plates increased by 15.8% from approximately RMB73.3 million for the six months ended 30 June 2023 to approximately RMB84.9 million for the Period. On the other hand, revenue derived from sales of calcium-sulfate access flooring plates increased substantially by 53.2% from approximately RMB14.0 million for the six months ended 30 June 2023 to approximately RMB21.4 million for the Period. The increase in revenue derived from sales of both steel access flooring plates and calcium-sulfate access flooring plates was mainly driven by the gradual recovery in the commercial building construction industry, in particular, construction of data centres.

During the Period, a new product type, aluminum alloy access flooring plates, was successfully introduced. This product type, which has been well-received in the market, generated sales revenue of approximately RMB 2.4 million.

Details of the sales volume and average unit selling price by product are as follows:

	For the six months ended 30 June			
	2024		2023	
	Sales volume <i>m<sup>2</sup> '000</i>	Average unit selling price <i>RMB/m<sup>2</sup></i>	Sales volume <i>m<sup>2</sup> '000</i>	Average unit selling price <i>RMB/m<sup>2</sup></i>
Steel access flooring plates	626.7	135.5	558.2	131.4
Calcium-sulfate access flooring plates	131.1	163.4	83.0	168.5
Aluminum alloy access flooring plates	3.5	682.9	–	–
<b>Total</b>	<b>761.3</b>		<b>641.2</b>	

Fluctuations in the sales volume of the Group's access flooring plates were mainly due to different product mix in demand by the customers, which is mainly subject to the market demand and the needs of the relevant customers.

Generally, it is considered that both product specifications and technical requirements are the major factors affecting the product price. Based on the market needs, the Group usually adopts a cost-plus pricing policy that takes various factors into consideration, such as the production cost, price of raw materials, suppliers of installation services, purchase volume of the customers, background of the customers and competition.

Details of the Group's sale revenue by geographical location are as follows:

	For the six months ended 30 June			
	2024		2023	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
PRC	89,927	82.7	77,332	88.6
Other countries	18,788	17.3	9,978	11.4
<b>Total</b>	<b>108,715</b>	<b>100.0</b>	<b>87,310</b>	<b>100.0</b>

For both of the six months ended 30 June 2024 and 2023, the Group's products were mainly sold in the PRC and to a lesser extent exported to overseas markets such as Singapore, Taiwan, Thailand and The United Arab Emirates.

Details of the gross profit and gross profit margin by product are as follows:

	<b>For the six months ended 30 June</b>			
	<b>2024</b>		<b>2023</b>	
	<b>Gross profit RMB'000</b>	<b>Gross profit margin %</b>	<b>Gross profit RMB'000</b>	<b>Gross profit margin %</b>
Steel access flooring plates	<b>23,432</b>	<b>27.6</b>	13,734	18.7
Calcium-sulfate access flooring plates	<b>5,470</b>	<b>25.8</b>	2,470	17.7
Aluminum alloy access flooring plates	<b>645</b>	<b>27.0</b>	–	–
<b>Total</b>	<b><u>29,547</u></b>	<b><u>27.2</u></b>	<b><u>16,204</u></b>	<b><u>18.6</u></b>

The gross profit from steel access flooring plates accounted for the majority of the gross profit of the Group for both of the six months ended 30 June 2024 and 2023. The gross profit margin of the access flooring plates was a combined result of gross profit margin of individual contracts undertaken by the Group, which was in turn affected by various factors, including but not limited to the tender or quotation price, scale, project specifications and other estimated costs, which vary from project to project. The gross profit margin of both steel access flooring plates and calcium-sulfate access flooring plates has increased by 8.9 and 8.1 percentage points respectively. This was mainly attributable to the higher selling prices and lower cost of production materials for the products sold during the Period.

### **Operating Costs and Expenses**

Selling expenses increased by approximately RMB1.0 million, representing a 28.4% increase to approximately RMB4.7 million for the Period from approximately RMB3.6 million for the six months ended 30 June 2023. Administrative expenses increased substantially by approximately RMB2.2 million, representing a 23.3% increase to approximately RMB11.6 million for the Period from approximately RMB9.4 million for the six months ended 30 June 2023. It is considered that the increase in these expenses was inevitable so as to cope with the increase in sales revenue during the Period.

Finance costs decreased by approximately RMB79,000, representing a 4.6% decrease to approximately RMB1.6 million for the Period from approximately RMB1.7 million for the six months ended 30 June 2023. The reduction was mainly attributable to the reduction in the total amount of bank borrowings.

## **Operating Results**

Profit for the Period increased substantially by approximately 193.3% from approximately RMB3.1 million for the six months ended 30 June 2023 to approximately RMB9.0 million for the Period. The increase was mainly attributable to the increase in total revenue by approximately 24.5% from approximately RMB87.3 million for the six months ended 30 June 2023 to approximately RMB108.7 million for the Period and in gross profit margin by 8.6 percentage points from 18.6% for the six months ended 30 June 2023 to 27.2% for the Period.

## **Capital Structure, Liquidity and Financial Resources**

The Group funds its business and working capital requirements by using a balanced mix of internal resources and bank borrowings. The funding mix will be adjusted depending on the costs of funding and the actual needs of the Group.

As at 30 June 2024, the Group held total assets of approximately RMB473.8 million (31 December 2023: approximately RMB483.1 million), including contract assets of approximately RMB78.5 million (31 December 2023: approximately RMB80.9 million), trade and bills receivables of approximately RMB123.0 million (31 December 2023: approximately RMB164.9 million) and cash and cash equivalents of approximately RMB58.0 million (31 December 2023: approximately RMB41.9 million). The Group's cash and cash equivalents were mainly denominated in RMB (31 December 2023: RMB).

As at 30 June 2024, the Group had total liabilities of approximately RMB151.8 million (31 December 2023: RMB170.1 million) which mainly comprise of bank borrowings amounting to approximately RMB89.0 million (31 December 2023: RMB91.0 million). The Group's bank borrowings were denominated in RMB and bearing interest at the rates ranging from 2.95% to 3.65% (31 December 2023: 3.0% to 3.65%).

As at 30 June 2024, the gearing ratio, expressed as a percentage of total borrowings and lease liabilities over total equity, was approximately 27.6% (31 December 2023: 29.1%).

## **Contingent Liabilities**

As at 30 June 2024, the Group had no contingent liabilities (31 December 2023: Nil).

## **Exposure to Fluctuations in Exchange Rate**

The majority of the Group's business and all bank borrowings are denominated and accounted for in RMB. The Group, therefore, does not have significant exposure to foreign exchange fluctuation.

The Board does not expect the fluctuation of RMB exchange rate and other foreign exchange fluctuation will have material impact on the business operations or financial results of the Group. The Group does not have a hedging policy and it did not commit to any financial instruments to hedge its exposure to foreign currency risk during the Period. However, the Group will closely monitor the foreign exchange market and take appropriate and effective measures from time to time to reduce any negative impact from exchange-rate risk to the full extent including establishment of a hedging policy.

### **Charge on Group Assets**

As at 30 June 2024, the Group had the following charges on its assets:

- (a) Bank borrowings totaling approximately RMB20.0 million (31 December 2023: approximately RMB22.0 million) were secured by the following assets:
  - (i) land use rights with a carrying value of approximately RMB7.4 million as at 30 June 2024 (31 December 2023: approximately RMB7.5 million);
  - (ii) leasehold buildings with a carrying value of approximately RMB5.7 million as at 30 June 2024 (31 December 2023: approximately RMB6.0 million); and
- (b) Restricted bank deposits of approximately RMB8.2 million (31 December 2023: approximately RMB4.6 million) were pledged as security for issuing commercial bills to suppliers.

### **Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures**

There was no material acquisition and disposal of subsidiaries, associates and joint ventures by the Group during the Period.

### **Significant Investments Held**

During the Period, the Group did not hold any significant investments.

### **Employees and Remuneration Policies**

As at 30 June 2024, the Group had 208 employees (31 December 2023: 184). The total staff costs including directors' remuneration for the six months ended 30 June 2024 were approximately RMB9.4 million (six months ended 30 June 2023: approximately RMB8.6 million). Remuneration is determined based on each employee's qualifications, position and seniority. In addition to a basic salary, year-end discretionary bonuses are offered with reference to our Group's performance as well as individual's performance to attract and retain appropriate and suitable personnel to serve the Group. Furthermore, the Group offers other staff benefits like provision of retirement benefits, various types of trainings and sponsorship of training courses. The Group also adopts an annual review system to assess the performance of staff, which forms the basis of decision with respect to salary increment and promotions.

## Dividend

The Directors do not recommend the payment of any interim dividend for the Period (six months ended 30 June 2023: Nil).

## Business Objectives and Implementation Plan

An analysis comparing the business objectives set out in the prospectus of the Company dated 31 December 2019 with the Group's actual implementation progress up to 30 June 2024 is set out as follows:

Business Strategies	Planned use of proceeds		Actual use of proceeds up to 31 December 2023	Amount utilised during the Period	Unutilised amount as at 30 June 2024	Expected timeframe for the utilisation of the remaining balance
	HK\$'M	%	HK\$'M	HK\$'M	HK\$'M	
1. Enhancement of the production capacity and efficiency						
– Acquisition of a parcel of land in Changzhou City	20.9	24.4	20.9	–	–	N/A
– Construction of infrastructure including two new factory buildings for production and storage	21.9	25.5	21.9	–	–	N/A
– Installation of five additional production lines	26.9	31.4	26.9	–	–	N/A
– Installation of environmental-friendly and energy-saving facilities and equipment	2.2	2.6	2.2	–	–	N/A
2. Acquisition of automated machinery and equipment for upgrading the existing production lines	5.1	5.9	5.1	–	–	N/A
3. Repayment of outstanding indebtedness of the Group	5.0	5.8	5.0	–	–	N/A



Business Strategies		Planned use of proceeds		Actual use of proceeds up to 31 December 2023	Amount utilised during the Period	Unutilised amount as at 30 June 2024	Expected timeframe for the utilisation of the remaining balance
		HK\$'M	%	HK\$'M	HK\$'M	HK\$'M	
4.	Enhancement and optimization of the information technology system	2.3	2.7	–	–	2.3	Enhancement and optimization of the information technology system aims at satisfying the requirements under the expansion of production capacity resulting from the utilization of the factory buildings. The unutilised amount as at 30 June 2024 is anticipated to be utilised by the end of March 2025
5.	Working capital and general corporate purposes	1.5	1.7	1.5	–	–	N/A
Total		<u>85.8</u>	<u>100.0</u>	<u>83.5</u>	<u>–</u>	<u>2.3</u>	

## **CONTINUING CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS**

During the Period, the Group did not enter into any transactions which need to be disclosed as connected transactions or continuing connected transactions pursuant to Chapter 14A of the Listing Rules.

Details of the material related party transactions are set out in note 16 of this announcement. These related party transactions did not constitute connected transactions or continuing connected transactions pursuant to Chapter 14A of the Listing Rules.

## **COMPETING INTERESTS**

The Directors confirm that none of the Directors or any of their respective close associates, has engaged in any business that competes or may compete, either directly or indirectly, with the business of the Group, nor has any other conflict of interest with the Group during the Period.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as the Company's code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the code of conduct regarding the dealings in securities during the Period. Moreover, the Company was not aware of any non-compliance with the relevant provisions of the Model Code throughout the Period.

## **CORPORATE GOVERNANCE CODE**

The Directors consider that the Company has complied with all the applicable code provisions as set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules during the Period.

## **EVENTS AFTER THE REPORTING PERIOD**

There is no material subsequent event undertaken by the Company or the Group after 30 June 2024 and up to the date of this announcement.

## AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) on 19 December 2019 with written terms of reference by reference to the code provisions of the Corporate Governance Code. The Audit Committee currently comprises all three independent non-executive Directors, namely Mr. Xie Xing, as the chairman, Mr. Wang Li and Ms. Long Mei as the members.

The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control and risk management systems, nominate and monitor external auditor and to provide advice and comments to the Board on matters related to corporate governance. The Group’s unaudited condensed consolidated interim results for the Period have been reviewed by the Audit Committee.

## PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement will be published on the websites of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company (<http://www.jiachencn.com.cn>). The interim report of the Company for the Period will be despatched to the shareholders of the Company and published on the aforementioned websites in due course.

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

Changzhou, the People’s Republic of China, 28 August 2024

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

*This announcement is available for viewing on the Company’s website at [www.jiachencn.com.cn](http://www.jiachencn.com.cn) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).*