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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)

PROFIT WARNING

This announcement is made by JiaChen Holding Group Limited (the “**Company**”, and together with its subsidiaries, collectively as the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on the preliminary review of the unaudited financial results of the Group for the year ended 31 December 2020 (the “**Year 2020**”), the net profit of the Group attributable to the owners of the Company for the Year 2020 is expected to reduce by not less than 90% as compared to that of approximately RMB19.1 million for the same corresponding period in 2019, and likewise, the net profit of the Group excluding listing expenses attributable to the owners of the Company for the Year 2020 is also expected to reduce by not less than 70% as compared to that of approximately RMB30.6 million for the same corresponding period in 2019. The Board believes that such significant reductions in the net profit attributable to the owners of the Company were primarily due to: (i) the substantial decrease in the sales revenue of the Group resulting from the unstable economic environment which was driven by the implementation of prevention and control measures including regional traffic control, as well as delayed resumption of both work and factory production, etc by the central government of the People’s Republic of China, so as to combat the spread of COVID-19 pandemic in the Year 2020; (ii) the reduction in gross profit margin of steel access flooring products for the Year 2020 by about 6 percentage points over that of 2019, which was attributable to the increase in prices of raw materials particularly galvanised and un-galvanised steel and the relative increase in the fixed cost of production per unit resulting from the decrease in sales volume; and (iii) the substantial increase in the impairment of contract assets and trade receivables by over 150% than that of approximately RMB5.8 million provided for the year ended 31 December 2019, which was determined based on the historic credit loss experiences as adjusted for forward looking estimates.

As the Company is still in the process of finalising the consolidated results of the Group for the Year 2020, this announcement is only a preliminary estimate performed by the management of the Group based on currently available information and is not based on any figure or information audited or reviewed by the Company's auditor. The finalised consolidated results of the Group for the Year 2020 may, therefore, differ from the information disclosed in this announcement. Shareholders and potential investors are advised to read carefully the results announcement of the Group for the Year 2020, which will be published by the end of March 2021.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Changzhou, the People's Republic of China, 19 March 2021

As at the date of this announcement, the executive Directors are Mr. SHEN Min (Chairman), Mr. SHEN Minghui, Mr. CHEN Shiping (Chief Executive Officer) and Ms. LIU Hui; and the independent non-executive Directors are Mr. MA Ving Lung, Ms. SHI Dongying and Mr. YU Chun Kau.