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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)

INSIDE INFORMATION

DISPOSAL OF SHARES BY CONTROLLING SHAREHOLDER

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of JiaChen Holding Group Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) 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 DISPOSAL

The Board wishes to inform the shareholders of the Company and potential investors that, the Company has been notified by Jiachen Investment Limited (“**Jiachen Investment**”), a controlling shareholder (as defined in the Listing Rules) of the Company, that on 6 September 2021 (after trading hours), Jiachen Investment has entered into an agreement to sell 100,000,000 issued shares of the Company, representing 10% of the total number of issued shares of the Company as at the date of this announcement (the “**Disposal**”) to Global Yunhong Group Limited (“**Global Yunhong**”) at a price of approximately HK\$0.4208 per share.

Jiachen Investment is wholly owned by Mr. Shen Min (“**Mr. Shen**”), the chairman of the Board and an executive Director. Global Yunhong is wholly owned by Mr. Li Yubao (“**Mr. Li**”).

Mr. Li is a seasoned investor across various spectrums of the manufacturing industries including development of new types of zero pollution, environmental protection and fully degradable non-woven melt-blown cloth and fully degradable tableware. Mr. Li is an executive director and chairman and a controlling shareholder of MEIGU Technology Holding Group Limited (stock code: 8349), a company listed on GEM of the Stock Exchange.

To the best of the knowledge, information and belief of the Board, save as disclosed above, each of Global Yunhong and Mr Li is independent of and not connected with the Company and its connected person (as defined in the Listing Rules).

Upon completion of the Disposal, Global Yunhong will become a substantial shareholder of the Company.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is a summary of the shareholding structure immediately before and after completion of the Disposal:

Name of shareholders	Immediately before completion of the Disposal		Immediately after completion of the Disposal	
	Number of shares	Approximate percentage in the total number of issued shares of the Company	Number of shares	Approximate percentage in the total number of issued shares of the Company
Jiachen Investment	377,625,000	37.76%	277,625,000	27.76%
Xinchen Investment Limited ^(Note 1)	231,375,000	23.14%	231,375,000	23.14%
Yilong Investment Limited ^(Note 2)	131,475,000	13.15%	131,475,000	13.15%
Global Yunhong ^(Note 3)	–	–	100,000,000	10%
Public shareholders	259,525,000	25.95%	259,525,000	25.95%
Total	<u>1,000,000,000</u>	<u>100%</u>	<u>1,000,000,000</u>	<u>100%</u>

Notes:

1. Xinchen Investment Limited is wholly owned by Ms. Zhang Yaying, the spouse of Mr. Shen.
2. Yilong Investment Limited is wholly owned by Mr. Shen Minghui, an executive Director and the son of Mr. Shen and Ms. Zhang Yaying.
3. Global Yunhong is wholly owned by Mr. Li, an individual who is independent of and not connected with the Company and its connected persons.

The Board does not expect that there will be any material adverse effect on the operations of the Company and its subsidiaries consequential to the Disposal.

Having made such enquiry with respect to the Company as may be reasonable in the circumstances, the Board confirms that, save as disclosed above, it is not aware of any reasons for such price and volume movements or of any information which must be announced to avoid a false market in the Company's securities or of any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong).

Shareholders and potential investors are urged to exercise caution when dealing in the securities of the Company.

By Order of the Board
JiaChen Holding Group Limited
CHEN Shiping
Executive Director and Chief Executive Officer

Changzhou, the People's Republic of China, 6 September 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 and Mr. YU Chun Kau.