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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Ziyuanyuan Holdings Group Limited**, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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Ziyuanyuan Holdings Group Limited

紫元元控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8223)

**MAJOR TRANSACTION
IN RELATION TO THE ENTERING INTO OF
THE SALE AND LEASEBACK AGREEMENTS**

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular unless otherwise stated.

A letter from the Board is set out on pages 6 to 18 of this circular.

Pursuant to Rule 19.44 of the GEM Listing Rules, Hero Global and Icon Global have given written approval to approve the Sale and Leaseback Agreements and the transactions contemplated thereunder. Accordingly, the written approval from Hero Global and Icon Global will be accepted in lieu of holding a general meeting of the Company for approval of the Sale and Leaseback Agreements and the transactions contemplated thereunder. This circular is being despatched to the Shareholders for information only.

This circular will remain on the "Latest Listed Company Information" page of the website of the Stock Exchange at www.hkexnews.hk for at least 7 days from the date of its posting and on the website of the Company at www.ziyygroup.com.

2 December 2022

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Board”	the board of Directors
“Company” or “Guarantor”	Ziyuanyuan Holdings Group Limited (紫元元控股集團有限公司), a company incorporated in the Cayman Islands with limited liability and listed on GEM (stock code: 8223)
“Cooperation Agreement”	the finance lease business cooperation agreement dated 29 December 2021 and entered into among the Lessor, the Lessee and the Company, pursuant to which the Lessor agreed to grant a one-year revolving credit facility to the Lessee up to RMB200,000,000 (equivalent to approximately HK\$218,000,000) for the Group’s operation of finance lease business
“Director(s)”	the director(s) of the Company
“First Tranche Lease Term”	the lease term of 6 to 30 months commencing from the day the First Tranche Transfer Amount has been paid by the Lessor to the Lessee
“First Tranche Sale and Leaseback Agreements”	five sets of sale and leaseback agreements dated 29 December 2021 each entered into between the Lessor and the Lessee, pursuant to which the Lessee agreed to sell the Leased Assets to the Lessor, and the Lessor agreed to leaseback the Leased Assets to the Lessee during the First Tranche Lease Term
“First Tranche Security Deposit”	the aggregate interest-free deposit of RMB4,504,953 (equivalent to approximately HK\$4,910,000), representing 5% of the First Tranche Transfer Amounts, payable by the Lessee to the Lessor
“First Tranche Transfer Amounts”	the aggregate Transfer Amounts of RMB90,099,061 (equivalent to approximately HK\$98,208,000) payable by the Lessor to the Lessee for the transfer of legal title of the Leased Assets from the Lessee to the Lessor pursuant to the First Tranche Sale and Leaseback Agreements
“GEM”	GEM operated by the Stock Exchange

DEFINITIONS

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Guarantee”	the irrevocable joint liability guarantee executed by the Guarantors in favour of the Lessor, pursuant to which the Guarantors shall provide joint liability guarantee for the Lessee’s obligations to the Lessor under the Sale and Leaseback Agreements
“Guarantors”	the Company and Shenzhen Ziyuanyuan Investment Holdings Limited (深圳市紫元元投資集團有限公司), a company established in the PRC and controlled by Mr. Zhang Junshen, who is an executive Director and the controlling shareholder of the Company
“Hero Global”	Hero Global Limited, a company incorporated in the British Virgin Islands with limited liability, and controlled by Mr. Zhang Junshen. As at the Latest Practicable Date, Hero Global is a controlling Shareholder which is holding 219,801,980 Shares, representing approximately 54.95% of issued share capital of the Company
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Icon Global”	Icon Global Holding Limited, a company incorporated in the British Virgin Islands with limited liability, and controlled by Mr. Zhang Junwei. As at the Latest Practicable Date, Icon Global is a controlling Shareholder which is holding 80,198,020 Shares, representing approximately 20.05% of issued share capital of the Company
“Independent Third Party(ies)”	a person, or in the case of a company, the company or its ultimate beneficial owner(s), who is independent of and not connected with the Company and its subsidiaries and its connected persons and its ultimate beneficial owner(s) or their respective associates
“Latest Practicable Date”	30 November 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

DEFINITIONS

“Leased Assets”	certain dental medical equipment in the PRC under the principal sale and leaseback agreements
“Lessee”	Ziyuanyuan (Shenzhen) International Finance Leasing Company Limited (紫元元(深圳)國際融資租賃有限公司), a company established in the PRC with limited liability, and a wholly-owned subsidiary of the Company
“Lessor”	China Development Bank Financial Leasing Co., Ltd. (國銀金融租賃股份有限公司), a company established in the PRC in 1984 and converted into a joint stock limited company on 28 September 2015, the H shares of which are listed on the Stock Exchange (stock code: 1606)
“PRC”	the People’s Republic of China, which for the purpose of this Circular, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Sale and Leaseback Agreements”	the First Tranche Sale and Leaseback Agreements, the Second Tranche Sale and Leaseback Agreements and the Third Tranche Sale and Leaseback Agreements
“Second Tranche Lease Term”	the lease term of 5 to 24 months commencing from the day the Second Tranche Transfer Amount has been paid by the Lessor to the Lessee
“Second Tranche Sale and Leaseback Agreements”	four sets of sale and leaseback agreements dated 30 June 2022 each entered into between the Lessor and the Lessee, pursuant to which the Lessee agreed to sell the Leased Assets to the Lessor, and the Lessor agreed to leaseback the Leased Assets to the Lessee during the Second Tranche Lease Term
“Second Tranche Security Deposit”	the aggregate interest-free deposit of RMB2,083,492 (equivalent to approximately HK\$2,271,000), representing 5% of the Second Tranche Transfer Amounts, payable by the Lessee to the Lessor

DEFINITIONS

“Second Tranche Transfer Amounts”	the aggregate Transfer Amounts of RMB41,669,838 (equivalent to approximately HK\$45,420,000) payable by the Lessor to the Lessee for the transfer of legal title of the Leased Assets from the Lessee to the Lessor pursuant to the Second Tranche Sale and Leaseback Agreements
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Tranche Lease Term”	the lease term of 6 to 27 months commencing from the day the Third Tranche Transfer Amount has been paid by the Lessor to the Lessee
“Third Tranche Sale and Leaseback Agreements”	four sets of sale and leaseback agreements dated 14 October 2022 each entered into between the Lessor and the Lessee, pursuant to which the Lessee agreed to sell the Leased Assets to the Lessor, and the Lessor agreed to leaseback the Leased Assets to the Lessee during the Third Tranche Lease Term
“Third Tranche Security Deposit”	the aggregate interest-free deposit of RMB1,584,176 (equivalent to approximately HK\$1,727,000), representing 5% of the Third Tranche Transfer Amounts, payable by the Lessee to the Lessor
“Third Tranche Transfer Amounts”	the aggregate Transfer Amounts of RMB31,683,520 (equivalent to approximately HK\$34,535,000) payable by the Lessor to the Lessee for the transfer of legal title of the Leased Assets from the Lessee to the Lessor pursuant to the Third Tranche Sale and Leaseback Agreements
“Transfer Amount(s)”	the amount payable by the Lessor to the Lessee for the transfer of legal title of the Leased Assets from the Lessee to the Lessor pursuant to each of the Sale and Leaseback Agreements

DEFINITIONS

“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

* *The English transliteration of the Chinese names in this circular, where indicated, is included for information only, and should not be regarded as the official English names of such Chinese names.*

For the purposes of illustration only, amounts denominated in RMB in this circular have been translated into HK\$ at the rate of RMB1.00 = HK\$1.09. Such translation should not be constructed as a representation that the amounts in question have been, could have been or could be converted at any particular rate at all.

LETTER FROM THE BOARD



Ziyuanyuan Holdings Group Limited

紫元元控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8223)

Executive Directors:

Mr. Zhang Junshen
(Chairman and Chief Executive Officer)
Mr. Zhang Yong

Non-executive Director:

Mr. Lyu Di

Independent non-executive Directors:

Mr. Chan Chi Fung Leo
Mr. Chow Siu Hang
Dr. Deng Bin

Registered Office:

Sertus Incorporations (Cayman) Limited
Sertus Chambers,
Governors Square,
Suite #5-204, 23 Lime Tree Bay Avenue, P.O.
Box 2547, Grand Cayman, KY1-1104,
Cayman Islands

Principal place of business

in Hong Kong:
Unit N2, 21/F., W Luxe
5 On Yiu Street, Sha Tin
New Territories
Hong Kong

2 December 2022

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION IN RELATION TO THE ENTERING INTO OF THE SALE AND LEASEBACK AGREEMENTS

BACKGROUND

References are made to the announcements of the Company dated 29 December 2021, 30 June 2022 and 14 October 2022 in relation to the First Tranche Sale and Leaseback Agreements, the Second Tranche Sale and Leaseback Agreements and the Third Tranche Sale and Leaseback Agreements, respectively. As stated in the announcement dated 29 December 2021, the Lessor, the Lessee, a wholly-owned subsidiary of the Company, and the Company entered into the Cooperation Agreement dated 29 December 2021, pursuant to which the Lessor agreed to grant a one-year revolving credit facility to the Lessee up to RMB200,000,000 (equivalent to approximately HK\$218,000,000) for the Group's operation of finance lease business. For each tranche of drawing down under the said facility, the Lessor and the Lessee shall separately enter into sale and leaseback agreement which governs the assets to be transferred and the use of the fund drawn down for the payment of the transfer price thereunder.

LETTER FROM THE BOARD

On 29 December 2021, the Lessee and the Lessor entered into the First Tranche Sale and Leaseback Agreements, pursuant to which the Lessee agreed to transfer the legal title of the Leased Assets to the Lessor at the First Tranche Transfer Amount of RMB90,099,061 (equivalent to approximately HK\$98,208,000) and the Lessor agreed to lease back the Leased Assets to the Lessee during the First Tranche Lease Term.

On 30 June 2022, the Lessee and the Lessor entered into the Second Tranche Sale and Leaseback Agreements, pursuant to which the Lessee agreed to transfer the legal title of the Leased Assets to the Lessor at the Second Tranche Transfer Amount of RMB41,669,838 (equivalent to approximately HK\$45,420,000) and the Lessor agreed to lease back the Leased Assets to the Lessee during the Second Tranche Lease Term.

On 14 October 2022, the Lessee and the Lessor entered into the Third Tranche Sale and Leaseback Agreements, pursuant to which the Lessee agreed to transfer the legal title of the Leased Assets to the Lessor at the Third Tranche Transfer Amount of RMB31,683,520 (equivalent to approximately HK\$34,535,000) and the Lessor agreed to lease back the Leased Assets to the Lessee during the Third Tranche Lease Term.

The purpose of this circular is to provide you with (i) information on the Sale and Leaseback Agreements; and (ii) other information as required to be disclosed under the GEM Listing Rules.

THE SALE AND LEASEBACK AGREEMENTS

All the Sale and Leaseback Agreements were signed between the Lessor and the Lessee. Save for the agreement date, the amount of the Leased Assets to be transferred and the term of and amount of lease payments for leaseback of the Leased Assets under each of the First Tranche Sale and Leaseback Agreements, the Second Tranche Sale and Leaseback Agreements and the Third Tranche Sale and Leaseback Agreements, all other terms of the Sale and Leaseback Agreements are identical.

Set out below are the principal terms of the Sale and Leaseback Agreements:

(A) The First Tranche Sale and Leaseback Agreements

Date: 29 December 2021

Parties: The Lessor as lessor and the Lessee as lessee

LETTER FROM THE BOARD

Subject matter

Pursuant to the First Tranche Sale and Leaseback Agreements, the Lessee agreed to transfer the legal title of the Leased Assets to the Lessor at the First Tranche Transfer Amount of RMB90,099,061 (equivalent to approximately HK\$98,208,000). The Leased Assets comprised certain dental medical equipment acquired by the Lessee under various previous finance lease arrangements whereby the Lessee acted as lessor and other Independent Third Parties customers acted as lessees.

The First Tranche Transfer Amount shall be payable by the Lessor to the Lessee within 7 days upon the satisfaction of the conditions precedent contained therein, and the receipt and verification by the Lessor of the First Tranche Transfer Amount application form issued by the Lessee.

The First Tranche Transfer Amount was determined based on arm's length negotiations between the Lessor and the Lessee after taking into account the outstanding lease payments of the Leased Assets under the First Tranche Sale and Leaseback Agreements, being of RMB90,099,061 (equivalent to approximately HK\$98,208,000), i.e. after the third party lessees, under the relevant head finance lease agreements wherein the Group is lessor, have paid the Group such outstanding amount, the legal title of the subject Leased Assets will be transferred back to the third-party lessees at a nominal amount of RMB1. Hence, the First Tranche Transfer Amount payable by the Lessor to the Lessee in respect of the transfer of legal title of the Leased Assets under the First Tranche Sale and Leaseback Agreements is equivalent to the said outstanding amount.

Leaseback of the Leased Assets

Pursuant to the First Tranche Sale and Leaseback Agreements, after the transfer of the Leased Assets to the Lessor, the Lessor agreed to lease back the Leased Assets to the Lessee during the First Tranche Lease Term, being a term of 6 to 30 months commencing from the day the Transfer Amount has been paid by the Lessor to the Lessee.

LETTER FROM THE BOARD

Pursuant to the First Tranche Sale and Leaseback Agreements, the total amount of lease payments of approximately RMB96,864,665 (equivalent to approximately HK\$105,583,000), comprising (a) the lease principal payment of RMB90,099,061 (equivalent to approximately HK\$98,208,000); and (b) the aggregate lease interest of approximately RMB6,765,604 (equivalent to approximately HK\$7,375,000). The lease payments shall be payable every month during the First Tranche Lease Term. The lease principal is determined with reference to and equivalent to the Transfer Amount of the Leased Assets under the First Tranche Sale and Leaseback Agreements. The aggregate lease interest represents the total interests accrued under the First Tranche Sale and Leaseback Agreements, which was based on the outstanding lease principal multiplied by the authorised national interbank lending rate of the People's Bank of China on the date of signing the First Tranche Sale and Leaseback Agreements and the actual days elapsed under the First Tranche Sale and Leaseback Agreements.

(B) The Second Tranche Sale and Leaseback Agreements

Date: 30 June 2022

Parties: The Lessor as lessor and the Lessee as lessee

Subject matter

Pursuant to the Second Tranche Sale and Leaseback Agreements, the Lessee agreed to transfer the legal title of the Leased Assets to the Lessor at the Second Tranche Transfer Amount of RMB41,669,838 (equivalent to approximately HK\$45,420,000). The Leased Assets comprised certain dental medical equipment acquired by the Lessee under various previous finance lease arrangements whereby the Lessee acted as lessor and other Independent Third Parties customers acted as lessees.

The Second Tranche Transfer Amount shall be payable by the Lessor to the Lessee within 7 days upon the satisfaction of the conditions precedent contained therein, and the receipt and verification by the Lessor of the Second Tranche Transfer Amount application form issued by the Lessee.

LETTER FROM THE BOARD

The Second Tranche Transfer Amount was determined based on arm's length negotiations between the Lessor and the Lessee after taking into account the outstanding lease payments of the Second Tranche Leased Assets under the Second Tranche Sale and Leaseback Agreements, being RMB41,669,838 (equivalent to approximately HK\$45,420,000), i.e. after the third party lessees, under the original relevant finance lease agreements wherein the Group is lessor, have paid the Group such outstanding amount, the legal title of the subject Leased Assets will be transferred back to the third-party lessees at a nominal amount of RMB1. Hence, the Second Tranche Transfer Amount payable by the Lessor to the Lessee in respect of the transfer of legal title of the Leased Assets under the Second Tranche Sale and Leaseback Agreements is equivalent to the said outstanding amount.

Leaseback of the Leased Assets

Pursuant to the Second Tranche Sale and Leaseback Agreements, after the transfer of the Leased Assets to the Lessor, the Lessor agreed to lease back the Leased Assets to the Lessee during the Second Tranche Lease Term, being a term of 5 to 24 months commencing from the day the Second Tranche Transfer Amount has been paid by the Lessor to the Lessee.

Pursuant to the Second Tranche Sale and Leaseback Agreements, the total amount of lease payments of approximately RMB44,135,295 (equivalent to approximately HK\$48,107,000), comprising (a) the lease principal payment of RMB41,669,838 (equivalent to approximately HK\$45,420,000); and (b) the aggregate lease interest of approximately RMB2,465,457 (equivalent to approximately HK\$2,687,000). The lease payments shall be payable every month during the Second Tranche Lease Term. The lease principal is determined with reference to and equivalent to the Transfer Amount of the Leased Assets under the Second Tranche Sale and Leaseback Agreements. The aggregate lease interest represents the total interests accrued under the Second Tranche Sale and Leaseback Agreements, which was based on the outstanding lease principal multiplied by the authorised national interbank lending rate of the People's Bank of China on the date of signing the Second Tranche Sale and Leaseback Agreements and the actual days elapsed under the Second Tranche Sale and Leaseback Agreements.

LETTER FROM THE BOARD

(C) The Third Tranche Sale and Leaseback Agreements

Date: 14 October 2022

Parties: The Lessor as lessor and the Lessee as lessee

Subject matter

Pursuant to the Third Tranche Sale and Leaseback Agreements, the Lessee agreed to transfer the legal title of the Leased Assets to the Lessor at the Third Tranche Transfer Amount of RMB31,683,520 (equivalent to approximately HK\$34,535,000). The Leased Assets comprised certain dental medical equipment acquired by the Lessee under various previous finance lease arrangements whereby the Lessee acted as lessor and other Independent Third Parties customers acted as lessees.

The Third Tranche Transfer Amount shall be payable by the Lessor to the Lessee within 7 days upon the satisfaction of the conditions precedent described below, and the receipt and verification by the Lessor of the Third Tranche Transfer Amount application form issued by the Lessee.

The Third Tranche Transfer Amount was determined based on arm's length negotiations between the Lessor and the Lessee after taking into account the outstanding lease payments of the Third Tranche Leased Assets under the Third Tranche Sale and Leaseback Agreements, being RMB31,683,520 (equivalent to approximately HK\$34,535,000), i.e. after the third party lessees, under the original relevant finance lease agreements wherein the Group is lessor, have paid the Group such outstanding amount, the legal title of the subject Leased Assets will be transferred back to the third-party lessees at a nominal amount of RMB1. Hence, the Third Tranche Transfer Amount payable by the Lessor to the Lessee in respect of the transfer of legal title of the Leased Assets under the Third Tranche Sale and Leaseback Agreements is equivalent to the said outstanding amount.

All the Transfer Amounts were and are used for the financial lease business of the Group.

Leaseback of the Leased Assets

Pursuant to the Third Tranche Sale and Leaseback Agreements, after the transfer of the Leased Assets to the Lessor, the Lessor agreed to lease back the Leased Assets to the Lessee during the Third Tranche Lease Term, being a term of 6 to 27 months commencing from the day the Third Tranche Transfer Amount has been paid by the Lessor to the Lessee.

LETTER FROM THE BOARD

Pursuant to the Third Tranche Sale and Leaseback Agreements, the total amount of lease payments of approximately RMB33,953,496 (equivalent to approximately HK\$37,009,000), comprising (a) the lease principal payment of RMB31,683,520 (equivalent to approximately HK\$34,535,000); and (b) the aggregate lease interest of approximately RMB2,269,976 (equivalent to approximately HK\$2,474,000). The lease payments shall be payable every month during the Third Tranche Lease Term. The lease principal is determined with reference to and equivalent to the Transfer Amount of the Leased Assets under the Third Tranche Sale and Leaseback Agreements. The aggregate lease interest represents the total interests accrued under the Third Tranche Sale and Leaseback Agreements, which was based on the outstanding lease principal multiplied by the authorised national interbank lending rate of the People's Bank of China on the date of signing the Third Tranche Sale and Leaseback Agreements and the actual days elapsed under the Third Tranche Sale and Leaseback Agreements.

Conditions precedent

Each of the Sale and Leaseback Agreements is subject to the fulfillment of, among other matters, the following conditions:

- (1) each of the Cooperation Agreement (for the First Tranche Sale and Leaseback Agreements only) and the Sale and Leaseback Agreements having been signed and having become effective;
- (2) the issue of the Transfer Amounts application form by the Lessee to the Lessor, confirming that the use of the funds complies with the Sale and Leaseback Agreements, and there having been no unauthorised use;
- (3) the Security Deposit and all other payment obligations thereunder payable by the Lessee and the Guarantors having been duly paid in full;
- (4) the Lessee and the Guarantors have not breached any other incidental documents entered into with the Lessor;
- (5) the Lessee having submitted the list of Leased Assets and all relevant ownership certification documents of the Lease Assets to the Lessor;
- (6) the Guarantors having executed the Guarantee for the Lessee's full and timely performance of its obligations under the Sale and Leaseback Agreements, and having issued a confirmation in this respect;
- (7) the nature of the Leased Assets is in compliance with the terms of the Sale and Leaseback Agreements;

LETTER FROM THE BOARD

- (8) the Lessee having issued a confirmation in relation to the transfer of the Leased Assets, and the Lessor having obtained the legal title of the Leased Assets;
- (9) the Lessor having completed the registration of the Sale and Leaseback Agreements and the incidental documents with the Credit Reference Center, the People's Bank of China;
- (10) as at the date of payment of the Transfer Amount by the Lessor, there having been no material change to the rules and regulations of the regulatory authorities governing the financial industry, the effect of which will not increase the financing cost of the Lessor;
- (11) the payment of the Transfer Amount by the Lessor does not violate the rules and regulations of the regulatory authorities at the material time; and
- (12) all other payment obligations under the Sale and Leaseback Agreements having been fulfilled.

All the above conditions are not waivable. If any of the above conditions have not been fulfilled, the Sale and Leaseback Agreements shall cease and determine, and no parties to the Sale and Leaseback Agreements shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

As at the Latest Practicable Date, all of the above conditions have been fulfilled.

Completion

Completion of the transfer of the Leased Assets by the Lessee pursuant to the Sale and Leaseback Agreements to the Lessor shall take place upon the fulfilment of all the above conditions precedent. As at the Latest Practicable Date, completion of the transfer of the Leased Assets had taken place.

Guarantee

According to the Sale and Leaseback Agreements, the Guarantors shall execute the Guarantee in favour of the Lessor to guarantee all the Lessee's obligations and liabilities under the Sale and Leaseback Agreements, including but not limited to lease payments, interest, penalty, liquidated damages, assignment price of the Leased Assets and other relevant payables, legal fee, notarial fee, litigation fee, enforcement fee, and other relevant costs incurred from realisation of claims by the Lessor.

LETTER FROM THE BOARD

Security Deposit

Prior to the payment of the Transfer Amounts by the Lessor to the Lessee, the Lessee shall pay an interest-free deposit, representing 5% of the Transfer Amount under each Sale and Leaseback Agreement, to the Lessor, in order to secure its payment obligations under the Sale and Leaseback Agreements.

Upon expiry of the respect lease term of the Sale and Leaseback Agreements, (i) the Lessor shall return the Security Deposit (without interest) in full to the Lessee, subject to the settlement of all outstanding amounts due; or (ii) with the approval of the Lessor, the Lessee may use the Security Deposit to offset all or part of the lease payments.

Pursuant to the First Tranche Sale and Leaseback Agreements, the Second Tranche Sale and Leaseback Agreements and the Third Tranche Sale and Leaseback Agreements, the Lessor has paid the Lessee the First Tranche Security Deposit of RMB4,504,953 (equivalent to approximately HK\$4,910,000); the Second Tranche Security Deposit of RMB2,083,492 (equivalent to approximately HK\$2,271,000) and the Third Tranche Security Deposit of RMB1,584,176 (equivalent to approximately HK\$1,727,000).

Expiry of the Lease Term

Upon expiry of the lease term or in the event of an early termination of the Sale and Leaseback Agreements, and subject to settlement of all outstanding amounts due, the Lessor shall assign the legal title of the Leased Assets back to the Lessee at a nominal amount of RMB1.

INFORMATION ON THE LEASED ASSETS

The Leased Assets comprises certain dental medical equipment in the PRC, including but not limited to dental unit, intraoral scanner and dental cone-beam computed tomography.

Given that the Leased Assets are the subject assets under the finance leases granted by the Group as lessor to other third-party lessees, the Leased Assets are not reflected as the Group's assets in the financial statements but are recorded as finance lease receivables or loan receivables. There is no book value for the Leased Assets and the Company has not obtained valuation for the Leased Assets.

LETTER FROM THE BOARD

INFORMATION OF THE GROUP AND THE PARTIES TO THE THIRD TRANCHE SALE AND LEASEBACK AGREEMENTS

The Lessor

The Lessor is a company established in the PRC in 1984 and converted into a joint stock limited company on 28 September 2015, the H shares of which are listed on the Stock Exchange (stock code: 1606). The principal business of the Lessor includes providing comprehensive leasing services to high-quality customers in industries including aviation, infrastructure, shipping, inclusive finance, new energy and manufacturing of high-end equipment.

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, each of the Lessor and its ultimate beneficial owners is an Independent Third Party as at the Latest Practicable Date.

The Lessee

The Lessee is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. The Lessee is principally engaged in the provision of finance leasing services in the PRC.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE SALE AND LEASEBACK AGREEMENTS

The Company is an investment holding company incorporated in the Cayman Islands with limited liability. The Group is principally engaged in the provision of medical equipment finance leasing services, maternal and child postpartum care industry services and trading of medical equipment and consumables business in the PRC.

The Directors believe that the Group will be able to derive liquidity through the financial arrangements under the Sale and Leaseback Agreements and benefit from additional working capital to support its business and finance the operational activities of the Group.

LETTER FROM THE BOARD

The Directors considered that the Sale and Leaseback Agreements, including the Third Tranche Sale and Leaseback Agreements, and the transactions contemplated thereunder are on normal commercial terms which are made on an arm's length basis. Particularly, when determining the Transfer Amounts of the Leased Assets under each of the Sale and Leaseback Agreements, the Lessor and the Lessee mainly took into account the outstanding lease payments of the corresponding head sale and leased back agreement(s), i.e. after the third-party lessees, under the original relevant finance lease agreements wherein the Group is the lessor, have paid the Group such outstanding amount, the legal title of the subject Leased Assets will be transferred back to the third-party lessees at a nominal amount of RMB1. The Directors believed that the Transfer Amounts are probably higher than the actual value of the Leased Assets transferred if a valuation of the Leased Assets were obtained given that the Leased Assets are not brand-new equipment and such Transfer Amounts do not take into account any depreciation of the Leased Assets. In view of the above, the Directors consider that the terms of the Sale and Leaseback Agreements, including the Third Tranche Sale and Leaseback Agreements, and the Transfer Amounts are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE TRANSFER OF THE LEASED ASSETS

As at 30 June 2022, the unaudited consolidated total assets of the Group amounted to approximately RMB514.1 million (equivalent to approximately HK\$560.4 million) and the unaudited consolidated total liabilities of the Group amounted to approximately RMB202.3 million (equivalent to approximately HK\$220.5 million).

Upon execution of Sale and Leaseback Arrangements contemplated under the Cooperation Agreement, the Company considers that there will not be any material change to the Group's net asset value, as each of the individual Sale and Leaseback Arrangements will be accounted for as secured loan and recognised as bank and other borrowings of the Group which will offset the increase in the amount of bank balances and cash as a result of the receipt of the Transfer Amount from the Lessor.

The Company considers that there will not be any material effect on the earnings of the Group immediately upon execution of the Sale and Leaseback Arrangements.

LETTER FROM THE BOARD

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as calculated in accordance with Rule 19.07 of the GEM Listing Rules) are more than 5% but less than 25%, the transactions contemplated under the Third Tranche Sale and Leaseback Agreements constitutes a discloseable transaction of the Company under the GEM Listing Rules and is therefore subject to the reporting and announcement requirements but exempt from the circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the First Tranche Sale and Leaseback Agreements, the Second Tranche Sale and Leaseback Agreements and the Third Tranche Sale and Leaseback Agreements on aggregated basis, are more than 25% but less than 75%, the transactions contemplated under the Sale and Leaseback Agreements constitute major transactions on the part of the Company under Chapter 19 of the GEM Listing Rules and are subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

SHAREHOLDERS' APPROVAL

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder is required to abstain from voting on the Sale and Leaseback Agreements and the transactions contemplated thereunder. Hero Global and Icon Global are a group of controlling Shareholders, holding in aggregate 300,000,000 Shares, representing 75% of the issued share capital of the Company as at Latest Practicable Date, of which 219,801,980 Shares, representing approximately 54.95% of the issued share capital of the Company, are held by Hero Global and 80,198,020 Shares, representing approximately 20.05% of the issued share capital of the Company, are held by Icon Global.

Hero Global and Icon Global have given their written approval to the Sale and Leaseback Agreements and the transactions contemplated thereunder and such written approval is acceptable in lieu of holding a general meeting pursuant to Rule 19.44 of the GEM Listing Rules. Accordingly, no physical Shareholders' meeting will be held by the Company for approving the Sale and Leaseback Agreements and the transactions contemplated thereunder.

RECOMMENDATION

The Directors consider that the Sale and Leaseback Agreements are on normal commercial terms, fair and reasonable so far as the Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors would recommend the Shareholders to vote in favour of the resolution to approve the Sale and Leaseback Agreements and the transactions contemplated thereunder if a physical general meeting were to be convened to approve the Sale and Leaseback Agreements.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information as set out in the appendices to this circular.

By order of the Board
Ziyuanyuan Holdings Group Limited
Zhang Junshen
Chairman and Chief Executive Officer

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 December 2019, 2020 and 2021, the six months ended 30 June 2022 and the nine months ended 30 September 2022 are disclosed in the following documents, respectively, which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.ziyygroup.com):

- the annual report of the Company for the year ended 31 December 2019 published on 31 March 2020 (pages 101 to 207):

<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0407/2020040700580.pdf>

- the annual report of the Company for the year ended 31 December 2020 published on 30 March 2021 (pages 106 to 219):

<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0330/2021033001326.pdf>

- the annual report of the Company for the year ended 31 December 2021 published on 22 April 2022 (pages 105 to 239):

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0422/2022042200604.pdf>

- the interim report of the Company for the six months ended 30 June 2022 published on 12 August 2022 (pages 6 to 39):

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0812/2022081202074.pdf>

- the quarterly report of the Company for the nine months ended 30 September 2022 published on 14 November 2022 (pages 3 to 11)

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/1114/2022111400682.pdf>

2. INDEBTEDNESS STATEMENT

At the close of business on 31 October 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining information contained in this statement of indebtedness, the Group had (i) secured and guaranteed bank borrowings of approximately RMB57.6 million (equivalent to approximately HK\$62.8 million), which are secured by certain of the Group's property, plant and equipment, guarantee by the Company, certain subsidiaries of the Group, directors and related parties; (ii) unsecured and guaranteed bank borrowings of approximately RMB28.6 million (equivalent to approximately HK\$31.2 million), which are guarantee by the Company, certain subsidiaries of the Group, directors and related parties; (iii) other borrowings from Lessor of approximately RMB113.3 million (equivalent to approximately HK\$123.5 million); and (iv) Lease liabilities (all of which being liabilities arising from operating leases) of approximately RMB16.4 million (equivalent to approximately HK\$17.9 million).

As at the close of business on 31 October 2022, the Group had contingent liabilities in relation to guarantees of approximately RMB50.4 million (equivalent to approximately HK\$54.9 million) given to a bank to guarantee all outstanding repayment obligations of certain customers, which purchase of dental medical equipment from the Group.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the normal course of business, the Group did not have any other outstanding indebtedness, any debt securities issued and outstanding and authorised or otherwise created but unissued, guaranteed unguaranteed secured (whether the security is provided by the issuer or by third parties) or unsecured term loans, guaranteed unguaranteed secured or unsecured borrowings and debt including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, mortgages, charges, guarantees or other material contingent liabilities as at the close of business on 31 October 2022.

3. WORKING CAPITAL STATEMENT

The Directors are of the opinion that taking into account the existing banking and other borrowing facilities available, the existing cash and bank balances and the effect of the Sale and Leaseback Agreements, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of publication of this circular.

The Company has obtained the relevant confirmation as required under Rule 19.66(13) of the GEM Listing Rules.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

2021 was a year of making significant breakthroughs of business of the Group, in which the Group also has gained the support and recognition from all walks of life. Since its establishment, the Group is committed to the enterprise spirit of “excellence, innovation, integrity and win-win” and keeps on a steady track of development, based on the finance leasing services whose operating business has spread all over the country. Under the professional team operation and modernization management philosophy, the Group continuously upgrades its industrial structure and integrates resources in order to realize the operating goals of the win-win of economic and social benefit.

The Group is still reasonably optimistic to sustain the core business given all the economic uncertainties with the outbreak of Covid-19. The Group will continue to seek for the best possible opportunities to grow the Group's business by leveraging current client base. After the pandemic, the healthcare industry will be a new economic breakthrough with significant value-added potentials. The Group initiated pre-emptive deployment of finance leasing service and medical equipment fields that focus on oral cavity and maternity and child industry. Meanwhile, the Group developed trading of medical equipment and consumables business, which cooperates with the maternal and child postpartum care industry, in order to capture pioneer opportunities and support the industrial upgrade of the healthcare industry, diversifying the income of the Group. The Group's revenue also doubled compared to 2020, achieving a breakthrough of over RMB100 million in revenue for the first time.

In response to the impact of the Covid-19 pandemic on the increase in the past due ratio of customers, the Group's financial leasing services began to adjust the target industry from the printing and logistics industries in the past to the medical equipment industry in 2020, with the effort of focusing on risk management, lowering the internal rate of return to improve asset quality and reducing risks as possible so as to protect shareholders' interests. During the year, China Development Bank Financial Leasing Co., Ltd. (1606.HK) agreed to grant a revolving sale and leaseback facility to the Group up to RMB200 million for the Group's operation of finance lease business, which will jointly promote the optimized development of dental medical industry services, provide customized smart medical solutions and services for customers in the dental industry, and empower the development and construction of dental medical industry.

The trading of medical equipment and consumables business focuses on boosting the development of the medical equipment industry. The Group integrates supply chain resources through Shenzhen Ruiheng Medical Supply Chain Co., Ltd., opens up the upstream and downstream of the supply chain, and provides intelligent supply chain services of centralized procurement, Internet plus medical and trade instalments, so as to provide one-stop solutions for customers all over the country. During the year, China Construction Bank Corporation (0939.HK) provided the Group with a total strategic credit of RMB500 million to support the trading business of medical devices, equipment and consumables. Through the cooperation with the Group's platform system, it realized batch, standardized and modular business processes, through functions such as instant approval and online signing, and effectively provided convenient, efficient and precise financial assistance.

In May 2021, China announced the implementation of the three-child policy, so as to promote the link between the fertility policy and related economic and social policies, and to improve the population impact assessment mechanism for major economic and social policies. The implementation of the three-child policy is expected to further stimulate the fertility rate. According to public research reports on market demand and investment plans for the maternal and child postpartum care industry, the market size of China's maternal and child postpartum care centres has been increasing since 2010 and is expected to reach to approximately RMB32 billion in 2025, indicating a positive outlook for the industry, so that the Group is expected to benefit from the optimistic outlook of the maternal and child postpartum care centre. There is a rigid demand for maternal and child health-related services, and the overall market will continue to grow rapidly.

In the new year, the global economic situation remains grim. We will continue to increase investment in various businesses and continue to strive to find opportunities in the face of challenges, so as to return shareholders and the public, and realize corporate value as well as social value.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executives of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange, were as follows:

Long position in the Shares and underlying shares of the Company

Name of Director or chief executive	Nature of interest	Total number of Shares and underlying shares of the Company	Approximate percentage of the issued share capital of the Company
Zhang Junshen	Interest in controlled corporation ¹	219,801,980	54.95%
	A concert party to an agreement to buy shares described in s.317(1)(a) ³	80,198,020	20.05%

Name of Director or chief executive	Nature of interest	Total number of Shares and underlying shares of the Company	Approximate percentage of the issued share capital of the Company
Zhang Junwei	Interest in controlled corporation ²	80,198,020	20.05%
	A concert party to an agreement to buy shares described in s.317(1)(a) ³	219,801,980	54.95%

Notes

1. Hero Global is interested in 219,801,980 Shares. The entire issued share capital Hero Global is owned by Mr. Zhang Junshen. Mr. Zhan Junshen is deemed to be interested in the shares and the convertible preference shares in Hero Global is interested in under Part XV of the SFO.
2. Icon Global is interested in 80,198,020 Shares. The entire issued share capital Icon Global is owned by Mr. Zhang Junwei. Mr. Zhan Junwei is deemed to be interested in the shares and the convertible preference shares in Icon Global is interested in under Part XV of the SFO.
3. Pursuant to a concert parties confirmatory deed dated 24 February 2017 entered into among Hero Global (being wholly owned by Mr. Zhang Junshen), Mr. Zhang Junshen, Icon Global (being wholly owned by Mr. Zhang Junwei) and Mr. Zhang Junwei, each party to the consent parties confirmatory deed is deemed to be interested in the Shares held by the other parties.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Interests of substantial Shareholders

As at the Latest Practicable Date, so far as any Directors are aware, the interest or short positions owned by the following parties (other than the Directors or chief executive of the Company) in the Shares, underlying Shares or debentures of the Company which are required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO were as follows:

Long position in the Shares and underlying shares of the Company

Name of Shareholder	Nature of interest	Total number of Shares and underlying shares of the Company	Approximate percentage of the issued share capital of the Company
Hero Global	Beneficial owner ¹	219,801,980	54.95%
	A concert party to an agreement to buy shares described in s.317(1)(a) ³	80,198,020	20.05%
Icon Global	Beneficial owner ²	80,198,020	20.05%
	A concert party to an agreement to buy shares described in s.317(1)(a) ³	219,801,980	54.95%
Ms. Tang Yiping ⁴	Interest of spouse ³	300,000,000	75%

Notes

1. Hero Global is interested in 219,801,980 Shares. The entire issued share capital Hero Global is owned by Mr. Zhang Junshen. Mr. Zhan Junshen is deemed to be interested in the shares in Hero Global is interested in under Part XV of the SFO.
2. Icon Global is interested in 80,198,020 Shares. The entire issued share capital Icon Global is owned by Mr. Zhang Junwei. Mr. Zhan Junwei is deemed to be interested in the shares in Icon Global is interested in under Part XV of the SFO.

3. Pursuant to a concert parties confirmatory deed dated 24 February 2017 entered into among Hero Global (being wholly owned by Mr. Zhang Junshen), Mr. Zhang Junshen, Icon Global (being wholly owned by Mr. Zhang Junwei) and Mr. Zhang Junwei, each party to the consent parties confirmatory deed is deemed to be interested in the Shares held by the other parties.
4. Ms. Tang Yiping is the spouse of Mr. Zhang Junshen, and she is deemed, or taken to be, interested in all Shares in which Mr. Zhang Junshen is interested in for the purposes of the SFO.

Save as disclosed above and as at the Latest Practicable Date, the Directors were not aware of any interests or short positions owned by any persons (other than the Directors or chief executives of the Company) in the Shares or underlying shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation)).

4. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors, controlling shareholders of the Company or their respective close associates has any interest in a business, which competes or may compete with the business of the Group or has any conflict of interest with the Group which would be required to be disclosed under the GEM Listing Rules.

As at the Latest Practicable Date, none of the directors nor its employees and closes associates (as defined in the GEM Listing Rules) has any interest in a business, which competes or may compete with the business of the Group or has any conflict of interest with the Group which would be required to be disclosed under the GEM Listing Rules.

5. DIRECTORS' INTEREST IN CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date:

- (a) none of the Directors had any interest, direct or indirect, in any asset which have been, since 31 December 2021, being the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group or which were proposed to be acquired or disposed of by or leased to any member of the Group; and
- (b) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

6. LITIGATION

As at the Latest Practicable Date, there was no litigation, arbitration or claims of material importance known to the Directors to be pending or threatened by or against the Company or any member of the Group.

7. MATERIAL CONTRACTS

During the two years immediately preceding the Latest Practicable Date, the Group has entered into the following material contract (not being contracts entered into in the ordinary course of business):

- (a) the Cooperation Agreement;
- (b) the First Tranche Sale and Leaseback Agreements;
- (c) the Guarantee Agreements;
- (d) the Second Tranche Sale and Leaseback Agreements;
- (e) the Third Tranche Sale and Leaseback Agreements;
- (f) the cooperation agreement dated 27 August 2021 and entered into between China Construction Bank and Shenzhen Ruiheng Medical Supply Chain Co., Ltd. (深圳市瑞恒醫療供應鏈有限公司) (“**Ruiheng**”), a company established in the PRC with limited liability, and a wholly-owned subsidiary of the Company, pursuant to which China Construction Bank agreed to grant trading loans to the customers up to RMB500,000,000 (equivalent to approximately HK\$545,000,000) in aggregate for the purchase of dental medical equipment from Ruiheng; and

- (g) the irrevocable joint liability guarantee dated 27 August 2021 executed by (i) the Company, (ii) Ruiheng, Mr. Zhang Junshen (“**Mr. Zhang**”), Ms. Tang Yiping, the spouse of Mr. Zhang, Mr. Zhang Shengjie, the father of Mr. Zhang, Shenzhen Ziyuanyuan Investment Holdings Limited (深圳市紫元元投資集團有限公司) and Shenzhen Suhao Investment Limited (深圳蘇豪投資有限公司), companies established in the PRC and controlled by Mr. Zhang, in favour of China Construction Bank Shenzhen Branch (“**CCB**”), pursuant to which the guarantors shall provide joint liability guarantee for the customers’ obligations to China Construction Bank under the trading loan agreements entered into between CCB and the relevant customers.

8. CORPORATE INFORMATION OF THE GROUP

Registered office	Sertus Incorporations (Cayman) Limited Sertus Chambers, Governors Square, Suite #5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman, KY1-1104, Cayman Islands
Principal place of business in Hong Kong	Unit N2, 21/F., W Luxe 5 On Yiu Street, Sha Tin New Territories, Hong Kong
Principal place of business in the PRC	10th Floor, Block A, Majialong Innovation Building, No. 198 Daxin Road, Nanshan District, Shenzhen, the PRC
Principal share registrar and transfer office	Ocorian Trust (Cayman) Limited P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands

Branch share registrar and transfer office in Hong Kong	Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Joint company secretaries	Mr. Wong Kwok San (member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales) Ms. Li Xinpei
Compliance officer	Mr. Zhang Junshen

9. THE AUDIT COMMITTEE

The Group has established an audit committee (the “**Audit Committee**”) pursuant to a resolution of the Directors passed on 12 June 2018 in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and with written terms of reference in compliance with the Corporate Governance Code.

As at the Latest Practicable Date, the Audit Committee consists of a non-executive Director, namely Mr. Lyu Di, and two independent non-executive Directors, namely Mr. Chan Chi Fung Leo and Dr. Deng Bin. The chairman is Mr. Chan Chi Fung Leo, who holds the appropriate professional qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules. The primary duties of the Audit Committee are mainly to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

Mr. Chan Chi Fung Leo (“**Mr. Chan**”), aged 43, was appointed as an independent non-executive Director on 12 June 2018. He is also the chairman of the audit committee and a member of the nomination committee and remuneration committee. Mr. Chan is responsible for providing independent advice to our Board. Mr. Chan has over 15 years of experience in finance and accounting industry. He also has extensive knowledge and expertise on capital markets transactions (such as initial public offerings, and merger and acquisitions). Since October 2017, Mr. Chan has been the responsible officer and managing director of Red Solar Capital Limited, a company providing advisory services on corporate finance. From May 2016 to October 2017, Mr. Chan was the managing director of LY Capital Limited. Since August 2017, Mr. Chan has been an independent non-executive director of Sisram Medical Ltd, the shares of which is listed on the main board of the Stock Exchange (stock code: 1696). Since October 2020, Mr. Chan has also been an independent non-executive director of Jinke Smart Services Group Co., Ltd., a company listed on the Main Board of the Stock Exchange (stock code: 9666).

Mr. Chan obtained his bachelor’s degree in business administration from the Hong Kong University of Science and Technology in Hong Kong in November 2001. Mr. Chan has been a member of HKICPA since October 2005.

Mr. Lyu Di (“**Mr. Lyu**”), aged 36, was appointed as non-executive Director on 15 August 2019. He is also a member of our audit committee. He is responsible for the project investments and capital market operations of our Group. Mr. Lyu has over seven years of experience in investments and capital market. From December 2014 to May 2019, Mr. Lyu worked at Shenzhen Qianhai Black Swan Asset Management Company Limited with his last position as fund manager. He worked at Huatai Jinkong Investment Consulting (Shenzhen) Co Ltd* from October 2013 to November 2014 with his last position as an analyst and he was also a representative in Type 4 (advising on securities) regulated activity under the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the “**SFO**”) at Huatai Financial Holdings (Hong Kong) Limited from March 2014 to November 2014. Mr. Lyu graduated from Deakin University with a Bachelor of Commerce degree, majoring in finance in October 2010. He further obtained a Master of Commerce degree majoring in finance and banking from the University of Sydney in October 2012.

Dr. Deng Bin (“**Dr. Deng**”), aged 48, was appointed as our Independent Non-executive Director on 31 December 2021. He is also the chairman of the remuneration committee, a member of the nomination committee and a member of the audit committee of the Company. Dr. Deng is responsible for providing independent advice to our Board. He was graduated from Xi’an Medical University (now known as Xi’an Jiaotong University) in China with a bachelor of medicine degree in 1999, majoring in Stomatology. He further graduated from National University of Singapore in Singapore with a doctor of philosophy degree in 2006, majoring in dental restoration. Dr. Deng has over 20 years of experience in Stomatology. He is the chief dental officer of Shenzhen Yixin Dental Clinic* currently, mainly responsible for clinical fields on dental implant and restoration.

10. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.ziyygroup.com) for a period of 14 days commencing from the date of this circular:

- (a) the Cooperation Agreement;
- (b) the First Tranche Sale and Leaseback Agreements;
- (c) the Guarantee Agreements;
- (d) the Second Tranche Sale and Leaseback Agreements; and
- (e) the Third Tranche Sale and Leaseback Agreements.

In the event of inconsistency, the English text of this circular shall prevail over the Chinese text thereof.