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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)**

**DISCLOSEABLE TRANSACTION IN RELATION TO  
FINANCE LEASE ARRANGEMENT**

**FINANCE LEASE ARRANGEMENT**

On 5 January 2023, the Lessor entered into the Finance Lease Agreement with the Lessee. Pursuant to which, the Lessor had agreed to purchase the Leased Assets from the Vendor at a total consideration of RMB66,000,000 (equivalent to approximately HK\$73,920,000) and lease the Leased Assets to the Lessee, for a term of 60 months at the aggregate lease consideration of RMB66,000,000 (equivalent to approximately HK\$73,920,000). The period of lease under the Finance Lease Agreement will be 60 months commencing from the date of settlement of the consideration for the purchase of the Leased Assets by the Lessor from the Vendor. The ownership of the Leased Assets will lie with the Lessor throughout the lease period. At the end of the lease period and subject to the Lessee having duly and satisfactorily performed all of their obligations under, and upon the expiry of the Finance Lease Agreement, the Lessee have an option to purchase the Leased Assets at the nominal purchase price of RMB100 (equivalent to approximately HK\$112).

**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 Finance Lease Agreement 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.

## **FINANCE LEASE AGREEMENT**

On 5 January 2023, the Lessor entered into the Finance Lease Agreement with the Lessee. Pursuant to which, the Lessor had agreed to purchase the Leased Assets from the Vendor at a total consideration of RMB66,000,000 (equivalent to approximately HK\$73,920,000) and lease the Leased Assets to the Lessee, for a term of 60 months at the aggregate lease consideration of RMB66,000,000 (equivalent to approximately HK\$73,920,000). The period of lease under the Finance Lease Agreement will be 60 months commencing from the date of settlement of the consideration for the purchase of the Leased Assets by the Lessor from the Vendor. The ownership of the Leased Assets will lie with the Lessor throughout the lease period. At the end of the lease period and subject to the Lessee having duly and satisfactorily performed all of their obligations under, and upon the expiry of the Finance Lease Agreement, the Lessee have an option to purchase the Leased Assets at the nominal purchase price of RMB100 (equivalent to approximately HK\$112).

Set out below are the principal terms of the Finance Lease Agreement:

**Date:** 5 January 2023

### **Parties:**

Lessor: Ziyuanyuan (Shenzhen) International Finance Leasing Company Limited  
(紫元元(深圳)國際融資租賃有限公司) (a wholly-owned subsidiary of the Company)

Lessee: Meizhou Zihe Jiaying Pharmaceutical Investment Co., Ltd.\* (梅州市紫合嘉應醫藥投資有限公司)

Vendor: China Associate (Group) Co., Ltd. (深圳中聯廣深醫藥(集團)股份有限公司)

The Finance Lease Agreement comprised of (i) the purchase of the Leased Assets from the Vendor by the Lessor; and (ii) the direct lease arrangement of the Leased Assets from the Lessor to the Lessee, details of which are as follows:

### **Sale and purchase of the Leased Assets**

The carrying value of the Leased Assets was estimated to be RMB66,000,000 (equivalent to approximately HK\$73,920,000) under the Finance Lease Agreement. Pursuant to the Purchase Agreement, the Lessor shall purchase the Leased Assets from the Vendor at a total consideration of RMB66,000,000 (equivalent to approximately HK\$73,920,000).

### **Direct lease arrangement for the Leased Assets**

Pursuant to the Finance Lease Agreement, the Lessor agreed to lease the Leased Assets to the Lessee for a term of 60 months, commencing from the date of settlement of the consideration under the Finance Lease Agreement by the Lessor to the Vendor. The total amount of lease payments of RMB52,800,000 (equivalent to approximately HK\$59,136,000), representing (i) the consideration of the Leased Assets of RMB66,000,000 (equivalent to approximately HK\$73,920,000) less (ii) the initial payment of RMB13,200,000 (equivalent to approximately HK\$14,784,000) from the Lessee. The lease payments bear zero interest during the Lease Term.

### **Lease payment compensation**

Pursuant to the Lease Payment Compensation Agreement, the Vendor agreed to provide a compensation of RMB4,000,000 (equivalent to approximately HK\$4,480,000) to the Lessor in order to compensate no interest will be charged by the Lessor to the Lessor over the Lease Term under the Finance Lease Agreement. The Group will recognise the compensation as finance leasing income over the Lease Term.

### **Expiry of the Lease Term**

Upon expiry of the Lease Term or in the event of an early termination of the Finance Lease Agreement, 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 RMB100 (equivalent to approximately HK\$112).

### **Guarantee**

The Guarantors shall execute the Guarantee in favour of the Lessor to guarantee all the Lessee's obligations and liabilities under the Finance Lease Agreement, 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.

### **INFORMATION ON THE LEASED ASSETS**

The Leased Assets comprises the equipment and assets for operation of a hospital in Meizhou City, Guangdong Province, the PRC.

### **INFORMATION ABOUT THE PARTIES**

#### **The Lessor**

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

#### **The Lessee**

The Lessee is a company established in the PRC with limited liability and is principally engaged in the operations of hospital in Guangdong Province, the PRC.

#### **Vendor**

The Vendor is a company established in the PRC with limited liability and is principally engaged in the manufacture and sale of chemical reagents and health food products; the operation of medical devices business; import and export trading business; domestic trading, etc.

As at the date of this announcement, to the best knowledge, information and belief of the Directors and having made all reasonable enquiries, each of the Lessee, Vendor and its ultimate beneficial owners is an Independent Third Party.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASE AGREEMENT**

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 Finance Lease Agreement is entered into by the Group during its ordinary and usual course of business. Entering into the Finance Lease Agreement with the Lessee benefits the Group by increasing the income of its finance lease business and is consistent with the Group's business development strategy.

The Directors are of the view that the terms under the Finance Lease Agreement are fair and reasonable and are in the interests of the Group and its shareholders as a whole.

## **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 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.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, capitalised terms used herein shall have the following meanings:

“Board”	the board of Directors
“China Associate Pharmaceutical ”	China Associate Pharmaceutical Co., Ltd.* (深圳市中聯製藥有限公司), a company established in the PRC with limited liability and is a subsidiary of the Vendor
“Company”	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)
“Director(s)”	the director(s) of the Company
“Finance Lease Agreement”	the finance lease agreement entered into among the Lessor, the Lessee and the Vendor dated 5 January 2023 pursuant to which the Lessor will purchase the Leased Assets from the Vendor and lease the Leased Assets to the Lessee
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries

“Guangdong Zhuguang Group”	Guangdong Zhuguang Group Company Limited* (廣東珠光集團有限公司), a company established in the PRC with limited liability
“Guarantee”	the irrevocable joint liability guarantee dated 5 January 2023 executed by the Guarantors in favour of Lessor, pursuant to which the Guarantors shall provide joint liability guarantee for the Lessee’s obligations to the Lessor under the Finance Lease Agreement
“Guarantors”	China Associate Pharmaceutical and Guangdong Zhuguang Group, to the best knowledge, information and belief of the Directors and having made all reasonable enquiries, each of the Guarantors and its ultimate beneficial owners is an Independent Third Party
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“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
“Lease Term”	commencing from the date of settlement of the consideration under the Finance Lease Agreement by the Lessor to the Vendor
“Leased Assets”	the equipment and assets for operation of a hospital in Meizhou City, Guangdong Province, the PRC
“Lessee”	Meizhou Zihe Jiaying Pharmaceutical Investment Co. , Ltd.*(梅州市紫合嘉應醫藥投資有限公司), a company established in the PRC with limited liability
“Lessor”	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
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“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
“Vendor”	China Associate (Group) Co., Ltd. (深圳中聯廣深醫藥(集團)股份有限公司), a company established in the PRC with limited liability
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

\* For identification only

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

Hong Kong, 5 January 2023

*For the purposes of illustration only, amounts denominated in RMB in this announcement have been translated into HK\$ at the rate of RMB1.00 = HK\$1.12. 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.*

*As at the date of this announcement, the executive Directors are Mr. Zhang Junshen (Chairman and Chief Executive Officer) and Mr. Wong Kwok San, the non-executive Director is Mr. Lyu Di, and the independent non-executive Directors are Mr. Chan Chi Fung Leo, Mr. Chow Siu Hang and Dr. Deng Bin.*

*This announcement, 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 Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement 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 announcement misleading.*

*This announcement will remain on the “Latest Listed Company Information” page on the HKEXnews website at [www.hkexnews.hk](http://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](http://www.ziyygroup.com).*