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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)

SUBSCRIPTIONS OF NEW SHARES UNDER GENERAL MANDATE AND LAPSE AND TERMINATION OF PLACING AGREEMENT

SUBSCRIPTIONS OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 29 December 2023 (after trading hours), the Company entered into two Subscription Agreements with two Subscribers, pursuant to which the Company has agreed to allot and issue, and the two Subscribers have conditionally agreed to subscribe for an aggregate of 30,000,000 Subscription Shares, representing (i) 7.50% of the entire issued share capital of the Company as at the date of this announcement; and (ii) approximately 6.98% of the entire issued share capital of the Company as enlarged by the issue of all the Subscription Shares.

The Subscription Price of HK\$1.47 per Subscription Share represents (i) a discount of approximately 19.23% to the closing price of HK\$1.82 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 7.08% to the average of the closing prices per Share of approximately HK\$1.58 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the Last Trading Day.

The Subscription Shares will be allotted and issued under the General Mandate. The allotment and issue of the Subscription Shares is not subject to the approval of the Shareholders.

The gross proceeds from the Subscriptions will be approximately HK\$44.1 million and the net proceeds will be approximately HK\$43.5 million (after deduction of the expenses of the Subscriptions). The Directors intend to apply the net proceeds from the Subscriptions for the working capital to develop the finance leasing business and the trading of medical equipment and consumables business of the Group.

Completion of the Subscriptions is subject to the fulfilment of the conditions precedent in the Subscription Agreements. As the Subscriptions may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

LAPSE AND TERMINATION OF PLACING AGREEMENT

On 29 December 2023, being the long stop date of the Placing Agreement, the conditions precedent of the Placing Agreement were not fulfilled, the Placing Agreement and the transaction contemplated thereunder was lapsed and terminated, and the Placing will not proceed and all obligations and liabilities of the parties thereunder shall cease and determine and no party will have any claim against the others (save for any antecedent breaches).

SUBSCRIPTIONS OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 29 December 2023 (after trading hours), the Company entered into two Subscription Agreements with two Subscribers, pursuant to which the Company has agreed to allot and issue, and the two Subscribers have conditionally agreed to subscribe for an aggregate of 30,000,000 Subscription Shares at the Subscription Price, on the terms and subject to the conditions set out in the Subscription Agreements.

The Subscription Agreements

Set out below are the principal terms of the Subscription Agreements:

Subscription Agreement A

Date: 29 December 2023

Parties:

Issuer: The Company

Subscriber: Subscriber A

Pursuant to Subscription Agreement A, Subscriber A conditionally agreed to subscribe for 15,000,000 new Shares at the Subscription Price. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Subscriber A is an Independent Third Party and Subscriber A is also independent of and not connected with Subscriber B.

Subscription Agreement B

Date: 29 December 2023

Parties:

Issuer: The Company

Subscriber: Subscriber B

Pursuant to Subscription Agreement B, Subscriber B conditionally agreed to subscribe for 15,000,000 new Shares at the Subscription Price. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Subscriber B is an Independent Third Party and Subscriber B is also independent of and not connected with Subscriber A.

Save for the identities of the Subscribers, the terms of each of the Subscription Agreements are identical. Set out below are the other principal terms of the Subscription Agreements:

Number of Subscription Shares

The Subscription Shares comprise of an aggregate of 30,000,000 new Shares. Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Subscriptions, the Subscription Shares represent (i) 7.50% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 6.98% of the issued share capital of the Company as enlarged by the allotment and issue of all the Subscription Shares. The aggregate nominal value of the Subscription Shares will be HK\$3,000,000.

Ranking of Subscription Shares

The Subscription Shares shall rank *pari passu* in all respects among themselves and with the existing Shares in issue as at the date of this announcement.

Subscription Price

The Subscription Price of HK\$1.47 per Subscription Share represents:

- (i) a discount of approximately 19.23% to the closing price of HK\$1.82 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 7.08% to the average of the closing prices per Share of approximately HK\$1.58 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the Last Trading Day.

Pursuant to the Subscription Agreements, the Subscribers shall pay the total Subscription Price under their respective Subscriptions in full in the amount of HK\$44.1 million as refundable deposit (the “**Deposit**”) upon execution of the respective Subscription Agreements. If the completion of the Subscription Agreement takes place, the Deposit shall be applied as payment towards the Subscription Price upon Completion. If any of the Subscription Agreements cannot become unconditional, the Company shall refund the corresponding Deposit to the Subscriber under the respective Subscription Agreement.

The Subscription Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm’s length basis between the Company and the Subscribers. The Directors consider that the terms of the Subscriptions are on normal commercial terms and are fair and reasonable based on the current market conditions. Hence, the Directors consider that the Subscriptions (including the Subscription Price) is in the interests of the Company and the Shareholders as a whole.

Conditions of the Subscriptions

The Subscriptions are conditional upon:

- (i) the Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Subscription Shares, and such approval not having been withdrawn or revoked;
- (ii) all necessary consents and approvals to be obtained on the part of each of the Subscribers and the Company in respect of the Subscribers having been obtained; and
- (iii) the warranties provided by the Company remaining true and accurate and not misleading, and there is no matter or circumstance which is in breach of the warranties or the terms of the Subscription Agreements.

The Company shall use its best endeavours to procure the fulfilment of conditions (i), (ii) and (iii) above and the Subscribers shall use their best endeavours to procure the fulfilment of condition (ii) above. If the above conditions are not satisfied and/or waived (other than condition (i) above, which cannot be waived) on or before the Long Stop Date, the Subscription Agreements will be terminated and ceased to be effective. The Company shall within two (2) Business Days of the termination of the Subscription Agreements fully refund the Deposit to the Subscribers free of interest, and neither parties shall have obligations and liabilities against the other thereafter, save for any antecedent breach of the Subscription Agreements.

The Subscription Agreements are not conditional upon each other.

Completion of the Subscriptions

Completion of the Subscriptions shall take place on a day falling within two (2) Business Days after the fulfilment of the conditions as set out in paragraph headed “Conditions of the Subscriptions” above are satisfied (or such other date as may be agreed between the Company and the Subscribers in writing).

Application for listing

The Company will make an application to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Subscription Shares.

General Mandate

The Subscription Shares will be allotted and issued under the General Mandate granted to the Directors by resolution of the Shareholders passed at the AGM, subject to the limit up to 20% of the total number of issued Shares as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 80,000,000 new Shares. Up to the date of this announcement, no new Shares have been issued under the General Mandate. Accordingly, the allotment and issue of the Subscription Shares is not subject to the approval of the Shareholders.

REASONS FOR THE SUBSCRIPTIONS AND USE OF PROCEEDS

The Company is an investment holding company, and the Group is principally engaged in 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 Subscriptions can replenish the capital of the Company given that the finance leasing business and the trading of medical equipment and consumables business of the Group are capital intensive business. The Subscriptions are a good opportunity to strengthen the Group’s financial position.

The Directors believe that the Subscriptions represents an opportunity to raise capital for the Group while broadening the Shareholder base and strengthening the capital base of the Company. Accordingly, the Directors are of the view that the Subscriptions are in the best interest of the Company and its Shareholders as a whole.

The gross proceeds from the Subscriptions will be HK\$44.1 million and the net proceeds will be approximately HK\$43.5 million (after deduction of the expenses of the Subscriptions). The Directors intend to apply the net proceeds from the Subscriptions for the working capital to develop the finance leasing business and the trading of medical equipment and consumables business of the Group.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon Completion of the Subscriptions are set out below:

Name of Shareholder	As at the date of this announcement		Immediately upon Completion	
	No. of Shares	Approx. %	No. of Shares	Approx. %
Substantial Shareholders				
Hero Global Limited (“ Hero Global ”) (Note 1)	219,801,980	54.95	219,801,980	51.12
Icon Global Holding Limited (“ Icon Global ”) (Note 2)	80,198,020	20.05	80,198,020	18.65
Public Shareholders				
Subscriber A	–	–	15,000,000	3.49
Subscriber B	–	–	15,000,000	3.49
Other Shareholders	100,000,000	25.00	100,000,000	23.25
Total	<u>400,000,000</u>	<u>100.00</u>	<u>430,000,000</u>	<u>100.00</u>

Notes:

- (1) The entire issued share capital of Hero Global is beneficially owned by Mr. Zhang Junshen (“**Mr. JS Zhang**”), being an executive Director. Mr. JS Zhang is deemed to be interested in 219,801,980 Shares held by Hero Global by virtue of the SFO.
- (2) The entire issued share capital of Icon Global is beneficially owned by Mr. Zhang Junwei (“**Mr. JW Zhang**”, together with Mr. JS Zhang, the “**Zhang Brothers**”), brother of Mr. JS Zhang. Mr. JW Zhang is deemed to be interested in 80,198,020 Shares held by Icon Global by virtue of the SFO.
- (3) The Zhang Brothers are parties acting in concert, as such each of Mr. JS Zhang and Mr. JW Zhang are deemed to be interested in the 219,801,980 Shares and 80,198,020 Shares beneficially owned by Hero Global and Icon Global respectively by virtue of the SFO.

EQUITY FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST 12 MONTHS

The Company entered in the Placing Agreement on 12 December 2023 in relation to the placing of 40,000,000 new Shares. However, the Placing Agreement was lapsed and terminated and the Placing did not proceed. Save as disclosed, the Company has not conducted any equity fund raising activities during the twelve months immediately preceding the date of this announcement.

Completion of the Subscriptions is subject to the fulfilment of the conditions precedent in the Subscription Agreements. As the Subscriptions may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

LAPSE AND TERMINATION OF PLACING AGREEMENT

Reference is made to the announcement of the Company dated 12 December 2023 in relation to the Placing. The Board announces that on 29 December 2023, being the long stop date of the Placing Agreement, the conditions precedent of the Placing Agreement were not fulfilled, the Placing Agreement and the transaction contemplated thereunder were lapsed and terminated, and the Placing will not proceed and all obligations and liabilities of the parties thereunder shall cease and determine and no party will have any claim against the others (save for any antecedent breaches).

In view of the entering into of the Subscription Agreements by the Company, the Board is of the view that the lapse and termination of the Placing Agreement should have no material adverse impact on the business, operation or financial position of the Group.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 2 June 2023
“Board”	the board of Directors

“Business Day”	a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“Company”	Ziyuanyuan Holdings Group Limited, a company incorporated in Cayman Islands with limited liability, the Shares of which are listed on GEM (stock code: 8223)
“Director(s)”	the director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any persons or company(ies) and their respective ultimate beneficial owners, to the best of the Director’s knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the GEM Listing Rules

“Last Trading Day”	29 December 2023, being the date of the Subscription Agreements
“Long Stop Date”	29 January 2024, or such later date as may be agreed between the Company and the Subscribers in writing
“Placing”	the placing, on a best effort basis, of up to 40,000,000 new Shares pursuant to the terms of the Placing Agreement
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Partners Capital Securities Limited dated 12 December 2023 in relation to the Placing
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.1 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
“Subscriber A”	Mr. Yu Jianli
“Subscriber B”	Mr. Zheng Zhihong
“Subscribers”	collectively, Subscriber A and Subscriber B, being the subscribers subscribing for the Subscription Shares under the Subscriptions
“Subscription A”	the subscription of 15,000,000 Subscription Shares by Subscriber A pursuant to Subscription Agreement A
“Subscription Agreement A”	the subscription agreement dated 29 December 2023 and entered into between the Company and Subscriber A in respect of Subscription A
“Subscription Agreement B”	the subscription agreement dated 29 December 2023 and entered into between the Company and Subscriber B in respect of Subscription B

“Subscription Agreements”	collectively, Subscription Agreement A and Subscription Agreement B
“Subscription B”	the subscription of 15,000,000 Subscription Shares by Subscriber B pursuant to Subscription Agreement B
“Subscription Price”	the subscription price of HK\$1.47 per Subscription Share
“Subscription Share(s)”	an aggregate of 30,000,000 new Shares to be allotted and issued pursuant to the Subscription Agreements
“Subscriptions”	collectively, Subscription A and Subscription B
“%”	per cent.

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

Hong Kong, 29 December 2023

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.

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