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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)

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
ONE (1) RIGHTS SHARE FOR
EVERY FIVE (5) EXISTING SHARES
HELD ON THE RECORD DATE**

Underwriter to the Rights Issue

RaffAello

Securities (HK) Ltd

Raffaello Securities (HK) Limited

PROPOSED RIGHTS ISSUE

The Company proposes to raise gross proceeds of approximately HK\$86.0 million before expenses by way of the Rights Issue to the Shareholders (on the basis that no Shares are issued or repurchased on or before the Record Date). The Rights Issue involves the issue of up to 86,000,000 Rights Shares (on the basis that no Shares are issued or repurchased on or before the Record Date) at the Subscription Price of HK\$1.00 per Rights Share on the basis of one (1) Rights Share for every five (5) existing Shares in issue on the Record Date to the Qualifying Shareholders.

THE UNDERWRITING AGREEMENT

On 14 August 2024 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter, pursuant to which the Underwriter has conditionally agreed to fully underwrite 86,000,000 Rights Shares, subject to the terms and conditions of the Underwriting Agreement.

The proposed Rights Issue is conditional upon the obligations of the Underwriter under the Underwriting Agreement becoming unconditional and the Underwriter not terminating the Underwriting Agreement.

GEM LISTING RULES IMPLICATIONS

As the proposed Rights Issue will not increase either the total number of issued shares or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding the date of this announcement and it is not underwritten by a Director, chief executive or substantial shareholder of the Company (or any of their respective close associates), the proposed Rights Issue will not be subject to the approval of the Shareholders in general meeting pursuant to Rule 10.29 of the GEM Listing Rules.

The Company has not conducted any rights issue, open offer or specific mandate placing within the 12-month period immediately preceding the date of this announcement, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities within such 12-month period. The proposed Rights Issue does not result in a theoretical dilution effect of 25% or more on its own.

The public float requirements under the GEM Listing Rules shall be fulfilled by the Company at all times, and the Company will take all appropriate steps to ensure that sufficient public float be maintained at all times in compliance with Rule 11.23(7) of the GEM Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 22 August 2024 to Wednesday, 28 August 2024 (both dates inclusive) for determining the entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

GENERAL

Subject to the fulfilment of certain conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other things, the Prospectus setting out details of the Rights Issue, the PAL and EAF to the Qualifying Shareholders on Thursday, 29 August 2024. A copy of the Prospectus will also be made available on the websites of the Company (www.ziyygroup.com) and the Stock Exchange (www.hkexnews.hk). The Company will despatch copies of the Prospectus to the Non-Qualifying Shareholders (if any) for their information only, but will not send any PAL or EAF to them.

WARNING OF THE RISKS OF DEALING IN THE EXISTING SHARES AND NIL-PAID RIGHTS

Shareholders should note that the Shares are expected to be dealt in on an ex-right basis from Tuesday, 20 August 2024. Dealings in the Nil-Paid Rights will take place from Monday, 2 September 2024 to Monday, 9 September 2024 (both dates inclusive).

Any Shareholder or other person contemplating selling or purchasing the Shares and/or Nil-Paid Rights up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and the public are reminded to exercise caution when dealings in the Shares and any dealings in the Nil-Paid Rights from Monday, 2 September 2024 to Monday, 9 September 2024 (both dates inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or Nil-Paid Rights are recommended to consult their own professional advisers.

PROPOSED RIGHTS ISSUE

The Board proposed to carry out the Rights Issue, details of which are summarised below:

Issue statistics

Basis of the Rights Issue:	One (1) Rights Share for every five (5) existing Shares held on the Record Date
Subscription Price:	HK\$1.00 per Rights Share

Number of the existing Shares in issue as at the date of this announcement:	430,000,000 Shares
Number of Rights Shares to be issued under the Rights Issue:	Up to 86,000,000 Rights Shares (assuming no new Shares are issued or repurchased on or before the Record Date)
Maximum enlarged issued share capital upon completion of the Rights Issue:	516,000,000 Shares (assuming no Shares are issued (other than the Rights Shares) or repurchased on or before the completion of the Rights Issue)
Maximum proceeds to be raised under the Rights Issue before expenses:	HK\$86.0 million (assuming no Shares are issued or repurchased on or before the Record Date)
Number of Rights Shares underwritten by the Underwriter:	Up to 86,000,000 Rights Shares, on fully underwritten basis

Assuming no Shares are issued or repurchased on or before the Record Date, the maximum number of 86,000,000 Rights Shares to be issued pursuant to the terms of the Rights Issue represents 20.0% of the total number of the existing issued Shares as at the date of this announcement and approximately 16.67% of the total number of the issued Shares as enlarged by the allotment and issue of the Rights Shares immediately upon completion of the Rights Issue. The Company has no outstanding convertible bonds, options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange for new Shares.

The Company has not conducted any rights issue, open offer and/or specific mandate placing within the 12-month period immediately preceding the date of this announcement, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities as part of such rights issue, open offers and/or specific mandate placings within such 12-month period. The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own.

Subscription Price

The Subscription Price of HK\$1.00 per Rights Share is payable in full when a Qualifying Shareholder accepts his/her/its provisional allotment under the Rights Issue and, where applicable, applies for excess Rights Shares under the Rights Issue or when a transferee of Nil-Paid Rights applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 66.44% to the closing price of HK\$2.980 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 66.49% to the average of the closing prices per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of approximately HK\$2.984;
- (iii) a discount of approximately 65.41% to the average of the closing prices per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day of approximately HK\$2.891;
- (iv) a discount of approximately 62.26% to the theoretical ex-rights price of approximately HK\$2.650 per Share as adjusted for the effect of the Rights issue, based on the closing price of HK\$2.980 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a premium of approximately 36.38% to the audited consolidated net asset value attributable to the Shareholders as at 31 December 2023 as extracted from the annual report of the Company for the year ended 31 December 2023 of approximately HK\$0.733 per Share;
- (vi) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 11.09% of the theoretical diluted price of HK\$2.653 based on the benchmarked price of HK\$2.984 per Share.

Under the Rights Issue, each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the Subscription Price in proportion to his/her/its existing shareholdings in the Company. The Board considers that the discount of the Subscription Price to the current market price will encourage them to participate in the Rights Issue and to take up their entitlements to maintain his/her/its shareholding in the Company, thereby minimising dilution impact. The Subscription Price and the Rights Issue ratio were determined by the Board based on the funding needs of the Group in respect of growth and development of the Group's business as set out more particularly described under the section headed "Reasons for the Rights Issue and the Use Of Proceeds" in this announcement. As such, the Directors consider that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders only. For the Non-Qualifying Shareholders, the Company will send copies of the Prospectus to them for their information only, but no PAL or EAF will be sent to the Non-Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be a Non-Qualifying Shareholder on the Record Date.

Shareholders whose Shares are held by nominee companies (or which are deposited in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies (or which are deposited in CCASS) are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders and investors of the Company should consult their professional advisers if they are in doubt.

In order to be registered as members of the Company on the Record Date, a Shareholder must lodge the relevant transfer(s) of Share(s) (with the relevant share certificates) with the Registrar by 4:30 p.m. on Wednesday, 21 August 2024.

The last day of dealing in the Shares on cum-rights basis is Monday, 19 August 2024. The Shares will be dealt with on an ex-rights basis from Tuesday, 20 August 2024.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholder(s) may not be eligible to take part in the Rights Issue as explained below.

In compliance with the necessary requirements of the GEM Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholder(s) (if any). If, after making such enquiry and based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that (those) place(s), the Rights Issue will not be extended to such Overseas Shareholders. As at the date of this announcement, there are 3 Overseas Shareholders with registered addresses situated in the PRC, and 2 Overseas Shareholders with registered addresses situated in the British Virgin Islands.

The basis for excluding the Non-Qualifying Shareholders(s), if any, from the Rights Issue will be set out in the Prospectus. The Company will send the Prospectus (without the PAL and the EAF) and a letter explaining the circumstances in which the Non-Qualifying Shareholders are not permitted to participate in the Rights Issue to the Non-Qualifying Shareholders for their information only.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholder(s) to be sold in the market in their nil-paid form as soon as practicable after dealings in the Nil-Paid Rights commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, of more than HK\$100 will be paid pro rata to the Non-Qualifying Shareholder(s). The Company will retain individual amounts of HK\$100 or less for the benefit of the Company. Any unsold entitlement of Non-Qualifying Shareholder(s) to the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders will be made available for excess applications by Qualifying Shareholders under the EAF(s).

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

Closure of register of members

The register of members of the Company will be closed from Thursday, 22 August 2024 to Wednesday, 28 August 2024 (both days inclusive) for determining the Shareholders' entitlements to the Rights Issue.

No transfer of Shares will be registered during the above book closure period.

Basis of provisional allotment

The basis of the provisional allotment shall be one (1) Rights Share for every five (5) existing Shares in issue and held by the Qualifying Shareholders at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar at or before the latest time for acceptance at 4:00 p.m. on Thursday, 12 September 2024.

Fractional entitlements to the Rights Shares

No fractional entitlements to the Rights Shares shall be issued to the Shareholders and no entitlements of the Non-Qualifying Shareholders to the Rights Shares shall be issued to the Non-Qualifying Shareholders. All fractions of the Rights Shares shall be rounded down to the nearest whole number of Rights Shares and aggregated and, if a premium (net of expenses) can be achieved, sold in the market by the Company. Any unsold entitlements shall be made available for excess application by the Qualifying Shareholders. Should there be no excess application by the Qualifying Shareholders, those Rights Shares created from the aggregation of fraction of the Rights Shares will be taken up by the Underwriter. No odd lot matching services will be provided.

Status of the Rights Shares

The Rights Shares (when allotted, issued and fully paid) will rank pari passu in all respects with the existing Shares in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid with a record date falling after the date of allotment and issue of the Rights Shares in their fully-paid form.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered addresses at their own risk on or before Monday, 23 September 2024. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Monday, 23 September 2024 by ordinary post to the applicants at their own risk, to their registered addresses.

Application for excess Rights Shares

Qualifying Shareholders shall be entitled to apply, by way of excess application, for (i) the Rights Shares representing the entitlement of the Non-Qualifying Shareholders; and (ii) any Rights Shares provisionally allotted but not validly accepted by the Qualifying Shareholders.

Applications for the excess Rights Shares may be made by completing the EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for.

The Board will allocate the excess Rights Shares at its discretion, but on a fair and equitable basis as far as practicable on the following principles:

- (i) no preference will be given to applications for topping-up odd-lot holdings to whole-lot holdings as the giving of such preference may potentially be abused by certain investors by splitting their Shares and thereby receiving more Rights Shares than they would receive if such preference is not given, which is an unintended and undesirable result; and
- (ii) subject to availability of the excess Rights Shares, the excess Rights Shares will be allocated to the Qualifying Shareholders who have applied for excess application on a pro rata basis based on the number of excess Rights Shares applied for under each application. No reference will be made to Rights Shares subscribed through PALs, or the number of Shares held by the Qualifying Shareholders.

Beneficial owners of Shares whose Shares are held by a nominee company (including HKSCC Nominees Limited) should note that for the purpose of the Rights Issue, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the beneficial owners of Shares whose Shares are registered in name of nominee companies should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually and are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

For those beneficial owners of Shares whose Shares are held by their nominee(s) (including HKSCC Nominees Limited) and who would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Registrar in Hong Kong, Tricor Investor Services Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for completion of the relevant registration not later than 4:30 p.m. (Hong Kong time) by no later than the Latest Lodging Time.

Application for listing of the Rights Shares

The Company will apply to the GEM Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of the dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be in the board lots of 4,000 Rights Shares and will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the Nil-Paid Rights or the fully-paid Rights Shares and, regarding Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the Nil-Paid Rights on their behalf.

Conditions of the Rights Issue

The Rights Issue is conditional upon the Underwriting Agreement having become unconditional and not being terminated in accordance with the terms thereof.

THE UNDERWRITING AGREEMENT

The Underwriting Agreement

On 14 August 2024 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter, pursuant to which the Underwriter has conditionally agreed to fully underwrite up to 86,000,000 Rights Shares, subject to the terms and conditions of the Underwriting Agreement.

Principal terms of the Underwriting Agreement

Date: 14 August 2024 (after trading hours)

Underwriter: Raffaello Securities (HK) Limited

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Underwriter and its ultimate beneficial owner(s) are Independent Third Parties. The Underwriter confirmed that it has complied with Rule 10.24A of the GEM Listing Rules

Number of Rights Shares to be underwritten: Up to 86,000,000 Rights Shares (assuming no Shares are issued or repurchased on or before the Record Date), on fully underwritten basis

Underwriting Commission: 7.07% of the aggregate subscription amount in respect of the Underwritten Shares, being the gross proceeds from the Rights Issue

The terms of the Underwriting Agreement, including the underwriting commission rate, were determined after arm's length negotiation between the Company and the Underwriter with reference to the existing financial position of the Group, the size of the Rights Issue, and the current and expected market condition. The Directors consider the entering into of the Underwriting Agreement with the Underwriter and the terms of the Underwriting Agreement (including the underwriting commission) is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Conditions of the Underwriting Agreement

The Rights Issue is conditional upon:

- (a) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of the Prospectus Documents in compliance with the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;
- (b) the posting of the Prospectus Documents to the Qualifying Shareholders on or before the Prospectus Posting Date;
- (c) the GEM Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares, in nil-paid and fully-paid forms;
- (d) the obligations of the Underwriter becoming unconditional and the Underwriting Agreement not being terminated in accordance with its terms on or before the Latest Time for Termination; and
- (e) the representation, warranties and undertakings of the Company as set out in the Underwriting Agreement remaining true and accurate in all material respects.

Save for the condition (e) which can be waived by the Underwriter, none of the above conditions can be waived. If any of the conditions above is not fulfilled or waived (where applicable) in whole or in part by the Underwriter by the Latest Time for Termination, the Underwriting Agreement shall terminate and no party thereto shall have any claim against the other party for costs, damages, compensation or otherwise save for any antecedent breaches.

Termination of the Underwriting Agreement

The Underwriter shall be entitled by giving notice in writing to the Company prior to the Latest Time for Termination to terminate the Underwriting Agreement if:

- (a) in the reasonable opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - (i) the introduction of any law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Underwriter, would materially and adversely affect the business or the financial or trading position of the Group as a whole or would be materially adverse in the context of the Rights Issue; or
 - (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof), of a political, military, financial, economic or other nature (whether or not ejusdem generic with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter, would materially and adversely affect the business or the financial or trading position or prospect of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (b) any material adverse change in market conditions (including, without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction of trading in securities) occurs which in the reasonable opinion of the Underwriter are likely to materially and adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (c) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of the Underwriter will materially and adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (d) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out;
or

- (e) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (f) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the reasonable opinion of any of the Underwriter, a material omission in the context of the Rights Issue; or
- (g) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of this announcement, the Prospectus Documents or other announcements or circulars in connection with the Rights Issue.

The Underwriter shall be entitled by notice in writing to rescind this Agreement if prior to the Latest Time for Termination:

- (a) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (b) any Specified Event comes to the knowledge of the Underwriter.

Irrevocable Undertaking

As at the date of this announcement, the Company has not received any information from any Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them under the Rights Issue.

EXPECTED TIMETABLE FOR THE RIGHTS ISSUE

Set out below is the expected timetable for the Rights Issue which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled.

Expected timetable **2024**
(Hong Kong time)

Announcement of the Rights Issue Wednesday, 14 August

Last day of dealings in Shares on a cum-rights basis Monday, 19 August

First day of dealings in the Shares on an ex-rights basis Tuesday, 20 August

Expected timetable**2024
(Hong Kong time)**

Latest time for lodging transfer of Shares in order to qualify for the Rights Issue	4:30 p.m., Wednesday, 21 August
Register of members of the Company closes	Thursday, 22 August to Wednesday, 28 August (both days inclusive)
Record Date for determining entitlements to the Rights Issue	Wednesday, 28 August
Register of members of the Company re-opens	Thursday, 29 August
Despatch of Prospectus Documents (in the case of Non-Qualifying Shareholders, the Prospectus only)	Thursday, 29 August
First day of dealing in Nil-Paid Rights	Monday, 2 September
Latest time for splitting of the PAL	4:30 p.m on Wednesday, 4 September
Last day of dealing in Nil-Paid Rights	Monday, 9 September
Latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares	4:00 p.m on Thursday, 12 September
Latest Time for Termination for the Rights Issue to become unconditional	4:00 p.m on Friday, 13 September
Announcement of results of the Rights Issue	Friday, 20 September
Despatch of certificates for fully-paid Rights Shares and refund cheques, if any, in respect of wholly or partially unsuccessful application for excess Rights Shares	Monday, 23 September
Expected first day of dealings in fully-paid Rights Shares	Tuesday, 24 September

Dates or deadlines specified in expected timetable above or in other parts of this announcement are indicative only and may be varied by agreement between the Company and Underwriter. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The latest time for acceptance of and payment for Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning and/or “extreme conditions caused by super typhoons” as announced by the Hong Kong Government:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same day; and
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. Instead the latest time of acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares does not take place on the Latest Acceptance Date, the dates mentioned in the section headed “Expected timetable for the Rights Issue” above may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

CHANGE IN SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE

For illustration purposes only, set out below is the shareholding structure of the Company as at the date of this announcement, and the effect on the shareholding structure of the Company upon completion of the Rights Issue in the manner contemplated under the Underwriting Agreement (assuming no Shares are issued or repurchased by the Company on or before the Record Date and assuming the maximum number of Rights Issues are issued):

	As at the date of this announcement		Immediately after completion of the Rights Issue assuming full acceptance by the Qualifying Shareholders		Immediately after completion of the Rights Issue assuming nil acceptance by the Qualifying Shareholders (Note 5)	
	Number of issued Shares	%	Number of issued Shares	%	Number of issued Shares	%
Substantial Shareholder(s)						
Hero Global Limited (“ Hero Global ”) (Note 1)	219,801,980	51.12	263,762,376	51.12	219,801,980	42.60
Icon Global Holding Limited (“ Icon Global ”) (Note 2)	80,198,020	18.65	96,237,624	18.65	80,198,020	15.54
Director(s)						
Tian Zhiwei (Note 3)	15,000,000	3.49	18,000,000	3.49	15,000,000	2.91
Public Shareholders						
Underwriter (Note 4)	–	–	–	–	51,084,000	9.90
Sub-underwriters and/or other subscribers procured by the Underwriter or sub-underwriters (Note 4)	–	–	–	–	34,916,000	6.77
Other public shareholders	115,000,000	26.74	156,000,000	26.74	115,000,000	22.28
Total	430,000,000	100.00	516,000,000	100.00	516,000,000	100.00

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) Mr. Tian Zhiwei is an executive Director.
- (4) Pursuant to the Underwriting Agreement, the Underwriter undertakes to the Company that:
- (a) without affecting the Underwriter's obligation to underwrite all the Underwritten Shares (whether to underwrite the same by itself or procure sub-underwriting of the same), the Underwriter shall not subscribe, for its own account, for such number of Underwritten Shares, which will result in the aggregate shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to exceed 9.9% upon completion of the Rights Issue;
 - (b) the Underwriter shall use all reasonable endeavours to ensure that each of the sub-underwriters or subscribers or purchasers of the Underwritten Shares procured by it (i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Company, any of the Directors, chief executive of the Company or substantial shareholders of the Company or their respective associates (as defined in the GEM Listing Rules); and (ii) shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold such number of Underwritten Shares which in aggregate exceed 9.9% of the total number of issued Shares upon completion of the Rights Issue; and
 - (c) the Underwriter shall use all reasonable endeavours to procure that the minimum public float requirement under the GEM Listing Rules be fulfilled by the Company upon completion of the Rights Issue.

Based on the above undertakings, neither the Underwriter, sub-underwriter nor any subscribers procured by them shall hold more than 9.9% of the total number of issued Shares upon completion of the Rights Issue. As such, the Company should be in compliance with the minimum public float requirement under Rule 11.23(7) of the GEM Listing Rules upon completion of the Rights Issue.

- (5) This scenario is for illustrative purpose only and also assumes that the Underwriter subscribes for the maximum number of Rights Shares of up to 9.9% of shareholding in the Company in compliance with its undertaking as stated in note (4) above.
- (6) The above percentages are subject to rounding adjustments.

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

The Company has conducted and completed the following equity fund raising activities during the 12 months immediately preceding the date of this announcement:

Date of announcement	Event	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
29 December 2023	New Shares placing under general mandate	HK\$43.5 million	Working capital to develop finance leasing business and trading of medical equipment and consumable business of the Group	HK\$43.5 million have been utilised as working capital to develop trading of medical equipment and consumable business of the Group

Save as the abovementioned, the Company had not conducted any other fundraising exercise in the past 12 months immediately preceding the date of this announcement.

REASONS FOR THE RIGHTS ISSUE AND THE 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 Group's two business segments, namely medical equipment finance leasing services and trading of medical equipment and consumable businesses in the PRC are both capital intensive businesses. During the year ended 31 December 2023, the Group has been focusing on provision of finance leasing services to small and medium sized (SME) customers in the medical equipment industry in various provinces, municipalities, and autonomous regions in the PRC. The finance lease offered by the Group comprises direct finance leasing and sale-leaseback. The Group provided services to approximately 4,800 SMEs customers across 30 provinces, municipalities and autonomous regions in the PRC as at 31 December 2023. The Group recorded a revenue of RMB25.1 million and segment profit of RMB5.83 million from the finance leasing services during the year ended 31 December 2023. Leveraging on the medical equipment finance leasing services business, the Group has also been able to cooperate with medical equipment suppliers and develop its trading of medical equipment and consumable businesses in the PRC, mainly focusing on aesthetic medicine, dental, maternal and child and large hospital medical equipment. The Group recorded a revenue of RMB417.0 million and segment profit of RMB34.2 million from its trading of medical equipment and consumables business for the year ended 31 December 2023. The Directors believe that with the PRC government's policy of encouraging innovation in medical equipment and promoting high quality development of medical equipment industry, there will be potential to further develop and grow its trading of medical equipment and consumable businesses in the PRC. As both the medical equipment finance leasing services and trading of medical equipment and consumable businesses require intensive capital to support growth, the Directors believe that the Rights Issue will be beneficial to the Group's businesses and also its financial position. The net proceeds of HK\$43.5 million raised in the new Shares placing announced on 29 December 2023 have been applied towards developing the trading of medical equipment and consumable business of the Group, and have been utilized in full as at 30 June 2024.

Based on above, the Company intends to apply the net proceeds from the Rights Issue as follows: as to (i) approximately HK\$71,550,000 towards developing the Group's medical equipment finance leasing services and trading of medical equipment and consumable businesses; and (ii) approximately HK\$7,950,000 towards the Group's general working capital. The Company will apportion the net proceeds between the medical equipment finance leasing services and trading of medical equipment and consumable businesses according to business needs.

The net proceeds of the Rights Issue are estimated to be up to approximately HK\$79,500,000 after the deduction of the underwriting commission and other estimated expenses (assuming full acceptance of the Rights Issue and assuming that no new Shares will be allotted or issued on or before the Record Date). The estimated net subscription price per Rights Share after deducting the related expenses of the Rights Issue is expected to be approximately HK\$0.92. The aggregate nominal value of the Rights Shares will be approximately HK\$8,600,000 (assuming no change in number of Shares on or before the Record Date).

The Board has considered alternative methods of raising funds, including debt financing and equity placement. The Directors noted that bank borrowings will carry interest costs and may require the provision of security and creditors will rank before the Shareholders, and placings will dilute the interests of Shareholders without giving them the opportunity to take part in the exercise. In contrast to an open offer, the Rights Issue allows Shareholders to sell the nil-paid rights in the market. The Rights Issue presents an opportunity for Qualifying Shareholders to maintain their respective pro-rata shareholding in the Company and actively partake in its future growth and development.

In addition, the Rights Issue is pre-emptive in nature, allowing Qualifying Shareholders to maintain their respective pro-rata shareholding through their participation in the Rights Issue. Pursuant to the Rights Issue, the Qualifying Shareholders may (a) increase their respective interests in the shareholding of the Company by acquiring additional rights entitlement in the open market (subject to availability); or (b) reduce their respective interests in the shareholding of the Company by disposing of their rights entitlements in the open market (subject to market demand). The Board considers that the Rights Issue effected on a pro-rata basis gives all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company.

Considering the above factors, the Board believes that raising capital through the Rights Issue is in the best interests of both the Company and its Shareholders as a whole. Furthermore, having assessed the capital requirements of the Group, the terms of the Rights Issue, and the Subscription Price, the Board has concluded that it is beneficial for the Company to proceed with the Rights Issue.

GENERAL

Subject to the fulfilment of certain conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other things, the Prospectus setting out details of the Rights Issue, the PAL and EAF to the Qualifying Shareholders on Thursday, 29 August 2024. A copy of the Prospectus will also be made available on the websites of the Company (www.ziyygroup.com) and the Stock Exchange (www.hkexnews.hk). The Company will despatch copies of the Prospectus to the Non-Qualifying Shareholders (if any) for their information only, but will not send any PAL or EAF to them.

GEM LISTING RULES IMPLICATIONS

As the proposed Rights Issue will not increase either the total number of issued shares or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding the date of this announcement and it is not underwritten by a Director, chief executive or substantial shareholder of the Company (or any of their respective close associates), the proposed Rights Issue will not be subject to the approval of the Shareholders in general meeting pursuant to Rule I 0.29 of the GEM Listing Rules.

The Company has not conducted any rights issue, open offer or specific mandate placing within the 12-month period immediately preceding the date of this announcement, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities within such 12-month period. The proposed Rights Issue does not result in a theoretical dilution effect of 25% or more on its own.

The public float requirements under the GEM Listing Rules shall be fulfilled by the Company at all times, and the Company will take all appropriate steps to ensure that sufficient public float be maintained at all times in compliance with Rule 11.23(7) of the GEM Listing Rules.

WARNING OF THE RISKS OF DEALING IN THE EXISTING SHARES AND NIL-PAID RIGHTS

Shareholders should note that the Shares are expected to be dealt in on an ex-right basis from Tuesday, 20 August 2024. Dealings in the Rights Shares in the nil-paid form will take place from Monday, 2 September 2024 to Monday, 9 September 2024 (both dates inclusive).

Any Shareholder or other person contemplating selling or purchasing the Shares and/or Nil-Paid Rights up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and the public are reminded to exercise caution when dealings in the Shares and any dealings in the Rights Shares in their nil-paid form from Monday, 2 September 2024 to Monday, 9 September 2024 (both dates inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or Nil-Paid Rights are recommended to consult their own professional advisers.

DEFINITIONS

Unless the context otherwise requires, terms used in this announcement shall have the following respective meanings:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associates”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday or Sunday or public holiday or a day on which a tropical cyclone warning signal no. 8 or above or “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended from time to time)
“Company”	Ziyuanyuan Holdings Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM (Stock Code: 8223)
“connected person(s)”	has the same meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“EAF(s)” or “Excess Application Form(s)”	the form(s) of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares, being in such form as may be agreed between the Company and the Underwriter
"GEM"	GEM operated by the Stock Exchange

“GEM Listing Committee”	has the same meaning ascribed to it under the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company, and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are independent of the Company and any connected person(s) of the Company or any of their respective associates, and not a connected person of the Company
“Last Trading Day”	Wednesday, 14 August 2024, being the last full trading day of the Shares on the Stock Exchange prior to the release of this announcement
“Latest Acceptance Date”	Thursday, 12 September 2024
“Latest Lodging Time”	4:30 p.m. on Wednesday, 21 August 2024 or such other date as the Underwriter and the Company may agree, being the latest time for the Shareholders to lodge transfer of Shares in order to qualify for the Rights Issue
“Latest Time for Termination”	4:00 p.m. on Friday, 13 September 2024 or such later time or date as may be agreed between the Company and the Underwriter, being the latest time to terminate the Underwriting Agreement
“Nil-Paid Rights”	rights to subscribe for Rights Shares (in the form of Rights Shares in nil-paid form) before the Subscription Price is paid

“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, based on legal advice provided by legal advisers in the relevant jurisdictions, consider it necessary or expedient to exclude from the Rights Issue, on account either of the restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Overseas Shareholder(s)”	Shareholder(s) whose names appear on the register of members of the Company as at the close of business on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong
“PAL(s)” or “Provisional Allotment Letter(s)”	the renounceable provisional allotment letter(s) in respect of the Rights Issue to be issued to the Qualifying Shareholders
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL and the EAF
“Prospectus Posting Date”	means Thursday, 29 August 2024 (or such later date as may be agreed between the Underwriter and the Company) for the despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus to the Non-Qualifying Shareholders (as the case may be)
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear on the register of members of the Company as at the close of business on the Record Date
“Record Date”	Wednesday, 28 August 2024 or such other date as may be agreed between the Company and the Underwriter in writing for the determination of the entitlements under the Rights Issue
“Registrar”	the branch share registrar and transfer office of the Company, being Tricor Investor Services Limited at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong

“Rights Issue”	the proposed offer of the Rights Shares to the Qualifying Shareholders at the Subscription Price, on the basis of one (1) Rights Share for every five (5) existing Shares held by each Qualifying Shareholder on the Record Date, subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Rights Shares”	the new Share(s) to be allotted and issued in respect of the Rights Issue
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Specified Event”	an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before such date would have rendered any of the warranties contained in the Underwriting Agreement untrue or inaccurate in any material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$1.00 per Rights Share
“substantial shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“subsidiary(ies)”	has the same meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers and Share Buy-backs
“Underwriter”	Raffaello Securities (HK) Limited, a corporation licensed to carry on type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO

“Underwriting Agreement”	the underwriting agreement dated 14 August 2024 and entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Shares”	up to 86,000,000 Rights Shares
“United States” or “US”	the United States of America (including its territories and dependencies, any state in the US and the District of Columbia)
“US person(s)”	any person(s) or entity(ies) deemed to be a US person for the purposes of Regulation S under the US Securities Act of 1933, as amended
“%”	per cent or percentage

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

Hong Kong, 14 August 2024

As at the date of this announcement, the executive Directors are Mr. Zhang Junshen (Chairman and Chief Executive Officer) and Mr. Tian Zhiwei, 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 for at least 7 days from the date of its posting and on the website of the Company at www.ziyygroup.com.