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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)

INSIDE INFORMATION PROFIT WARNING

This announcement is made by Ziyuanyuan Holdings Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (“**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary review of the latest unaudited consolidated management accounts of the Group for the nine months ended 30 September 2021 (the “**Reporting Period**”) and other information currently available to the Group, the Group is expected to record a significant decrease in profit attributable to equity owners of the Company for the Reporting Period by approximately 60% as compared with that for the nine months ended 30 September 2020 of approximately RMB9.9 million. The decrease in profit for the Reporting Period was primarily attributable to the following reasons:

- (i) in response to the impact of the Covid-19 epidemic on the increase in customers’ past due ratio, the Group’s finance leasing services have adjusted the target industries from the former printing and logistics industries to the medical equipment industry in 2020, focused on risk management, lowering the internal rate of return to improve asset quality and minimizing risks, resulting in a decrease in the revenue of financial leasing services during the Reporting Period;
- (ii) the Group launched maternal and child postpartum care industry services and trading of medical equipment and consumables business (the “**New Businesses**”) in the second half of 2020 and the beginning of current year respectively, the number of employees of the Group increased significantly during the period to develop and manage the New Businesses, resulting in an increase in staff costs of the Group during the Reporting Period; and
- (iii) in the second half of 2020, the Group hired a new head office in Shenzhen, the PRC in order to develop the New Businesses and accommodate the increase in number of staff, which leads to the increase in depreciation of property, plant and equipment and office expenses during the Reporting Period.

The information contained in this announcement is based on the information currently available to the Group and the Board's preliminary review of the unaudited consolidated management accounts of the Group for the Reporting Period, and is not based on any figures or information audited or reviewed by the auditor or the audit committee of the Company. Therefore, the above information is subject to adjustments and may be different from the unaudited third quarterly results of the Group for the Reporting Period. Shareholders and potential investors are advised to read carefully the unaudited consolidated third quarterly results announcement of the Group for the Reporting Period, which will be published on 10 November 2021.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 5 November 2021

As at the date of this announcement, the executive Directors are Mr. Zhang Junshen (Chairman and Chief Executive Officer), Mr. Zhang Yong, 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 Mr. Lin Weibin.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange 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 of the website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the website of the Company at www.ziyygroup.com.