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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
THE PROVISION OF GUARANTEE**

PROVISION OF GUARANTEE

On 11 September 2023, Ruiheng, a wholly owned subsidiary of the Company, entered into the 2023 Cooperation Agreement with China Construction Bank, 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. The individual loan period and amount of each of the Trading Loans are not exceeding 36 months and RMB1,000,000 (equivalent to approximately HK\$1,090,000) respectively. The use of Trading Loans is exclusive for the purchase of dental medical equipment from Ruiheng.

According to the 2023 Cooperation Agreement, the Guarantors shall execute the Guarantee in favour of China Construction Bank to guarantee all repayment obligations of the Customers under the Trading Loan Agreements to be granted by China Construction Bank. On the date of this announcement, the additional Guarantee amounts in aggregate since the announcement of the Company dated 26 July 2023 was approximately RMB25,740,000 (equivalent to approximately HK\$28,057,000) and in relation to 142 Customers. The additional Guarantee amounts in aggregate in the past twelve months from 14 December 2023 was approximately RMB110,944,000 (equivalent to approximately HK\$120,929,000).

GEM LISTING RULES IMPLICATIONS

As the relevant applicable percentage ratios under Rule 19.07 of the GEM Listing Rules in respect of the Guarantee, on standalone basis, are lower than 5%, such Guarantee is exempted from the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

Pursuant to Rule 19.22 of the GEM Listing Rules, as one of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Guarantee provided by the Company and Ruiheng to China Construction Bank within the past twelve months, on aggregated basis, exceeds 5% but all the percentage ratios are less than 25%, the Guarantee constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements but exempt from the circular and shareholders' approval requirements under the GEM Listing Rules.

BACKGROUND

References are made to the announcements of the Company dated 20 July 2022, 9 December 2022, 7 February 2023, 17 April 2023 and 26 July 2023 (the “**Announcements**”) in relation to provision of the Guarantee by the Company and Ruiheng, a wholly owned subsidiary of the Company, in favour of China Construction Bank. As stated in the Announcements, Ruiheng entered into the 2021 Cooperation Agreement and 2022 Cooperation Agreement with China Construction Bank, 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). 2021 Cooperation Agreement and 2022 Cooperation Agreement were expired on 26 August 2022 and 29 August 2023 respectively, Ruiheng entered into the 2023 Cooperation Agreement with China Construction Bank, 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 on 11 September 2023. The individual loan period and amount of each of the Trading Loans are not exceeding 36 months and RMB1,000,000 (equivalent to approximately HK\$1,090,000) respectively. The use of Trading Loans is exclusive for the purchase of dental medical equipment from Ruiheng.

According to the 2023 Cooperation Agreement, the Guarantors shall execute the Guarantee in favour of China Construction Bank to guarantee all repayment obligations of the Customers under the Trading Loan Agreements to be granted by China Construction Bank. On 26 July 2023, the Guarantee amounts in aggregate was approximately RMB29,525,000 (equivalent to approximately HK\$32,182,000) and in relation to 138 Customers.

On the date of this announcement, (i) the additional Guarantee amounts in aggregate since the announcement of the Company dated 26 July 2023 was approximately RMB25,740,000 (equivalent to approximately HK\$28,057,000) and in relation to 142 Customers; (ii) the additional Guarantee amounts in aggregate in the past twelve months from 14 December 2023 was approximately RMB110,944,000 (equivalent to approximately HK\$120,929,000); and (iii) the Guarantee amounts in aggregate since the date of entering into the 2021 Cooperation Agreement was approximately RMB146,929,000 (equivalent to approximately HK\$160,153,000).

2023 COOPERATION AGREEMENT

Set out below are the principal terms of the 2023 Cooperation Agreement:

Date: 11 September 2023

Parties:

China Construction Bank Shenzhen Branch
(中國建設銀行深圳支行)

Shenzhen Ruiheng Medical Supply Chain Co., Ltd.
(深圳市瑞恒醫療供應鏈有限公司)
(a wholly-owned subsidiary of the Company)

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of China Construction Bank and its ultimate beneficial owners is an Independent Third Party.

Guarantee:

According to the 2023 Cooperation Agreement, the Guarantors shall execute the Guarantee in favour of China Construction Bank to guarantee all repayment obligations of the Customers under the Trading Loan Agreements to be granted by China Construction Bank including the loan principal, accrued interest thereon (including compound interest and penalty interest), liquidated damages, compensation, debt interest that should be doubled during the period of delayed performance of effective legal documents such as judgment or mediation and all expenses arising from the enforcement of rights by China Construction Bank under the relevant Trading Loan Agreements, including but not limited to litigation fee, arbitration fee, property preservation fee, travel expense, execution fee, appraisal fee, auction fee, notarial fee, service fee, announcement fee, legal fee, etc..

The terms of the 2023 Cooperation Agreement, including the Guarantee amount, were negotiated and entered into on an arm's length basis and on normal commercial terms. The Guarantee amount was determined with reference to the amount of Trading Loans to be granted to the Customers, which is based on the prevailing market price of the dental medical equipment, and the amount which would be incurred by the Customers from the repayment obligations under the relevant Trading Loan Agreements.

Security Deposit

Prior to the release the Trading Loans by China Construction Bank to the Customers, Ruiheng shall pay an interest-free deposit not less than 5% of the Trading Loans amount to China Construction Bank, in order to secure the repayment obligations by Customers under the Trading Loan Agreements. As at 14 December 2023, security deposit of RMB12,000,000 (equivalent to approximately HK\$13,080,000) was paid to China Construction Bank in advance by Ruiheng.

Upon expiry of the Guarantee term, China Construction Bank shall return the security deposit (without interest) in full to Ruiheng.

Expiry of the Guarantee term

Ruiheng's obligation to guarantee the relevant Trading Loans of the Customers will commence from the date on which China Construction Bank releases the Trading Loans under the Trading Loan Agreements to the relevant Customers and will terminate when China Construction Bank receives all outstanding amounts due from Customers.

INFORMATION OF THE GROUP AND THE PARTIES TO THE 2023 COOPERATION AGREEMENT

China Construction Bank

China Construction Bank is a licensed bank established under the laws of the PRC, which is principally engaged in the provision of corporate and personal banking and other financial services in the PRC. Based on information publicly available to the Company, China Construction Bank is a subsidiary of China Construction Bank Corporation, a company listed on the Shanghai Stock Exchange (stock code: 601939) and the Stock Exchange (stock code: 939), and the ultimate beneficial owner of China Construction Bank is China Investment Corporation.

Ruiheng

Ruiheng is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. Ruiheng is principally engaged in trading of medical equipment and consumables business in the PRC.

REASONS FOR AND BENEFITS OF THE PROVISION OF THE GUARANTEE

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 Board believes that the provision of the Guarantee by the Company and Ruiheng in favour of China Construction Bank to guarantee the repayment obligations of the Customers will be beneficial to facilitate the sale of dental medical equipment and realise the capital recovery.

The Board considered that the 2023 Cooperation Agreement and the transactions contemplated thereunder are on normal commercial terms which are made on an arm's length basis. In view of the above, the Board considers that the terms of the 2023 Cooperation Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As the relevant applicable percentage ratios under Rule 19.07 of the GEM Listing Rules in respect of the Guarantee, on standalone basis, are lower than 5%, such Guarantee is exempted from the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

Pursuant to Rule 19.22 of the GEM Listing Rules, as one of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Guarantee provided by the Company and Ruiheng to China Construction Bank within the past twelve months, on aggregated basis, exceeds 5% but all the percentage ratios are less than 25%, the Guarantee constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements but exempt from the circular and shareholders' approval requirements under the GEM Listing Rules.

DEFINITIONS

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

“2021 Cooperation Agreement”	the one-year cooperation agreement dated 27 August 2021 and entered into between China Construction Bank and Ruiheng, 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 for the period from 27 August 2021 to 26 August 2022. The individual loan period and amount of each of the Trading Loans are not exceeding 36 months and RMB500,000 (equivalent to approximately HK\$545,000) respectively
“2022 Cooperation Agreement”	the cooperation agreement dated 30 August 2022 and entered into between China Construction Bank and Ruiheng, 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 for the period from 30 August 2022 to 29 August 2023. The individual loan period and amount of each of the Trading Loans are not exceeding 36 months and RMB1,000,000 (equivalent to approximately HK\$1,090,000) respectively
“2023 Cooperation Agreement”	the cooperation agreement dated 11 September 2023 and entered into between China Construction Bank and Ruiheng, 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 for the period from 11 September 2023 to 10 September 2024. The individual loan period and amount of each of the Trading Loans are not exceeding 36 months and RMB1,000,000 (equivalent to approximately HK\$1,090,000) respectively
“Board”	the board of Directors
“China Construction Bank”	China Construction Bank Shenzhen Branch

“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)
“Customers”	customer(s) who purchase dental medical equipment from Ruiheng
“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
“Group”	the Company and its subsidiaries
“Guarantee”	the irrevocable joint liability guarantee dated 27 August 2021, 30 August 2022 and 11 September executed by the Guarantors in favour of China Construction Bank, pursuant to which the Guarantors shall provide joint liability guarantee for the Customers’ obligations to China Construction Bank under the Trading Loan Agreements
“Guarantors”	the Company, Ruiheng, 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
“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
“Mr. Zhang”	Mr. Zhang Junshen, an executive Director and the controlling shareholder 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
“Ruiheng”	Shenzhen Ruiheng Medical Supply Chain Co., Ltd. (深圳市瑞恒醫療供應鏈有限公司), a company established in the PRC with limited liability, and a wholly-owned subsidiary of the Company
“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

“Trading Loan Agreements”	agreements entered into between China Construction Bank and Customers since 27 August 2021
“Trading Loans”	loans borrowed by the Customers from China Construction Bank for the purchase of the dental medical equipment from Ruiheng
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

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

Hong Kong, 14 December 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\$1.09. 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.

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 for at least 7 days from the date of its posting and on the website of the Company at www.ziyygroup.com.