



Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話 : +852 2218 8288
傳真 : +852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

The Board of Directors
Ziyuanyuan Holdings Group Limited
Unit 6A, 4/F., Wing On Plaza
62 Mody Road, Kowloon
Hong Kong

17 September 2024

Our ref: 081313/RI0824/1709

Dear Sirs,

**Ziyuanyuan Holdings Group Limited (the “Company”)
Consent letter**

We refer to the prospectus dated 17 September 2024 (the “Prospectus”) in connection with a proposed rights issue (the “Proposed Rights Issue”), a final proof of which is attached and initialled by us on its front cover for the purpose of identification. Terms and definitions used in this letter have the same meaning as those in the Prospectus.

We hereby consent to the inclusion of (i) our accountants’ report dated 17 September 2024 on the unaudited pro forma financial information of the Group as set out in Appendix II to the Prospectus; and (ii) the references to our name in the form and context in which they are included.

We also hereby consent to a copy of this letter and the above-named report being published on the HKEX’s website and the Company’s own website as described in the paragraph headed “DOCUMENTS ON DISPLAY” in Appendix III to the Prospectus.

Yours faithfully,
BDO Limited

MOC/CTL/wl

Encl.

THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus, you should obtain independent professional advice.

If you have sold or transferred all your shares in Ziyuanyuan Holdings Group Limited (the "Company"), you should at once hand this Prospectus and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, stockbroker or licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed "16. Documents delivered to the Registrar of Companies" in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of any of these documents.

Dealings in the Rights Shares in their nil-paid and fully-paid forms may be settled through CCASS. You should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

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 their respective commencement dates of dealings in the Rights Shares on the Stock Exchange or such other dates as 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 settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of the Prospectus Documents, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.



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)

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



Underwriter to the Rights Issue

RaffAello

Securities (HK) Ltd

Raffaello Securities (HK) Limited

Capitalised terms used in this cover page shall have the same meanings as defined in this Prospectus.

Dealings in the Rights Shares in the nil-paid form will take place from Friday, 20 September 2024 to Friday, 27 September 2024 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Friday, 20 September 2024 to Friday, 27 September 2024 (both dates inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

The Underwriting Agreement contains provisions granting the Underwriter, by notice in writing to the Company, served prior to the Latest Time for Termination, the right to terminate the Underwriting Agreement on the occurrence of certain events including force majeure. These certain events are set out in the section headed "Termination of the Underwriting Agreement" on pages 8 to 9 of this Prospectus. If the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed.

The latest time for acceptance of, and payment for, the Rights Shares is 4:00 p.m. on Thursday, 3 October 2024. The procedures for acceptance and payment for or transfer of the Rights Share are set out in the Letter from the Board on pages 18 to 19 of this Prospectus.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

The Rights Issue will proceed on a fully underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares and is subject to the fulfilment of conditions. Please refer to the section headed "Conditions of the Rights Issue" in this Prospectus.

17 September 2024

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

CONTENTS

	<i>Page</i>
DEFINITIONS	1
EXPECTED TIMETABLE	6
TERMINATION OF THE UNDERWRITING AGREEMENT	8
LETTER FROM THE BOARD	10
APPENDIX I – FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II – UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP	II-1
APPENDIX III – GENERAL INFORMATION	III-1

DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following terms or expressions shall have the following meanings:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Announcement”	the announcement of the Company dated 14 August 2024 relating to, among other things, the Rights Issue
“Articles”	the articles of association for the time being adopted by the Company and as amended from time to time
“associates”	has the meaning ascribed to it under the 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 紫元元控股集團有限公司, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM (Stock Code: 8223)
“connected person”	has the meaning ascribed to it under the Listing Rules
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company

DEFINITIONS

“EAF(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 meaning ascribed to it under the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	third party(ies) who, to the best of the Director’s 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”	14 August 2024, being the last full trading day of the Shares on the Stock Exchange prior to the release of the Announcement
“Latest Acceptance Date”	3 October 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 Practicable Date”	12 September 2024, being the latest practicable date prior to the printing of this Prospectus for ascertaining certain information contained herein

DEFINITIONS

“Latest Time for Acceptance”	4:00 p.m. on Thursday, 3 October 2024 or such later time or date as may be agreed between the Underwriter and the Company, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents
“Latest Time for Termination”	4:00 p.m. on Friday, 4 October 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
“Macau”	the Macau Special Administrative Region of the PRC
“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 Board, based on legal advice provided by legal advisers in the relevant jurisdictions, considers 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)”	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 Prospectus, excludes Hong Kong, Macau and Taiwan
“Prospectus”	this prospectus to be issued by the Company in relation to the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL and the EAF

DEFINITIONS

“Prospectus Posting Date”	Tuesday, 17 September 2024 (or such later date as may be agreed between the Underwriter and the Company) for the sending the Prospectus Documents to the Qualifying Shareholders or the Prospectus to the Non-Qualifying Shareholders for information only (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 17/F, 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 Share(s)”	the new Share(s) to be allotted and issued in respect of the Rights Issue
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	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)”	holder(s) of the Share(s)

DEFINITIONS

“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”	HK\$1.0 per Rights Share
“substantial shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“subsidiary(ies)”	has the meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers and Share Buy-backs (as amended and supplemented from time to time)
“Trial Administrative Measures”	the “Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies”(境內企業境外發行證券和上市管理試行辦法)(Announcement of the CSRC [2023] No. 43)
“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 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Share”	up to 86,000,000 Rights Shares
“%”	per cent

EXPECTED TIMETABLE

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:

Event	2024 (Hong Kong time)
First day of dealing in Nil-Paid Rights	Friday, 20 September
Latest time for splitting of the PAL	4:30 p.m. on Thursday, 24 September
Last day of dealing in Nil-Paid Rights	Friday, 27 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, 3 October
Latest Time for Termination for the Rights Issue to become unconditional	4:00 p.m. on Friday, 4 October
Announcement of results of the Rights Issue	Thursday, 10 October
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, 14 October
Expected first day of dealings in fully-paid Rights Shares	Tuesday, 15 October

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.

EXPECTED TIMETABLE

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 this section 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.

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

TERMINATION OF THE UNDERWRITING AGREEMENT

- (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 the 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 the Underwriting 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.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Zhang Junshen (*Chairman and
Chief Executive Officer*)

Mr. Tian Zhiwei

Non-executive Director:

Mr. Lyu Di

Independent non-executive Directors:

Mr. Chan Chi Fung Leo

Mr. Chow Siu Hang

Dr. Deng Bin

Registered Office:

Sertus Incorporations (Cayman) Limited

Sertus Chambers, Governors Square

Suite #5-204,

23 Lime Tree Bay Avenue

P.O. Box 2547, Grand Cayman

KY1-1104, Cayman Islands

Principal Office in Hong Kong:

Unit 6A, 4/F., Wing On Plaza

62 Mody Road, Kowloon

Hong Kong

17 September 2024

To the Qualifying Shareholders, and for information only, the Non-Qualifying Shareholders

Dear Sir/Madam,

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

INTRODUCTION

References are made to the announcements of the Company dated 14 August 2024 and 23 August 2024 in relation to, among other things, the Rights Issue. The purpose of this Prospectus is to provide you with, among other things, (i) further details of the Rights Issue; (ii) the financial information of the Group; (iii) the unaudited pro forma financial information of the Group; and (iv) the general information of the Group.

LETTER FROM THE BOARD

On 14 August 2024 (after trading hours), the Board announced that 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.

On 14 August 2024 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter in respect of the Rights Issue, details of which are set out in the section headed “The Underwriting Agreement” in this Letter from the Board. On 23 August 2024 (after trading hours), the Company and the Underwriter entered into a supplemental agreement to revise dates of certain events in relation to the Rights Issue. Save for the revision to the timetable for the Rights Issue, there is no other change to the terms of the Underwriting Agreement.

Further details of the Rights Issue are set out 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

LETTER FROM THE BOARD

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 Latest Practicable Date and 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 Latest Practicable Date, 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;

LETTER FROM THE BOARD

- (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 and Benefits of the Rights Issue and the Use Of Proceeds*" in this Letter from the Board. 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 the Prospectus to them for their information only, but no PAL and 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.

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.

LETTER FROM THE BOARD

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.

As at the Record Date, there were five (5) Overseas Shareholders with registered addresses situated in the British Virgin Islands and the PRC with details as follows:

Jurisdiction	Number of Overseas Shareholder(s)	Aggregate number of Shares held by Overseas Shareholder(s) in the jurisdiction	Approximate percentage of shareholding
British Virgin Islands	2	300,000,000	69.77%
PRC	3	21,000,000	4.88%
Total	5	321,000,000	74.65%

In compliance with the necessary requirements of the GEM Listing Rules, the Company has made reasonable enquiries of the legal requirements regarding the feasibility of extending the Rights Issue to the Overseas Shareholders.

British Virgin Islands

The Company has obtained advice from legal advisers in the British Virgin Islands, and has been advised that under the applicable legislations of the British Virgin Islands there is no restriction under securities law or other similar laws in the British Virgin Islands or requirement of any regulatory body or stock exchange in the British Virgin Islands which would prevent the Company from including the Overseas Shareholders with registered addresses in the British Virgin Islands in the Rights Issue. Accordingly, the Directors have been advised that the extension of the Rights Issue to the Overseas Shareholders with registered addresses in the British Virgin Islands will not violate any applicable law or regulations in the British Virgin Islands, and there is no requirement of the relevant regulatory body or stock exchange in the British Virgin Islands regarding the Rights Issue to the Overseas Shareholders with registered addresses in the British Virgin Islands.

LETTER FROM THE BOARD

The PRC

The Company has also obtained advice from legal advisers in the PRC, and has been advised that according to the Trial Administrative Measures, if the Company falls under the following conditions:

- (i) 50% or more of the Company's operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent accounting year is accounted for by subsidiaries of the Company in the PRC; and
- (ii) the main parts of the Company's business activities are conducted in the PRC, or its main places of business are located in the PRC, or the senior managers in charge of its business operation and management are mostly PRC citizens or domiciled in the PRC,

any offering and listing outside the PRC made by the Company will be determined as indirect and its subsequent securities offerings in the same securities market shall be filed with the CSRC within 3 working days after the offering is completed. As at the Latest Practicable Date, the Rights Issue has not been completed and the Company has not made such filing with the CSRC.

Furthermore, under the Trial Administrative Measures, the target investors of such offering and listing shall be investors outside the PRC, unless the relevant investors in the PRC have otherwise been exempted by or have obtained the necessary and appropriate approvals from the relevant PRC authorities in accordance with the applicable PRC laws and regulations.

Except for the above-mentioned requirements under the Trial Administrative Measures, the Company is not prohibited from and with no registration requirement for extending the Rights Issue to the Overseas Shareholders with registered addresses situated in the PRC under the PRC laws and regulations provided that such shareholders have otherwise been exempted by or have obtained the necessary and appropriate approvals from the relevant PRC authorities in accordance with the applicable PRC laws and regulations.

Having considered the above and the Company's circumstances, the Directors are of the view that the relevant overseas legal restrictions and requirements of the relevant regulatory authorities do not make it necessary or expedient to exclude the Overseas Shareholders with registered addresses situated in the PRC from the Rights Issue.

LETTER FROM THE BOARD

If a Shareholder resident in the British Virgin Islands and the PRC wishes to invest in the Rights Shares, it is the responsibility of such Shareholders to observe the local legal and regulatory requirements applicable to them in their own jurisdiction. The Company will not be responsible for verifying the British Virgin Islands and the PRC legal qualification of such Shareholders and thus, should the Company suffer any losses or damages due to non-compliance with the relevant laws of the British Virgin Islands or the PRC by any such Shareholder, the Shareholder shall be responsible to compensate the Company for the same. The Company shall not be obliged to issue the Rights Shares to any such Shareholder, if issuing the Rights Shares to such Shareholder does not comply with the relevant laws of the the British Virgin Islands and the PRC. The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction.

Accordingly, the Rights Issue will be extended to the Overseas Shareholders having registered addresses in the PRC and the British Virgin Islands and such Overseas Shareholders are Qualifying Shareholders.

The Company will send the Prospectus (without the PAL and the EAF) 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.

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.

LETTER FROM THE BOARD

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.

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, 14 October 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, 14 October 2024 by ordinary post to the applicants at their own risk, to their registered addresses.

LETTER FROM THE BOARD

Procedures for acceptance and payment or transfer

A PAL and a EAF is sent to the Qualifying Shareholders which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein. If a Qualifying Shareholder wishes to accept all the Rights Shares provisionally allotted to him/her/it as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by not later than 4:00 p.m. on Thursday, 3 October 2024. All remittances must be made in Hong Kong dollars (rounded up to 2 decimal points) by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "TRICOR INVESTOR SERVICES LIMITED – A/C NO. 061" and crossed "ACCOUNT PAYEE ONLY". It should be noted that unless the PAL, together with the appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Thursday, 3 October 2024, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled and such Rights Shares will be available for excess application under the EAF by other Qualifying Shareholders. The Company may, at its sole discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicants at a later stage.

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer part or all of his/her/its rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by not later than 4:30 p.m. on Tuesday, 24 September 2024 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL.

LETTER FROM THE BOARD

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order, whether by a Qualifying Shareholder or by any nominated transferee(s), will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If the Underwriter exercises the right to terminate or rescind the Underwriting Agreement or if the condition of the Rights Issue as set out in the section headed "Conditions of the Rights Issue" below is not fulfilled, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Monday, 14 October 2024.

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

LETTER FROM THE BOARD

- (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.

Qualifying Shareholders who wish to apply for the excess Rights Shares in addition to their provisional allotment must complete and sign an EAF (in accordance with the instructions printed thereon) and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Registrar in Hong Kong, Tricor Investor Services Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:00 p.m. on Thursday, 3 October 2024. All remittances must be made in Hong Kong dollars (rounded up to 2 decimal points) and cheques must be drawn on an account with, or cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to **"TRICOR INVESTOR SERVICES LIMITED – A/C NO. 063"** and crossed **"ACCOUNT PAYEE ONLY"**.

LETTER FROM THE BOARD

An announcement of results of acceptance of and excess applications for the Rights Issue will be published on the websites of the Stock Exchange and the Company on Thursday, 10 October 2024. If no excess Rights Shares are allotted and issued to a Qualifying Shareholder, the amount tendered on application is expected to be refunded to that Shareholder in full without any interest by means of cheque(s) despatched by ordinary post and at risk of such Qualifying Shareholder on or before Monday, 14 October 2024. If the number of excess Rights Shares allotted and issued to a Qualifying Shareholder is less than the number applied for, the surplus application monies are also expected to be refunded to such Qualifying Shareholder without any interest by means of cheque(s) despatched by ordinary post and at risk of such Qualifying Shareholder on or before Monday, 14 October 2024.

Application for listing of the Rights Shares

The Company has applied 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.

LETTER FROM THE BOARD

Conditions of the Rights Issue

The Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and not being terminated in accordance with the terms thereof. For details, please refer to the section headed “The Underwriting Agreement – Conditions of the Rights Issue” below.

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 Latest Practicable Date, the Underwriter and its ultimate beneficial owner(s) are Independent Third Parties. The Underwriter confirmed that it has complied with Rule 10.24A(1) 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.

LETTER FROM THE BOARD

Save for the Underwriting Agreement, the Company has not entered into any agreement, arrangement, understanding or undertaking in respect of the Rights Issue with the Underwriter or any of its connected persons and their respective associate.

Conditions of the Rights Issue

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 the terms hereof 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 remain 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. As at the Latest Practicable Date, none of the above conditions has been fulfilled.

Irrevocable undertaking

As at the Latest Practicable Date, 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.

Termination of the Underwriting Agreement

The Underwriter may terminate the Underwriting Agreement by notice in writing given to the Company at any time prior to the Latest Time for Termination upon the occurrence of certain events. For details, please refer to the section headed "Termination of the Underwriting Agreement" on pages 8 to 9 of this Prospectus.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF 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.

LETTER FROM THE BOARD

Based on the above and the Company's present business plan, the Company intends to apply the net proceeds from the Rights Issue as to (i) approximately HK\$71,010,000 towards developing the Group's medical equipment finance leasing services and trading of medical equipment and consumable businesses and (ii) approximately HK\$7,890,000 towards the Group's general working capital. As regards the net proceeds of HK\$71,010,000, the Company proposes to earmark HK\$14,202,000 towards the medical equipment finance leasing services and HK\$56,808,000 towards trading of medical equipment and consumable businesses. Such allocation is based on the Company's current business plan having regard to historical and projected needs of these two business units. The Company may adjust the net proceeds allocation between these two business segments according to business needs. In the event that the Company makes such adjustment to the allocation of the net proceeds, the Company will make announcement in accordance with the requirements of the GEM Listing Rules.

The net proceeds of the Rights Issue are estimated to be up to approximately HK\$78,900,000 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.

LETTER FROM THE BOARD

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 Latest Practicable Date, 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 Latest Practicable Date		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	
	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 and/or sub-underwriters (Note 4)	-	-	-	-	20,000,000	3.88
Subscribers procured by the Underwriter or sub-underwriters (Note 4)	-	-	-	-	66,000,000	12.79
Other public shareholders	115,000,000	26.74	138,000,000	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) 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;

LETTER FROM THE BOARD

- (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. To the best of the Directors' knowledge information and belief having made reasonable enquiries, as at the Latest Practicable Date, the Underwriter has procured sub-underwriter for the sub-underwriting of up to 20,000,000 Underwritten Shares on a best-effort basis and has also procured certain investors (who are third parties independent to the Directors, chief executive and substantial shareholders of the Company and its subsidiaries or their respective associates) to apply and accept in writing with no termination provisions the subscription of a total of 66,000,000 Underwritten Shares, with each of them holding less than 9.9% of the total number of Shares in issue upon completion of the Rights Issue. Based on the above, assuming nil acceptance by the Qualifying Shareholders, 66,000,000 Rights Shares will be subscribed for by investors procured by the Underwriter, with the Underwriter and such investors each holding less than 9.9% of the total number of Shares in issue 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) 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 Latest Practicable Date:

Date of announcement	Event	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
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

LETTER FROM THE BOARD

Save as the abovementioned, the Company had not conducted any other fundraising exercise in the past 12 months immediately preceding the Latest Practicable Date.

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.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS

Shareholders should note that the Shares have been dealt in on an ex-right basis from Tuesday, 20 August 2024. Dealings in the Nil-Paid Rights will take place from Friday, 20 September 2024 to Friday, 27 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 Friday, 20 September 2024 to Friday, 27 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.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this Prospectus.

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

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 December 2021, 2022 and 2023, and the six months ended 30 June 2024 are disclosed in the following documents, respectively, which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.ziyyigroup.com):

- the annual report of the Company for the year ended 31 December 2021 published on 22 April 2022 (pages 105 to 239):

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0422/2022042200604.pdf>

- the annual report of the Company for the year ended 31 December 2022 published on 31 March 2023 (pages 113 to 247):

<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0331/2023033103949.pdf>

- the annual report of the Company for the year ended 31 December 2023 published on 26 April 2024 (pages 113 to 231):

<https://www1.hkexnews.hk/listedco/listconews/gem/2024/0426/2024042601762.pdf>

- the interim results announcement of the Company for the six months ended 30 June 2024 published on 30 August 2024 (pages 2 to 14):

<https://www1.hkexnews.hk/listedco/listconews/gem/2024/0830/2024083002954.pdf>

2. INDEBTEDNESS STATEMENT

At the close of business on 31 July 2024, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining information contained in this statement of indebtedness, the Group had (i) secured and guaranteed bank borrowings of approximately RMB111.5 million (equivalent to approximately HK\$121.5 million), which are secured by certain of the Group's property, plant and equipment, guarantee by the Company, certain subsidiaries of the Group, directors and related parties; (ii) unsecured and guaranteed bank borrowings of approximately RMB51.1 million (equivalent to approximately HK\$55.7 million), which are guarantee by the Company, certain subsidiaries of the Group, directors and related parties; (iii) other borrowings from a finance lease company of approximately RMB16.6 million (equivalent to approximately HK\$20.7 million) which are secured by restricted bank deposits and certain finance lease receivables, guarantee by the Company and a related party; and (iv) unsecured and unguaranteed lease liabilities (all of which being liabilities arising from operating leases) of approximately RMB30.2 million (equivalent to approximately HK\$32.9 million).

As at the close of business on 31 July 2024, the Group had contingent liabilities in relation to guarantees of approximately RMB144.0 million (equivalent to approximately HK\$156.0 million) given to a bank to guarantee all outstanding repayment obligations of certain customers, which purchase of dental medical equipment from the Group.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the normal course of business, the Group did not have any other outstanding indebtedness, any debt securities issued and outstanding and authorised or otherwise created but unissued, guaranteed unguaranteed secured (whether the security is provided by the issuer or by third parties) or unsecured term loans, guaranteed unguaranteed secured or unsecured borrowings and debt including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, mortgages, charges, guarantees or other material contingent liabilities as at the close of business on 31 July 2024.

3. WORKING CAPITAL STATEMENT

The Directors are of the opinion that taking into account the existing banking and other borrowing facilities available, the existing cash and bank balances and the effect of the Rights Issue, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of publication of this Prospectus.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Since its establishment, based on finance leasing services, the Group has been steadily growing, adhering to the corporate spirit of “excellence, innovation, integrity, and win-win”. Our business operations have spread across all provinces and cities in the country. Through the professional team operation and the guidance of modern management concepts, the Group continuously optimises its industrial structure and integrates its resources in order to realise the business objectives of win-win economic and social benefits. The Group’s finance leasing services focus on the impact of the epidemic on the increase in customers’ overdue rate, and risk management is centred on lowering the internal rate of return in order to enhance the quality of assets and minimize risks to protect shareholders’ interests. The Group expects that after the epidemic, the healthcare industry will become a new economic breakthrough with great potential for value addition, and the Group has set up the finance leasing service to focus on the field of medical equipment and to develop the trading of medical equipment and consumables business, to help upgrade the healthcare industry, but also to diversify the Group’s income point.

As early as the “The Outline of the 14th Five-Year Plan for Economic and Social Development and Long-Range Objectives through the Year 2035 of the People’s Republic of China” (referred to as the “**14th Five-Year Plan**”) released in March 2021, it emphasized the key layout for medical equipment. The healthy development of the medical equipment industry is closely related to the long-term national policy of promoting the development of the medical equipment industry. China’s medical equipment industry has maintained a high growth rate and become the second largest market in the world. The optimization of the policy environment, the improvement of national health awareness, and medical technology innovation have all provided strong momentum for the industry’s development. Especially under the impetus of the 14th Five-Year Plan, the medical equipment industry is expected to usher in a new peak of development.

In August 2023, the “Pharmaceutical Industry High-Quality Development Action Plan (2023-2025)” and the “Medical Equipment Industry High-Quality Development Action Plan (2023-2025)” were released, aiming to improve the resilience and modernization level of the pharmaceutical industry and medical equipment industry, enhance the supply capacity of high-end medical equipment, key technologies, as well as raw materials, and accelerate the filling of gaps in China’s high-end medical equipment.

In March 2024, the State Council of China issued the “Action Plan for Promoting Large-Scale Equipment Renewal and Consumer Goods Replacement” (hereinafter referred to as the “**Action Plan**”). It pointed out that by 2027, the scale of equipment investment in industries such as industry, agriculture, construction, transportation, education, culture and tourism, and healthcare would increase by more than 25% compared to 2023. The Action Plan clearly states the goal of improving the level of medical equipment. It specifies the strengthening of the construction of a high-quality and efficient medical and health service system, promoting the upgrade of medical and information technology facilities in healthcare institutions, encouraging eligible medical institutions to accelerate the renewal and transformation of medical equipment such as medical imaging, radiotherapy, telemedicine, and surgical robots. It also promotes the transformation and upgrade of medical institution wards, filling the gaps in ward environments and facilities.

The Group’s medical equipment and consumables trading business aligns with national policies, focusing on promoting the development of the medical equipment industry. The Group, through the existing medical equipment and consumables trading business of the Shenzhen Ruiheng Medical Supply Chain Co., Ltd. integrates supply chain resources, opens up the upstream and downstream of the supply chain, with supply chain planning and distribution (SPD), Internet plus medical and trade installments, so as to provide one-stop solutions for customers all over the country.

The epidemic has affected most of the maternal and child postpartum care centres. The State opens up the three-child policy and promotes age-appropriate marriage and childbirth. The standard of childcare services is raised and a system of inclusive childcare services is developed. The full liberalization of the “threechild policy” has increased the proportion of older mothers and multi-child families, further stimulating the demand for maternal and child postpartum care centres in the consumer market. In the post-epidemic era, the industry is poised for renewed development opportunities, with good prospects for growth. According to research data, more than 90% of consumers recognise maternal and child postpartum care centres and more than 90% recognise the professionalism of maternal and child postpartum care centres, so the Group expects a promising future for its services in the maternal and child postpartum care industry. Through Shenzhen Meijiaer Health Management Co., Ltd., the Group focuses on the provision of maternal and child postpartum care industry services in the PRC. In the future, the Group will continue to consolidate its services in the maternal and child postpartum care industry, based on modern medicine, enhances its hardware and software services through digitization and intelligence, and build a mother and baby ecosystem with full industry chain coverage.

The Group has entered into the equity transfer agreement dated 29 December 2022 (as supplemented and amended) with an Independent Third Party to purchase the entire equity interest of Wuhan Meikangmao Health Management Co., Ltd.* (武漢美康茂健康管理有限公司), a limited company established in the PRC principally engaged in the provision of postpartum care service in the PRC, with consideration of RMB40.0 million. The acquisition has been completed as at the Latest Practicable Date.

In the new year, the global economic situation remains grim. The Group will continue to increase investment in various businesses and continue to strive to find opportunities in the face of challenges, so as to return shareholders and the public, and realize corporate value as well as social value.

5. NO MATERIAL ADVERSE CHANGE

The Board confirms that there has been no material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited accounts of the Group were made up, up to and including the Latest Practicable Date.

APPENDIX II

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

For illustrative purpose only, set out below is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group after completion of the Rights Issue. Although reasonable care has been exercised in preparing the unaudited pro forma financial information, Shareholders who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the Group's financial results and positions for the financial periods concerned.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2024 and related notes (the "Unaudited Pro Forma Financial Information") has been prepared by the Directors in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants to illustrate the effect of the Rights Issue on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as if the Rights Issue had been completed on 30 June 2024 and taking into account of certain assumptions.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not reflect a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company had the Rights Issue been completed as at 30 June 2024 or at any future date.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2024, as extracted from the published interim results announcement of the Company for the six months ended 30 June 2024, and is adjusted for the effect of the Rights Issue described below.

	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2024 immediately after completion of the Rights Issue per Share HK\$ (Note 1)	Estimated net proceeds from the Rights Issue HK\$'000 (Note 3)	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2024 immediately after completion of the Rights Issue HK\$'000 (Note 4)	Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2024 prior to the completion of the Rights Issue per Share HK\$ (Note 5)	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2024 immediately after completion of the Rights Issue per Share HK\$ (Note 6)
Based on 86,000,000 Rights Shares to be issued at subscription price of HK\$1.0 per Rights Share	344,935	78,900	423,835	0.80	0.82

APPENDIX II

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Notes:

- (1) The unaudited consolidated net tangible assets of the Group attributable to owners of the Company of approximately HK\$344,935,000 (equivalent to RMB314,815,000) as at 30 June 2024 is calculated based on the interim results announcement of the Company for the six months ended 30 June 2024 of unaudited consolidated net assets in the amount of approximately HK\$396,056,000 (equivalent to RMB361,472,000), and deducting from it: (a) non-controlling interests of approximately HK\$3,268,000 (equivalent to RMB2,983,000); and (b) intangible assets in the amount of approximately HK\$48,873,000 (equivalent to RMB44,605,000), netted off the intangible assets amount attributable to non-controlling interests of approximately HK\$1,020,000 (equivalent to RMB931,000).

	HK\$'000	HK\$'000
Unaudited consolidated net assets of the Group as at 30 June 2024		396,056
Less: Non-controlling interests		(3,268)
Less: Intangible assets attributable to owners of the Company	(48,873)	
Less: Attributable to non-controlling interest	<u>1,020</u>	
		<u>(47,853)</u>
		<u>344,935</u>

- (2) The unaudited consolidated net tangible assets of the Group attributable to owners of the Company are converted into Hong Kong dollars at an exchange rate of RMB0.91268 to HK\$1.00.
- (3) The estimated net proceeds from the Rights Issue of approximately HK\$78,900,000 are based on 86,000,000 Rights Shares to be issued (in the proportion of one (1) rights share for every five (5) existing shares held on record date) at the subscription price of HK\$1.0 per Rights Share, after deduction of the estimated related expenses of approximately HK\$7,100,000, assuming that the Rights Issue had been completed on 30 June 2024.
- (4) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after completion of the Rights Issue is calculated based on the combination of unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2024 of approximately HK\$344,935,000 (Note 1) and estimated net proceeds from the Rights Issue of approximately HK\$78,900,000 (Note 3).
- (5) The unaudited consolidated net tangible assets of the Group attributable to the owners of the Company per Share as at 30 June 2024 was HK\$0.80 which was based on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2024 of approximately HK\$344,935,000, divided by the sum of 430,000,000 Shares in issue as at 30 June 2024.
- (6) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after completion of the Rights Issue per Share as at 30 June 2024 was HK\$0.82 which was based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2024 immediately after completion of the Rights Issue of approximately HK\$423,835,000, divided by the sum of 430,000,000 Shares and 86,000,000 Rights Shares, assuming the Rights Issue had been completed on 30 June 2024.
- (7) No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2024.

**B. INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

The following is the text of a report received from the reporting accountant, BDO Limited, Certified Public Accountants, Hong Kong, in respect of the Group's unaudited pro forma financial information for the purpose of incorporation in this Prospectus.

To the directors of Ziyuanyuan Holdings Group Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Ziyuanyuan Holdings Group Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2024 and related notes as set out on pages II-1 to II-2 of Appendix II of the Company's prospectus dated 17 September 2024 (the “**Prospectus**”) in connection with the proposed rights issue of the Company on the basis of one rights share for every five existing shares held on the record date (the “**Proposed Rights Issue**”). The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described in Appendix II of the Prospectus.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the Proposed Right Issue on the Group's financial position as at 30 June 2024 as if the Proposed Right Issue had taken place at 30 June 2024. As part of this process, information about the Group's financial position has been extracted by the directors of the Company from the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2024, on which an interim results announcement (with no audit or review report) has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**GEM Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements” issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of the unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of the Proposed Rights Issue on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Rights Issue would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the entity, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

BDO Limited*Certified Public Accountants**Hong Kong*

17 September 2024

1. RESPONSIBILITY STATEMENT

This Prospectus, 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 Prospectus 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 Prospectus misleading.

2. SHARE CAPITAL**(a) Share capital**

Assuming no Shares are issued or repurchased on or before the Record Date, the authorised and issued share capital of the Company (a) as at the Latest Practicable Date were; and (b) immediately after completion of the Rights Issue (assuming no new Shares were issued by the Company between the Latest Practicable Date and the Record Date and the Rights Issue becoming unconditional) will be, as follows:

(I) As at the Latest Practicable Date

<i>Authorised:</i>		<i>HK\$</i>
<u>1,000,000,000</u> Shares		<u>100,000,000</u>
<i>Issued and fully paid:</i>		
430,000,000 Shares		43,000,000
<u>–</u> Treasury Shares		<u>–</u>

(II) Immediately after completion of the Rights Issue

<i>Authorised:</i>		<i>HK\$</i>
<u>1,000,000,000</u> Shares		<u>100,000,000</u>
<i>Issued and fully paid:</i>		
430,000,000 Shares		43,000,000
86,000,000 Rights Shares		8,600,000
<u>–</u> Treasury Shares		<u>–</u>
<u>516,000,000</u> Total Shares		<u>51,600,000</u>

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.

There is no restriction affecting the remittance of profits or repatriation of capital into Hong Kong from outside Hong Kong.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, the Company has no other 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. No capital of any member of the Group is under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

As at the Latest Practicable Date, the Company had no founder or management or deferred shares.

3. DISCLOSURE OF INTERESTS

Director's and chief executive's interests in the securities of the Company and associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) have to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in the Shares

Name of Director/ chief executive	Capacity/Nature of interest	Number of shares held/ interested in	Approximate percentage of shareholding
Mr. Zhang Junshen	Interest in controlled corporation <i>(Note 1)</i>	219,801,908	51.12%
	A concert party to an agreement to buy shares described in s.317(1)(a) <i>(Note 2)</i>	80,198,020	18.65%
Mr. Tian Zhiwei	Beneficial owner	15,000,000	3.49%

Notes:

1. Hero Global is interested in 219,801,980 Shares. The entire issued share capital Hero Global is owned by Mr. Zhang Junshen. Mr. Zhang Junshen is deemed to be interested in the shares and the convertible preference shares in Hero Global is interested in under Part XV of the SFO.
2. Pursuant to a concert parties confirmatory deed dated 24 February 2017 entered into among Hero Global (being wholly owned by Mr. Zhang Junshen), Mr. Zhang Junshen, Icon Global (being wholly owned by Mr. Zhang Junwei) and Mr. Zhang Junwei, each party to the concert parties confirmatory deed is deemed to be interested in the Shares held by the other parties.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had an interest or short position in any shares or underlying shares and/or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they are taken or deemed to have under such provisions of the SFO) or that was required to be recorded in the register kept by the Company pursuant to section 352 of the SFO, or which are required to be notified to the Company and the Stock Exchange, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules

Substantial Shareholder's interest in the equities of the Company

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following parties (other than the Directors or chief executive of the Company) were recorded in the register kept by the Company under section 336 of the SFO, or as otherwise notified the Company, as being directly or indirectly interested or deemed to be interested in 5% or more of the issued ordinary share capital of the Company:

APPENDIX III**GENERAL INFORMATION***Long positions in the Shares*

Name of shareholder	Capacity/Nature of interest	Number of shares held/ interested in	Approximate percentage of shareholding
Hero Global Limited	Beneficial owner	219,801,980	51.12%
(“Hero Global”)	A concert party to an agreement to buy shares described in s.317(1)(a)	80,198,020	18.65%
Icon Global Holding Limited (“Icon Global”)	Beneficial owner	80,198,020	18.65%
	A concert party to an agreement to buy shares described in s.317(1)(a)	219,801,980	51.12%
Mr. Zhang Junwei	Interest in controlled corporation	80,198,020	18.65%
	A concert party to an agreement to buy shares described in s.317(1)(a)	219,801,980	51.12%
Ms. Tang Yiping	Interest of spouse	300,000,000	69.77%

Notes:

1. Hero Global is interested in 219,801,980 Shares. The entire issued share capital of Hero Global is owned by Mr. Zhang Junshen. Mr. Zhang Junshen is deemed to be interested in the shares in Hero Global is interested in under Part XV of the SFO.
2. Icon Global is interested in 80,198,020 Shares. The entire issued share capital of Icon Global is owned by Mr. Zhang Junwei. Mr. Zhang Junwei is deemed to be interested in the shares in Icon Global is interested in under Part XV of the SFO.
3. Pursuant to a concert parties confirmatory deed dated 24 February 2017 entered into among Hero Global (being wholly owned by Mr. Zhang Junshen), Mr. Zhang Junshen, Icon Global (being wholly owned by Mr. Zhang Junwei) and Mr. Zhang Junwei, each party to the consent parties confirmatory deed is deemed to be interested in the Shares held by the other parties.
4. Ms. Tang Yiping is the spouse of Mr. Zhang Junshen, and she is deemed, or taken to be, interested in all Shares in which Mr. Zhang Junshen is interested in for the purposes of the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any persons (who were not directors or chief executive of the Company) who had an interest or short position in the Shares, underlying shares and debentures of the Company or its associated corporations which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred to therein.

4. DIRECTORS' INTERESTS IN CONTRACT AND ASSETS

As at the Latest Practicable Date, none of the Directors, directly or indirectly, had any interest in any assets which had since 31 December 2023 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract with the Company which was not determinable by the Company within one year without payment of compensation, other than statutory compensation.

6. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date which are or may be material:

1. the Underwriting Agreement;
2. the supplemental agreement to the Underwriting Agreement dated 23 August 2024 entered into between the Company and the Underwriter;
3. a subscription agreement dated 29 December 2023 entered into between the Company and Mr. Yu Jianli regarding the subscription of 15,000,000 Shares;
4. a subscription agreement dated 29 December 2023 entered into between the Company and Mr. Zheng Zhihong regarding the subscription of 15,000,000 Shares;
5. an equity transfer agreement dated 29 December 2022 entered into among Ye Te (the "Vendor") and Shenzhen Meijiaer Health Management Co., Ltd.* (深圳市美佳爾健康管理有限公司)(the "Purchaser") in respect of the sale of the entire equity interests of Wuhan Meikangmao Health Management Co., Ltd.* (武漢美康茂健康管理有限公司)(the "Equity Transfer Agreement") at the consideration of RMB40 million;

6. a supplemental agreement to the Equity Transfer Agreement dated 30 June 2023 entered into between the Vendor and the Purchaser; and
7. second supplemental agreements to the Equity Transfer Agreement dated 29 December 2023 entered into between the Vendor and the Purchaser.

7. LITIGATION

The Company was not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against the Company as at the Latest Practicable Date.

8. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware of, none of the Directors or any of their respective associates had any interest in business which competes with or may compete with the business of the Group or had any other conflict of interests which any person has or may have with the Group.

9. EXPERT AND CONSENT

The following is the qualification of the expert who has been named in this Prospectus or has given opinions, letter or advice contained in this Prospectus:

Name	Qualification
BDO Limited	Certified Public Accountants, Hong Kong

As at the Latest Practicable Date, the above-mentioned expert did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above-mentioned expert did not have any interest, direct or indirect, in any assets which have been, since 31 December 2023, the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to, any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

The above-mentioned expert has given and has not withdrawn its written consent to the issue of this Prospectus with copies of their reports or letters (as the case maybe), with the inclusion of the references to its name and/or its opinion or report in the form and context in which they are included.

10. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered office	Sertus Incorporations (Cayman) Limited Sertus Chambers, Governors Square Suite #5-204, 23 Lime Tree Bay Avenue P.O. Box 2547, Grand Cayman KY1-1104, Cayman Islands
Principal place of business in Hong Kong	Unit 6A, 4/F., Wing On Plaza 62 Mody Road, Kowloon Hong Kong
Authorised representatives (for the purpose of the GEM Listing Rules)	Mr. Zhang Junshen Unit 6A, 4/F., Wing On Plaza 62 Mody Road, Kowloon Hong Kong Mr. Wong Kwok San Unit 6A, 4/F., Wing On Plaza 62 Mody Road, Kowloon Hong Kong
Joint Company secretaries	Mr. Wong Kwok San Ms. Li Xinpei
Legal adviser to the Company in respect of the Rights Issue	<i>As to laws of Hong Kong</i> Reed Smith Richards Butler LLP 17th Floor, One Island East Taikoo Place 18 Westlands Road Quarry Bay, Hong Kong <i>As to laws of the PRC</i> Jingtian & Gongcheng 34/F, Tower 3, China Central Place, 77 Jianguo Road, Beijing 100025, PRC <i>As to laws of the Cayman Islands and the British Virgin Islands</i> Conyers Dill & Pearman 29th Floor, One Exchange Square 8 Connaught Place, Central Hong Kong

Auditor	BDO Limited Certified Public Accountants 25th Floor, Wing On Centre 111 Connaught Road Central Hong Kong
Principal registrar and transfer office in the Cayman Islands	Ocorian Trust (Cayman) Limited P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands
Branch registrar and transfer office in Hong Kong	Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Principal banker	Industrial and Commercial Bank of China (Asia) Limited Queen's Road Central Branch Ground Floor, Nos. 122-126 Queen's Road Central, Hong Kong
Underwriter	Raffaello Securities (HK) Limited 1/F, E168, No. 166-168 Des Voeux Road Central Sheung Wan Hong Kong

11. RISK FACTORS

In compliance with Rule 14.22 of the GEM Listing Rules, the Company sets out below the risk factors of the Group for the attention of Shareholders and potential investors. The Directors believe that there are certain risks involved in the operations of the Group, which includes but are not limited to, the following:

- (a) The Group may not be able to provide diversified products and services to effectively address its trading business clients' needs, which could have a material adverse effect on the Group's business, results of operations and financial condition;
- (b) Any adverse change in the limited number of industries which the Group's lessees operate will have a direct effect on their abilities to make lease payments.
- (c) Substantially all of the Group's income is subject to volatile performance of SMEs.

- (d) The Group's income is transaction based and non-recurring in nature and any decrease in the number of transactions would affect its operations and financial results.
- (e) If the Group fails to match the relative maturities of its assets and liabilities, its liquidity and ability to repay its borrowings and settle outstanding liabilities may be impaired.
- (f) Failure to obtain, renew, or retain license, permits or approvals, or failure to comply with applicable laws and regulations, may affect the Group's ability to conduct its business.
- (g) An increase in the interest rates would increase the Group's financing costs as well as reduce demand for its leasing services and net income.
- (h) Fluctuations in equipment prices in the Group's downstream customer industries may adversely affect its operations and business.

The management of the Company considers the Group is not exposed to significant foreign currency risk as most sales, income, purchases and expenses are denominated in the functional currency of the operations to which they relate.

12. PARTICULARS OF DIRECTORS AND THE SENIOR MANAGEMENT

Executive Directors

Mr. Zhang Junshen ("Mr. Zhang") aged 37, was appointed as a Director on 28 October 2016 and was redesignated as Executive Director on 13 January 2017. He is also the chairman of the Board, the chief executive officer, the chairman of the nomination committee, the compliance officer and the director of certain subsidiaries of the Company. He is responsible for strategic planning, operation planning and overall management of the Group. Mr. Zhang is vice president of Shenzhen Federation of Young Entrepreneurs*, a committee member of the Eighth Committee of Shenzhen Federation of Youth* and a member of the People's Congress Legal Work Committee of Futian District, and he has been a deputy to the Municipal People's Congress of Shenzhen* since 2015. Mr. Zhang has approximately 15 years of experience in general corporate management and approximately 10 years of experience in finance leasing industry. Mr. Zhang is the elder brother of Mr. Zhang Junwei.

Mr. Zhang graduated from the University of Texas at Arlington in the United States with an executive master of business administration degree in December 2014.

Mr. Tian Zhiwei ("Mr. Tian"), aged 34, was appointed as Executive Director on 19 June 2024. He is also a member of the remuneration committee of the Company. Mr. Tian has approximately 10 years of experience in the fields of investment, capital market financing and merger and acquisition. Prior to joining the Group, Mr. Tian was the founder and the chairman of Xiaoju Lexing (Beijing) Technology Co., Ltd. since June 2019. From August 2016 to November 2018, Mr. Tian worked for Beijing Zhongzhi Fund Sales Co., Ltd. as Senior Investment Advisor.

Mr. Tian has obtained a bachelor of Economics degree from Wuhan Technology and Business University in June 2014.

Non-executive Director

Mr. Lyu Di (“Mr. Lyu”), aged 38, was appointed as a Non-executive Director on 15 August 2019. He is also a member of the audit committee of the Company and the deputy general manager of the Group. Mr. Lyu is currently holds directorships in certain subsidiaries of the Company. He is responsible for the project investments and capital market operations of our Group. Mr. Lyu has over 10 years of experience in investments and capital market. From December 2014 to May 2019, Mr. Lyu worked at Shenzhen Qianhai Black Swan Asset Management Company Limited with his last position as fund manager. He worked at Huatai Jinkong Investment Consulting (Shenzhen) Co Ltd* from October 2013 to November 2014 with his last position as an analyst and he was also a representative in Type 4 (advising on securities) regulated activity under the SFO at Huatai Financial Holdings (Hong Kong) Limited from March 2014 to November 2014.

Mr. Lyu graduated from Deakin University with a Bachelor of Commerce degree, majoring in finance in October 2010. He further obtained a Master of Commerce degree majoring in finance and banking from the University of Sydney in October 2012.

Independent non-executive Directors

Mr. Chan Chi Fung Leo (“Mr. Chan”), aged 45, was appointed as an Independent Non-executive Director on 12 June 2018. He is also the chairman of the audit committee and a member of the nomination committee and remuneration committee of the Company. Mr. Chan is responsible for providing independent advice to the Board. Mr. Chan has over 20 years of experience in finance and accounting industry. He also has extensive knowledge and expertise on capital markets transactions (such as initial public offerings, and merger and acquisitions). Since August 2017, Mr. Chan has been an independent non-executive director of Sisram Medical Ltd, a listed company on the Stock Exchange (stock code: 1696). Since October 2017, Mr. Chan has been the responsible officer and managing director of Red Solar Capital Limited, a company providing advisory services on corporate finance. Since June 2023, Mr. Chan has also been an independent non-executive director of Luyuan Group Holding (Cayman) Limited, a listed company on the Stock Exchange (stock code: 2451). Since October 2020 to June 2023, Mr. Chan was also an independent non-executive director of Jinke Smart Services Group Co., Ltd., a listed company on the Stock Exchange (stock code: 9666).

Mr. Chan obtained his bachelor’s degree in business administration from the Hong Kong University of Science and Technology in Hong Kong in November 2001. Mr. Chan has been a member of Hong Kong Institute of Certified Public Accountants since October 2005.

Mr. Chow Siu Hang (“**Mr. Chow**”), aged 48, was appointed as an Independent Non-executive Director on 12 June 2018. Mr. Chow is responsible for providing independent advice to the Board. Mr. Chow has more than 20 years of experience in finance and accounting industry. He also has extensive knowledge and expertise on capital market transactions including initial public offerings, financial advisory, and merger and acquisitions. All his experience in the corporate finance market and investment banking enables him to support the Group’s operations through providing advice on funding solutions and their intended applications, and to assist the Group in formulating our overall business strategies and development plan. Since October 2019, Mr. Chow has been an independent non-executive director of Ruisen Life Service Co., Ltd. (formerly known as Yincheng Life Service Co., Ltd), a listed company on the Stock Exchange (stock code: 1922). Mr. Chow has been a fellow member of Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Chow obtained his bachelor’s degree in accountancy from the City University of Hong Kong in November 1998.

Dr. Deng Bin (“**Dr. Deng**”), aged 49, was appointed as an Independent Non-executive Director on 31 December 2021. He is also the chairman of the remuneration committee, a member of the nomination committee and a member of the audit committee of the Company. Dr. Deng is responsible for providing independent advice to our Board. He graduated from Xi’an Medical University (now known as Xi’an Jiaotong University) in China with a bachelor of medicine degree in 1999, majoring in Stomatology. He further graduated from National University of Singapore in Singapore with a doctor of philosophy degree in 2006, majoring in dental restoration. Dr. Deng has over 20 years of experience in Stomatology. He is the chief dental officer of Shenzhen Yixin Dental Clinic* currently, mainly responsible for clinical fields on dental implant and restoration.

Senior management

Mr. Wong Kwok San (“**Mr. Wong**”), aged 43, was an Executive Director from 16 December 2022 to 19 June 2024. He is the joint chief financial officer and joint company secretary of the Company. Mr. Wong currently holds directorships in certain subsidiaries of the Company. Mr. Wong joined the Group in September 2018 and is primarily responsible for overall business operation, business development, overseeing financial reporting, investor relations, statutory compliance and corporate governance of the Group. Mr. Wong has 20 years of experience in auditing and accounting fields. Prior to joining the Group, Mr. Wong served as the financial controller and the company secretary of a company listed on the Main Board of the Stock Exchange from October 2014 to July 2018. From October 2007 to April 2014, Mr. Wong worked for Grant Thornton (later known as JBPB & Company) and then transferred to BDO Limited with his last position as manager.

Mr. Wong is currently a Certified Public Accountant (Practising) of the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and a Chartered Accountant of the Institute of Chartered Accountants in England and Wales. He has obtained a bachelor of business administration degree in accounting from Lingnan University in November 2003. He also completed a programme in EMBA and obtained a master’s degree in Business Administration from The Chinese University of Hong Kong in November 2020.

Mr. Mou Peng (“Mr. Mou”), aged 43, is the deputy general manager and risk director of the Group. He joined the Group in May 2014 as the deputy general manager and head of the risk management department of ZYY Finance Leasing. He is responsible for overseeing customer due diligence and credit assessment, supervising post-drawdown performance, and formulating risk management policies and rules of the Group. Mr. Mou has over 10 years of working experience in risk management. From April 2013 to January 2014, Mr. Mou was the project director at Shenzhen Zhongxing Supply Chain Management Limited*. From March 2012 to January 2013, Mr. Mou served as manager of the integrated management department at Eternal Asia Supply Chain Management Ltd*, a company listed on Shanghai Stock Exchange (stock code: 002183). In January 2008, Mr. Mou started to work at Shenzhen Branch of the Postal Savings Bank of China Co., Ltd., a company listed on the Stock Exchange (stock code: 1658) (the “PSBOC SZ Branch”). In November 2009, he was promoted to the deputy head of the credit and loan department of the Xinan Division of the PSBOC SZ Branch, and later left PSBOC SZ Branch in February 2012. Mr. Mou obtained a bachelor of business administration degree from Wuhan University in the PRC in June 2004.

Ms. Li Xinpei (“Ms. Li”), aged 31, is the Joint Company Secretary and the chief officer of Office of the Chairman of the Board of the Group. Ms. Li currently holds directorships in certain subsidiaries of the Company. Ms. Li joined the Group as the Joint Company Secretary in February 2017 and has served as assistant of General Manager and Chief Executive Officer of ZYY Finance Leasing, with her latest position as the chief officer of Office of the Chairman of the Board. She is primarily responsible for investor relations, statutory compliance, project investment related review, operational management and management of maternal and child postpartum care business of the Group. Ms. Li has nearly 10 years of experience in administration and business management. Prior to joining the Group, from April 2015 to January 2017, Ms. Li was the assistant of the General Manager of Shenzhen Suhao Investment Limited. Ms. Li obtained a bachelor’s degree in Finance and a master’s degree in Business Administration from Twintech International University College of Technology in Malaysia in April 2016 and February 2019 respectively.

Business address of the Directors and the senior management

The business address of the Directors and the senior management is the same as the Company’s principal office in Hong Kong at Unit 6A, 4/F., Wing On Plaza, 62 Mody Road, Kowloon, Hong Kong.

13. EXPENSES

The expenses in connection with the Rights Issue, including underwriting commission, printing, registration, translation, legal and accountancy charges are estimated to be not less than HK\$6.5 million and not more than HK\$7.5 million, which are payable by the Company.

14. AUDIT COMMITTEE

As at the Latest Practicable Date, the audit committee of the Board (the “**Audit Committee**”) comprised the non-executive Director, namely Mr. Lyu Di and two of the independent non-executive Directors, namely Mr. Chan Chi Fung Leo and Dr. Deng Bin. The background, directorship and past directorship (if any) of each of the members of the Audit Committee are set out in the section headed “12. Particulars of Directors and the Senior Management” above in this Appendix.

The primary duties of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of the Company’s financial reporting process, internal control and risk management system, to monitor the independence and objectivity of the external auditor, to oversee the audit process, to perform the corporate governance function and other duties and responsibilities as assigned by the Board.

15. BINDING EFFECT

The Prospectus Documents and all acceptance of any offer or application contained therein are governed by and shall be construed in accordance with the laws of Hong Kong. The Prospectus Documents shall have the effect, if an application is made pursuant hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

16. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents, having attached thereto the written consent referred to in the paragraph headed “9. Expert and consent” in this Appendix, have been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

17. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.ziyygroup.com) for 14 days from the date of this Prospectus:

- (a) the letter issued by the reporting accountants regarding the unaudited pro forma financial information, the text of which is set out in Appendix II to this Prospectus;
- (b) the written consent referred to in the paragraph headed “9. Expert and consent” in this Appendix; and
- (c) the material contracts, referred in the paragraph headed “6. Material contracts” in this Appendix.

18. MISCELLANEOUS

- (a) The joint company secretaries of the Company are (i) Mr. Wong Kwok San, who is a Certified Public Accountant (Practising) of the Hong Kong Institute of Certified Public Accountants and a Chartered Accountant of the Institute of Chartered Accountants in England and Wales and (ii) Ms. Li Xinpei;
- (b) As at the Latest Practicable Date, the Company has no significant exposure to foreign exchange liabilities;
- (c) As at the Latest Practicable Date, there was no material contract for the hire or hire purchase of plant to or by any member of the Group for a period of over a year which is substantial in relation to the Group’s business; and
- (d) The English text of this Prospectus shall prevail over the Chinese text in the event of any inconsistency.

* *For identification purposes only*