# 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)**

# ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

**GEM has 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 susceptible to high market volatility than securities traded on Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**



*This announcement, for which the directors (the "**Directors**") of Ziyuanyuan Holdings Group Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

## RESULTS

The Directors of the Company are pleased to announce the consolidated results of the Company and its subsidiaries (together, the "**Group**") for the year ended 31 December 2024 (the "**Year**"), together with the comparative figures for the corresponding periods in 2023 (the "**Prior Year**"), as follow:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2024*

| | Notes | **2024** | 2023 |
|---|---|---|---|
| | | ***RMB'000*** | *RMB'000* |
| Revenue | | | |
| Finance lease income | | **9,173** | 25,077 |
| Operating lease income | | **311** | 816 |
| Interest income from loan receivables | | **–** | 7 |
| Income from postpartum care services | | **24,209** | 28,438 |
| Income from trading of medical equipment and consumables | | **493,197** | 416,998 |
| Income from IT services | | **25,377** | 26,619 |
| Total revenue | *3* | **552,267** | 497,955 |
| Cost of sales | | **(465,727)** | (375,034) |
| Bank interest income | | **160** | 141 |
| Other gains and losses, net | *5* | **(22,113)** | (480) |
| Staff costs | *8* | **(24,898)** | (38,715) |
| Impairment losses under expected credit loss ("**ECL**") model, net of reversal | *7* | **(43,740)** | (5,962) |
| Other operating expenses | | **(37,376)** | (46,032) |
| Finance costs | *6* | **(11,491)** | (13,872) |
| (Loss)/profit before income tax | *8* | **(52,918)** | 18,001 |
| Income tax credit/(expenses) | *9* | **742** | (4,137) |
| (Loss)/profit and total comprehensive income for the year | | **(52,176)** | 13,864 |
| (Loss)/profit and total comprehensive income for the year attributable to: | | | |
| Owners of the Company | | **(52,970)** | 14,563 |
| Non-controlling interests | | **794** | (699) |
| | | **(52,176)** | 13,864 |
| (Loss)/earnings per share for (loss)/profit attributable to owners of the Company during the year | | | |
| Basic and diluted *(RMB cents)* | *11* | **(12.34)** | 3.64 |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 31 December 2024*

| | Notes | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | | **17,486** | 7,232 |
| Investment properties | | **25,200** | 24,400 |
| Right-of-use assets | | **26,293** | 9,876 |
| Intangible assets | | **10,741** | 34,115 |
| Finance lease receivables | *12* | **67,381** | 38,975 |
| Refundable deposit | | **2,000** | 26,500 |
| Deferred tax assets | | **11,090** | 9,520 |
| Deposits | | **2,648** | 4,974 |
| | | **162,839** | 155,592 |
| **CURRENT ASSETS** | | | |
| Inventories | | **1,533** | 4,860 |
| Finance lease receivables | *12* | **22,260** | 68,024 |
| Trade receivables | *13* | **297,077** | 196,987 |
| Prepayments, deposits and other receivables | | **93,960** | 65,079 |
| Restricted bank deposits | | **12,882** | 15,861 |
| Pledged bank deposits | | **–** | 500 |
| Bank balances and cash | | **12,958** | 108,260 |
| | | **440,670** | 459,571 |
| **Current liabilities** | | | |
| Trade and bills payables | *14* | **22,409** | 60,111 |
| Other payables and accrued charges | | **46,493** | 74,233 |
| Provision for taxation | | **18,274** | 15,971 |
| Lease liabilities | | **5,735** | 6,118 |
| Financial guarantee | | **2,402** | 2,451 |
| Bank and other borrowings | *15* | **108,287** | 101,047 |
| | | **203,600** | 259,931 |
| **NET CURRENT ASSETS** | | **237,070** | 199,640 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **399,909** | 355,232 |

| | Notes | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Deferred tax liabilities | | **1,365** | 3,453 |
| Lease liabilities | | **21,951** | 4,736 |
| Bank and other borrowings | *15* | **74,506** | 31,754 |
| | | **97,822** | 39,943 |
| **NET ASSETS** | | **302,087** | 315,289 |
| **EQUITY** | | | |
| Share capital | | **36,559** | 33,839 |
| Reserves | | **262,918** | 278,608 |
| Equity attributable to owners of the Company | | **299,477** | 312,447 |
| Non-controlling interests | | **2,610** | 2,842 |
| **TOTAL EQUITY** | | **302,087** | 315,289 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

## 1. GENERAL INFORMATION

Ziyuanyuan Holdings Group Limited (the "**Company**") is a public limited company incorporated in the Cayman Islands and its shares are listed on GEM of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Company's immediate and ultimate holding company is Hero Global Limited. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (collectively referred to as the "**Group**") are provision of medical equipment finance lease services, maternal and child postpartum care industry services and trading of medical equipment and consumables business in the PRC.

## 2. ADOPTION OF NEW/REVISED HKFRS ACCOUNTING STANDARDS ("HKFRSs")

### 2.1 Adoption of revised HKFRS Accounting Standards

The HKICPA has issued a number of new or amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKAS 1, Classification of Liabilities as Current or Non-current
- Amendments to HKAS 1, Non-current Liabilities with Covenants
- Amendments to HKAS 7 and HKFRS 7, Supplier Finance Arrangements
- Amendments to HKFRS 16, Lease Liability in a Sale and Leaseback

## 3. REVENUE

Revenue for the year represents finance lease income, interest income on loan receivables and receivable arising from finance leasing activities, income from postpartum care services and income from trading of medical equipment and consumables in the PRC. The amounts of each significant category of revenue recognised in revenue during the year are as follows:

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Revenue from contracts with customers** | | |
| Income from postpartum care services | **24,209** | 28,438 |
| Income from trading of medical equipment and consumables | **493,197** | 416,998 |
| Income from IT services | **25,377** | 26,619 |
| | **542,783** | 472,055 |
| **Revenue from other sources** | | |
| Finance lease income | **9,173** | 25,077 |
| Operating lease income | **311** | 816 |
| Interest income from loan receivables | **–** | 7 |
| | **9,484** | 25,900 |
| | **552,267** | 497,955 |

## 4. SEGMENT INFORMATION

For the year ended, and as at, 31 December 2024, information regarding the Group's reportable segments provided to the Group's most senior management (i.e. the executive directors, being the chief operating decision maker) is set out below:

**2024**

| | **Finance leasing service** *RMB'000* | **Trading business** *RMB'000* | **Postpartum care service** *RMB'000* | **Other** *RMB'000* | **Total** *RMB'000* |
|---|---|---|---|---|---|
| Reportable segment revenue (external customers) | **9,173** | **493,197** | **24,209** | **25,688** | **552,267** |
| Reportable segment (loss)/profit | **(38,805)** | **31,416** | **(28,603)** | **(1,020)** | **(37,012)** |
| Change in fair value of investment properties | | | | | **800** |
| Other corporate expenses | | | | | **(5,215)** |
| Finance costs | | | | | **(11,491)** |
| Loss before income tax | | | | | **(52,918)** |
| Impairment losses of receivables (net) | **(35,592)** | **(8,092)** | **–** | **(105)** | **(43,789)** |
| Impairment loss of goodwill | **–** | **–** | **(16,952)** | **–** | **(16,952)** |
| Impairment of intangible assets | **–** | **–** | **(8,500)** | **–** | **(8,500)** |
| Provision for financial guarantee | **–** | **49** | **–** | **–** | **49** |
| Interest income | **7** | **54** | **97** | **2** | **160** |
| Depreciation of property, plant and equipment | **(2,995)** | **(26)** | **(1,958)** | **(239)** | **(5,218)** |
| Depreciation of right-of-use assets | **(860)** | **(114)** | **(6,749)** | **–** | **(7,723)** |

| | Finance leasing service *RMB'000* | Trading business *RMB'000* | Postpartum care service *RMB'000* | Other *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|---|
| Reportable segment assets | **112,506** | **395,789** | **48,756** | **20,889** | **577,940** |
| Property, plant and equipment | | | | | **321** |
| Investment properties | | | | | **25,200** |
| Bank balances and cash | | | | | **48** |
| Group assets | | | | | **603,509** |
| Reportable segment liabilities | **47,908** | **159,177** | **60,339** | **9,546** | **276,970** |
| Other payables and accrued charges | | | | | **252** |
| Provision for taxation | | | | | **18,274** |
| Bank and other borrowings | | | | | **4,561** |
| Deferred tax liabilities | | | | | **1,365** |
| Group liabilities | | | | | **301,422** |

2023

| | Finance leasing service *RMB'000* | Trading business *RMB'000* | Postpartum care service *RMB'000* | Other *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|---|
| Reportable segment revenue (external customers) | 25,084 | 416,998 | 28,438 | 27,435 | 497,955 |
| Reportable segment profit/(loss) | 5,834 | 34,194 | (5,851) | 4,532 | 38,709 |
| Change in fair value of investment properties | | | | | (600) |
| Other corporate income | | | | | 21 |
| Other corporate expenses | | | | | (6,257) |
| Finance costs | | | | | (13,872) |
| Profit before income tax | | | | | 18,001 |
| Impairment losses of receivables (net) | (712) | (3,904) | – | – | (4,616) |
| Impairment loss of goodwill | – | – | (1,186) | – | (1,186) |
| Provision for financial guarantee | – | (1,346) | – | – | (1,346) |
| Interest income | 23 | 109 | 8 | 1 | 141 |
| Depreciation of property, plant and equipment | (3,032) | (10) | (886) | (103) | (4,031) |
| Depreciation of right-of-use assets | (774) | (47) | (6,721) | (97) | (7,639) |

| | Finance leasing service *RMB'000* | Trading business *RMB'000* | Postpartum care service *RMB'000* | Other *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|---|
| Reportable segment assets | 146,737 | 349,699 | 71,399 | 11,434 | 579,269 |
| Property, plant and equipment | | | | | 464 |
| Investment properties | | | | | 24,400 |
| Prepayments, deposits and other receivables | | | | | 1,262 |
| Deferred tax assets | | | | | 9,520 |
| Bank balances and cash | | | | | 67 |
| Right-of-use assets | | | | | 181 |
| Group assets | | | | | 615,163 |
| Reportable segment liabilities | 104,042 | 129,524 | 44,514 | 1,004 | 279,084 |
| Other payables and accrued charges | | | | | 1,366 |
| Provision for taxation | | | | | 15,971 |
| Deferred tax liabilities | | | | | 3,453 |
| Group liabilities | | | | | 299,874 |

## 5. OTHER GAINS AND LOSSES, NET

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Change in fair value of investment properties | **800** | (600) |
| Government subsidies | **508** | 707 |
| Exchange gain, net | **247** | 334 |
| Loss on disposal of a subsidiary | **(1,813)** | – |
| Loss on liquidation of a subsidiary | **(367)** | – |
| Impairment loss on goodwill | **(16,952)** | (1,186) |
| Impairment loss on intangible assets | **(8,500)** | – |
| Gain on lease termination | **17** | 397 |
| Rental income | **1,510** | 311 |
| Others | **2,437** | (443) |
| | **(22,113)** | (480) |

## 6. FINANCE COSTS

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Imputed interest on interest-free deposits from finance lease customers | **–** | 21 |
| Interest on bank and other borrowings | **9,417** | 12,447 |
| Interest on discounted bills | **–** | 4 |
| Interest on lease liabilities | **2,074** | 1,400 |
| Total interest expense on financial liabilities not measured at fair value through profit or loss | **11,491** | 13,872 |

## 7. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS ("ECL") MODEL, NET OF REVERSAL

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Impairment losses/(reversal of impairment losses) recognised on: | | |
| – Trade receivables | **8,197** | 3,904 |
| – Finance lease receivables | **35,592** | 713 |
| – Loan receivables | **–** | (1) |
| – Financial guarantee | **(49)** | 1,346 |
| | **43,740** | 5,962 |

## 8. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax is arrived at after charging/(crediting):

| | 2024<br>*RMB'000* | 2023<br>*RMB'000* |
|---|---|---|
| Directors' emoluments | **2,945** | 4,581 |
| Other staff costs: | | |
| – Salaries, allowances and other staff benefits | **20,519** | 32,273 |
| – Staffs' retirement benefit scheme contributions | **3,236** | 4,708 |
| Total staff costs | **26,700** | 41,562 |
| *Less:* staff costs recognised as research and development costs in other operating expenses | **(1,802)** | (2,847) |
| Staff costs recognised in profit or loss | **24,898** | 38,715 |
| Amortisation of intangible assets | **2,892** | 2,434 |
| Auditor's remuneration | | |
| – Audit service | **1,323** | 1,244 |
| Cost of inventories sold | **444,382** | 359,274 |
| Depreciation of property, plant and equipment | **5,218** | 4,071 |
| Depreciation of right-of-use assets | **7,723** | 7,789 |
| Property, plant and equipment written off | **2** | 14 |
| Research and development costs recognised as an expense (included in other operating expenses) | **1,977** | 3,091 |
| Postpartum care services costs recognised as an expense (included in other operating expenses) | **8,592** | 8,081 |
| Short-term lease expense | **708** | 1,061 |

## 9. INCOME TAX (CREDIT)/EXPENSES

| | 2024<br>*RMB'000* | 2023<br>*RMB'000* |
|---|---|---|
| The charge comprises: | | |
| Current tax | | |
| – PRC Enterprise Income Tax | **2,916** | 6,255 |
| – Over-provision in prior year | **–** | (492) |
| – PRC withholding tax | **–** | 745 |
| | **2,916** | 6,508 |
| Deferred tax | **(3,658)** | (2,371) |
| | **(742)** | 4,137 |

## 10. DIVIDENDS

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Final dividend paid in respect of prior year of HK nil (2023: HK2.5 cents) per share | **–** | 8,977 |

## 11. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the loss attributable to owners of the Company of RMB52,970,000 (2023: profit attributable to owners of the Company of RMB14,563,000) and on the weighted average number of ordinary shares in issue during the year of 429,096,000 (2023: 400,000,000).

Diluted earnings per share is the same as basic earnings per share as there was no dilutive potential ordinary share in issue during both years.

## 12. FINANCE LEASE RECEIVABLES

| | **Minimum lease payments** | | **Present value of minimum lease payments** | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* |
| **Finance lease receivable comprises:** | | | | |
| Within one year | **72,758** | 95,682 | **71,747** | 92,567 |
| In the second year | **37,056** | 20,376 | **35,296** | 19,133 |
| Over two years | **46,853** | 22,846 | **42,660** | 19,769 |
| | **156,667** | 138,904 | **149,703** | 131,469 |
| *Less:* Unearned finance income | **(6,964)** | (7,435) | – | – |
| Present value of minimum lease payments | **149,703** | 131,469 | **149,703** | 131,469 |
| *Less:* lifetime ECL allowance | | | **(60,062)** | (24,470) |
| | | | **89,641** | 106,999 |
| Represented by: | | | | |
| Current assets | | | **22,260** | 68,024 |
| Non-current assets | | | **67,381** | 38,975 |
| | | | **89,641** | 106,999 |

## 13. TRADE RECEIVABLES

| | 2024 | 2023 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| Trade receivables | **314,698** | 206,411 |
| *Less:* Provision for impairment loss | **(17,621)** | (9,424) |
| | **297,077** | 196,987 |

The following is an ageing analysis of trade receivables presented based on invoice dates at the end of each reporting period:

| | 2024 | 2023 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| 1-30 days | **250,481** | 162,587 |
| 31-60 days | **282** | 23,938 |
| 61-90 days | **25** | 4,510 |
| 91-180 days | **10,300** | 5,497 |
| 181-365 days | **19,666** | 455 |
| Over 365 days | **16,323** | – |
| | **297,077** | 196,987 |

## 14. TRADES AND BILLS PAYABLES

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Trade payables *(note i)* | **22,409** | 59,611 |
| Bills payable | **–** | 500 |
| | **22,409** | 60,111 |

(i) An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Up to 3 months | **21,496** | 59,480 |
| 3 to 6 months | **314** | 131 |
| 6 to 12 months | **399** | – |
| Over 12 months | **200** | – |
| | **22,409** | 59,611 |

## 15. BANK AND OTHER BORROWINGS

| | 2024 | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Bank borrowings due for repayment within one year | | |
| – Unsecured and guaranteed | **40,200** | 23,789 |
| – Secured and guaranteed | **59,400** | 30,000 |
| | **99,600** | 53,789 |
| Bank borrowings due for repayment more than one year | | |
| – Secured and guaranteed | **74,506** | 27,600 |
| Total bank borrowings | **174,106** | 81,389 |
| Other borrowings due for repayment within one year | | |
| – Unsecured and guaranteed | **4,561** | – |
| Other borrowings from a finance lease company | | |
| – Due for repayment within one year | **4,126** | 47,258 |
| – Due for repayment more than one year | **–** | 4,154 |
| | **4,126** | 51,412 |
| Total other borrowings | **8,687** | 51,412 |
| Total borrowings | **182,793** | 132,801 |

## MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

During the Year, 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.

### Finance leasing services

During the Year, the Group has been focusing on provision of finance leasing services to SMEs customers in the medical equipment industry in various provinces, municipalities, and autonomous regions in the PRC, where the Group has established connections with industry players and gained operational expertise. The finance lease offered by the Group comprises direct finance leasing and sale-leaseback. The Group provided services to approximately 5,000 SMEs customers across 30 provinces, municipalities and autonomous regions in the PRC as at 31 December 2024. The Group recorded a revenue of RMB9.2 million from the finance leasing services during the Year. In order to cope with the adverse macroeconomic environment and control credit risks, the Group reduced its investment in financial leasing services, resulting in a decrease in revenue for the Year.

### Maternal and child postpartum care industry services

Postpartum confinement（坐月）is a traditional Chinese custom, which allows women to rest fully after giving birth, and to recover through diet. It is said that it is the best time for women to improve their physical well-being. Hence, postpartum care centres（月子中心）had emerged. The Group provides postpartum care services in the PRC, consisting of four major areas of (i) health care for postpartum mothers and newborn babies; (ii) dietary and nutrition for postpartum mothers; (iii) recovery and beauty for postpartum mothers; and (iv) intellectual development for newborn babies.

The maternal and child postpartum care industry services recorded a revenue of RMB24.2 million during the Year. The decline in revenue was primarily attributed to several factors, including: (i) the adverse macroeconomic environment, which led to more cautious consumer spending and a subsequent decrease in the revenue for the Year; and (ii) intense price competition among postpartum care centers, resulting in customer attrition.

*Profit guarantees in relation to the acquisitions of subsidiaries*

On 22 July 2020, the Group entered into an investment agreement and a shareholders' agreement (the "**Desheng Meimei Agreements**") with a vendor (the "**Vendor**") to acquire 51% equity interest in Wuhan Desheng Meimei Health Management Co., Ltd. ("**Desheng Meimei**"), a company incorporated in the PRC with the consideration of RMB3.4 million ("**Desheng Meimei Consideration**"). Desheng Meimei is engaged in the provision of postpartum care services in the PRC.

Pursuant to the Desheng Meimei Agreements and the supplemental agreement to the Desheng Meimei Agreements, the Vendor agreed to provide profit guarantee to the Group that Desheng Meimei shall attain the net profit after tax no less than RMB1.8 million and RMB2.2 million for the period from the date of completion of the acquisition (the "**Desheng Meimei Completion Date**") to 31 December 2022 and year ended 31 December 2023 respectively ("**Desheng Meimei Profit Guarantee**"). In the event the Desheng Meimei Profit Guarantee is not fully met for any period during the commitment period, the Group has the option to request the Vendor to (i) repurchase the 51% equity interest in Desheng Meimei from the Group. The repurchase consideration of Desheng Meimei is calculated as Desheng Meimei Consideration plus interest of 8% p.a. from the Desheng Meimei Completion Date; or (ii) compensate the shortfall of Desheng Meimei Profit Guarantee, i.e. the difference between Desheng Meimei Profit Guarantee and the actual profit after tax of the corresponding guarantee period.

Based on the actual financial information, the actual profit after tax of the Desheng Meimei for the period from the Desheng Meimei Completion Date to 31 December 2022 was approximately RMB0.9 million, as a result, the Desheng Meimei Profit Guarantee was not met. After reviewing the forecast of Desheng Meimei and the information currently available to the Group, the Group has exercised the right to request the Vendor to repurchase the 51% equity interest in Desheng Meimei from the Group during the Year. However, the Vendor failed to fulfil the obligation of repurchase in accordance with the Desheng Meimei Agreements. In August 2023, the Group has filed a lawsuit against the Vendor due to the above mentioned dispute. In December 2023, the Group received the Civil Judgment served by the Shenzhen Nanshan District People's Court and the Vendor was ordered by the Court to buy back the Equity Interest of Desheng Meimei. The Group reached a settlement agreement with the Vendor in June 2024, and the Vendor repurchased Desheng Meimei for RMB1.3 million. The repurchase was completed in July 2024 and a loss of RMB1.8 million was recorded during the Year.

On 4 December 2020, the Group entered into an equity transfer agreement, an investment agreement and a shareholders' agreement (the "**Jiaenbei Agreements**") with vendors to purchase 54% of equity interest of Wuhan Jiaenbei Health Management Co. Ltd. ("**Jiaenbei**"), a limited liability company incorporated in the PRC with consideration of RMB3.24 million ("**Jiaenbei Consideration**"). Jiaenbei is engaged in provision of postpartum care service in the PRC.

Pursuant to the Jiaenbei Agreements, the vendors of Jiaenbei agreed to provide profit guarantee to the Group that Jiaenbei shall attain the net profit after tax no less than RMB1.0 million for each of the period from the date of completion of the acquisition (the "**Jiaenbei Completion Date**") to 31 December 2021, year ended 31 December 2022 and year ended 31 December 2023 respectively ("**Jiaenbei Profit Guarantee**"). In the event the Jiaenbei Profit Guarantee is not fully met for any period during the commitment period, the Group has the option to request the vendors to (i) repurchase the 54% equity interest in Jiaenbei from the Group. The repurchase consideration of Jiaenbei is calculated as Jiaenbei Consideration plus interest of 10% p.a. from the Jiaenbei Completion Date; or (ii) compensate the shortfall of Jiaenbei Profit Guarantee, i.e. the difference between Jiaenbei Profit Guarantee and the actual profit after tax of the corresponding guarantee period.

Based on the actual financial information, the actual profit after tax of the Jiaenbei for the period from the Jiaenbei Completion Date to 31 December 2021 was approximately RMB1.0 million, as a result, the Jiaenbei Profit Guarantee was met and the actual profit after tax of the Jiaenbei for the year ended 31 December 2022 was approximately RMB0.3 million, as a result, the Jiaenbei Profit Guarantee was not met. After reviewing the forecast of Jiaenbei and the information available to the Group, the Group decided neither exercised the option to request the vendors to repurchase the 54% equity interest in Jiaenbei from the Group nor requested the vendors to compensate the shortfall of Jiaenbei Profit Guarantee for the year ended 31 December 2022. The Group entered into a supplemental agreement with the vendors, the vendors agreed to revise the Jiaenbei Profit Guarantee that Jiaenbei shall attain the net profit after tax no less than RMB1.0 million for each of the year ended 31 December 2023 and year ended 31 December 2024 respectively.

Based on the actual financial information, the actual profit after tax of the Jiaenbei for the year ended 31 December 2023 was approximately RMB0.3 million, as a result, the Jiaenbei Profit Guarantee was not met. After reviewing the forecast of Jiaenbei and the information currently available to the Group, the Group decided neither exercise the option to request the vendors to repurchase the 54% equity interest in Jiaenbei from the Group nor request the vendors to compensate the shortfall of Jiaenbei Profit Guarantee for the year ended 31 December 2023. The Group entered into a further supplemental agreement with the vendors, the vendors agreed to revise the Jiaenbei Profit Guarantee that Jiaenbei shall attain the net profit after tax no less than RMB1.0 million for each of the year ended 31 December 2024 and year ending 31 December 2025 respectively.

Based on the actual financial information, the actual profit after tax of the Jianbei for the year ended 31 December 2024 was approximately RMB1.0 million, as a result, the Jianbei Profit Guarantee for the year ended 31 December 2024 was met.

*Impairment of goodwill*

The Group performed a year end annual impairment test on goodwill. Taking into consideration of Guangzhou Sheng Cheng Dunnan Enterprise Management Co., Limited ("**Dunnan**") and its subsidiaries ("**Dunnan Group**") sufferd a continuous loss, all of the postpartum care centres in Dunnan Group were ceased operations after the reporting date and the unfavourable market condition facing by Dunnan Group, the Group determined that there was an indication for impairment on the goodwill arising from the acquisition of the Dunnan Group. An impairment loss on goodwill and trademark amounted to approximately RMB9.9 million and RMB8.5 million were recognised respectively for the Year.

Taking into consideration of Wuhan Meikangmao Health Management Co., Ltd. ("**Meikangmao**") sufferd a loss and the unfavourable market condition facing by Meikangmao, the Group determined that there was an indication for impairment on the goodwill arising from the acquisition of the Meikangmao. An impairment loss on goodwill amounted to approximately RMB7.1 million was recognised for the Year.

Except the above, the Group did not recognise any impairment loss of goodwill in relation to the other acquisitions.

**Trading of medical equipment and consumables business**

The Group expects that after the epidemic, the healthcare industry will become a new economic breakthrough with great potential for value addition. Benefiting from the PRC government's policy of encouraging innovation in medical equipment and promoting high quality development of the medical equipment industry, the Group has been able to leverage on its experience in the medical equipment industry from its previous finance leasing business, its cooperation with medical equipment suppliers and its practical understanding of the characteristics and needs of its customers to commence its medical equipment and consumables trading business in the PRC, mainly focusing on aesthetic medicine, dental, maternal and child and large hospital medical equipment. The Group recorded a revenue of RMB493.2 million from the trading of medical equipment and consumables business for the Year.

## OUTLOOK

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 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.

In the new year, the global economic situation remains grim. We 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.

## FINANCIAL REVIEW

### Revenue

Revenue consists of (i) finance leasing income and interest income from loan receivables in finance leasing services; (ii) operating lease income; (iii) postpartum care services income; (iv) income from trading of medical equipment and consumables; and (v) Income from IT services. The Group's revenue increased by approximately RMB54.3 million or approximately 10.9%, from approximately RMB498.0 million for the year ended 31 December 2023 (the "**Prior Year**") to approximately RMB552.3 million for the Year. The increase in revenue for the Year was mainly attributable to income from trading of medical equipment and consumables increased from approximately RMB417.0 million for the Prior Year to approximately RMB493.2 million for the Year, which offsetting (i) the finance leasing income decreased from approximately RMB25.1 million for the Prior Year to approximately RMB9.2 million for the Year; and (ii) postpartum care services income decreased from approximately RMB28.4 million for the Prior Year to approximately RMB24.2 million for the Year; (iii) operating lease income from RMB0.8 million for the Prior Year decreased to approximately RMB0.3 million for the Year; and (iv) income from IT services from RMB26.6 million for the Prior Year decreased to approximately RMB25.4 million for the Year.

### Cost of sales

The cost of sales increased from approximately RMB375.0 million for the Prior Year to approximately RMB465.7 million for the Year, including an increase in the cost of medical equipment and consumables sold from approximately RMB359.2 million for the Prior Year to approximately RMB444.4 million for the Year..

### Staff cost

Staff costs include primarily Directors' remuneration, employee salaries, allowances and other staff benefits as well as employee retirement benefits scheme contributions. Staff costs decreased from RMB38.7 million for the Prior Year to approximately RMB24.9 million For the Year.

**Impairment losses under expected credit loss ("ECL") model, net of reversal**

The Group is not required to provide general provisions as commercial banks and other financial institutions which the China Banking Regulatory Commission regulates. The provisioning policies are based on the applicable accounting standards. The management assesses the measurement of ECL in relation to trade receivables, finance lease receivables, loan receivables and financial guarantee. In determining the impairment of trade receivables, finance lease receivables, loan receivables and financial guarantee, the management considers shared credit risk characteristics including industry types, historical past due information and lessees' creditworthiness for grouping, and assesses credit losses based on internal credit rating and on a forward looking basis with the use of appropriate models and assumptions relate to the economic inputs and the future macroeconomic conditions.

For the Year, an additional impairment loss of approximately RMB43.7 million (2023: RMB6.0 million) was recognised due to the adverse macroeconomic environment, which caused the increase in the customers' past due ratio.

**Other operating expenses**

Other operating expenses include primarily audit fees, legal and professional fees, travel and transportation expenses, promotion expenses, depreciation of property, plant and equipment, depreciation of right-of-use assets, amortisation of intangible asset, short-term leases payments, research and development costs and the miscellaneous expenses of postpartum care business. Other operating expenses decreased from approximately RMB46.0 million for the Prior Year to approximately RMB37.4 million for the Year. The decrease was mainly attributable to (i) the promotion expenses decreased from approximately RMB5.1 million for the Prior Year to approximately RMB1.1 million for the Year; (ii) travel and transportation expenses decreased from approximately RMB3.4 million for the Prior Year to approximately RMB1.0 million for the Year; and (iii) office expenses decreased from approximately RMB4.2 million for the Prior Year to approximately RMB2.5 million for the Year.

**Finance costs**

Finance costs mainly consist of (i) interest on bank and other borrowings; and (ii) interests on lease liabilities. Finance costs decreased from approximately RMB13.9 million for the Prior Year to approximately RMB11.5 million for the Year. The decrease was mainly due to the interests on bank and other borrowings decreased from approximately RMB12.4 million for the Prior Year to approximately RMB9.4 million for the Year.

**Income tax credit/(expenses)**

Certain PRC subsidiaries of the Group qualified as small low profit enterprises with annual taxable income not more than RMB1.0 million, and the portion that exceeds RMB1.0 million but does not exceed RMB3.0 million (inclusive) are entitled to enterprise income tax calculated at 25% of its taxable income at a tax rate of 20%. A PRC subsidiary of the Group recognised as high technology enterprise is entitled to a preferential enterprise income tax rate of 15%. The enterprise income tax rate applicable to the other PRC subsidiaries of the Group is 25%.

**(Loss)/Profit for the Year attributable to owners of the Company**

The Group recorded loss and total comprehensive income attributable to owners of the Company of approximately RMB53.0 million for the Year, compared to profit and total comprehensive income attributable to owners of the Company of approximately RMB14.6 million for Prior Year. The turnaround was mainly due to (i) the decrease in finance leasing income and income from postpartum care services; (ii) the decrease in gross profit in trading of medical equipment and consumables business; (iii) the significant increase in impairment losses under expected credit loss model, net of reversal; and (iv) impairment loss on goodwill and intangible assets included in other gains and losses, net which offsetting (i) the decrease in staff costs; (ii) the decrease in other operating expenses; and (iii) the decrease in finance costs as compared to the Prior Year.

## LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 31 December 2024, bank balances and cash were approximately RMB13.0 million (2023: RMB108.3 million). The working capital (current assets less current liabilities) and total equity of the Group were approximately RMB237.1 million (2023: RMB199.6 million) and approximately RMB302.1 million (2023: RMB315.3 million), respectively.

As at 31 December 2024, the Group's bank and other borrowings due within one year were amounted to approximately RMB108.3 million (2023: RMB101.0 million) and the Group's bank and other borrowings due after one year were amounted to approximately RMB74.5 million (2023: RMB31.8 million).

As at 31 December 2024, the gearing ratio was approximately 37.7% (2023: 29.6%), which is calculated as bank and other borrowings divided by total equity plus bank and other borrowings. Such increase was mainly due to the expansion in the Group's trading of medical equipment and consumables business, resulting in a increase in demand for bank and other borrowings.

## CAPITAL STRUCTURE

The Shares were successfully listed on the GEM of the Stock Exchange on 9 July 2018. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises ordinary Shares.

As at 31 December 2024, the Company's issued share capital was HK$43,000,000 and the number of its issued ordinary Shares was 430,000,000.

### Subscriptions of new shares under general mandate

On 29 December 2023, the Company entered into two subscription agreements with two subscribers, pursuant to which the Company has agreed to allot and issue, and the two subscribers have conditionally agreed to subscribe for an aggregate of 30,000,000 subscription shares at the subscription price of HK$1.47 per subscription share (the "**Subscription**"). The Subscription was completed on 12 January 2024. For details of the Subscription, please refer to the announcements of the Company dated 29 December 2023 and 12 January 2024. The net proceeds from the Subscription was approximately HK$43.5 million (gross proceeds: approximately HK$44.1 million) which have been fully utilised as working capital to develop trading of medical equipment and consumable business of the Group.

## FOREIGN EXCHANGE EXPOSURE

The Group's income and expenditure during the Year were principally denominated in RMB, and most of the assets and liabilities as at 31 December 2024 were denominated in RMB. The Group did not experience any material impact or difficulties in liquidity on its operations resulting from the fluctuation in exchange rate, and no hedging transaction or forward contract arrangement was made by the Group during the Year.

## CAPITAL COMMITMENTS

As at 31 December 2024, the Group had capital commitments RMB2.0 million in respect of the acquisition of an associate (2023: acquisition of a subsidiary and purchase of computer software of RMB18.8 million).

## CHARGES ON THE GROUP'S ASSETS

As at 31 December 2024, the Group's finance lease receivables and trade receivables with an aggregate carrying values of approximately RMB112.2 million (2023: RMB72.1 million) were pledged to two banks and a finance lease company in the PRC to secure bank and other borrowings of the Group.

As at 31 December 2024 and 2023, the entire equity interests of a subsidiary of the Group were pledged to a bank in the PRC to secure a bank borrowing of the Group.

## SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

On 29 December 2022, the Group entered into the equity transfer agreement with an independent third party to purchase the entire equity interests of Wuhan Meikangmao Health Management Co., Ltd.* ("**Meikangmao**"), a limited liability company incorporated in the PRC with consideration of RMB40.0 million. Meikangmao is engaged in provision of postpartum care service in the PRC. The acquisition was completed in April 2024. Details of the acquisition are set out in the Company's announcements dated 29 December 2022, 4 January 2023, 30 June 2023 and 29 December 2023.

Save as the above, the Group did not have other material acquisition nor disposal of subsidiaries and affiliated companies during the Year.

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, the Group did not have other future plans for material investments or capital assets.

## CONTINGENT LIABILITIES

Save as disclosed in this announcement, the Group did not have other significant contingent liabilities.

## HUMAN RESOURCES

As at 31 December 2024, the Group had 125 employees (2023: 184 employees) with total staff cost of approximately RMB26.7 million incurred during the Year (2023: RMB41.6 million), which included the employees retirement benefit expense incurred during the Year of approximately RMB3.2 million (2023: RMB4.7 million). As required by the applicable laws and regulations, the Group participates in various employee social security plans for our employees that are administered by local government. The Group's remuneration policy rewards employees and Directors based on individual performance, demonstrated capabilities, involvement, market comparable information and the performance of the Group. The Group improves the professional skills and management level of its employees through internal and external training. To ensure that the Group attracts and retains competent staff, remuneration packages are reviewed on a regular basis. Performance bonuses are offered to qualified employees based on individual and the Group's performance. The Group did not experience any material labour disputes during the Year.

## COMPETING INTEREST

During the Year, none of the Directors or the controlling shareholders of the Company or their respective close associates (as defined in the GEM Listing Rules) is interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group or has any conflicts of interest with the Group.

## DEED OF NON-COMPETITION

The controlling shareholders of the Company, namely Mr. Zhang, Mr. Zhang Junwei, and their respective holding companies, namely Hero Global Limited and Icon Global Holding Limited (the "**Controlling Shareholders**") entered into a deed of non-competition dated 12 June 2018 ("**Deed of Non-competition**") in favour of the Company (for itself and as trustee for each of its subsidiaries). For details of the Deed of Non-competition, please refer to the section headed "Relationship with Controlling Shareholders – Non-competition Undertaking" in the Prospectus. Each of the Controlling Shareholders has confirmed that none of them is engaged in, or interested in any business (other than the Group) which, directly or indirectly, competes or may compete with the business of the Group.

The independent non-executive Directors have also reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-competition have been complied with by each of the Controlling Shareholders during the Year and up to the date of this announcement.

## PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year and up to the date of this announcement.

## CORPORATE GOVERNANCE PRACTICES

The Company considers the maintenance of a high standard of corporate governance important to the continuous growth of the Group. The Company's corporate governance practices are based on code provisions as set out in the Corporate Governance Code (the "**CG Code**") as contained in Appendix C1 of the GEM Listing Rules.

During the Year and up to the date of this announcement, other than the deviation from code provision C.2.1, the Company has complied with, where applicable, the provisions of the CG Code as set out in Appendix C1 to the GEM Listing Rules to ensure that the Group's business activities and decision-making processes are regulated in a proper and prudent manner.

## EVENT AFTER THE REPORTING PERIOD

On 14 February 2025, the Company entered into a convertible bond placing agreement with Zijing Capital Limited (the "**Placing Agent**"), pursuant to which the Company agreed to issue and the Placing Agent agreed to procure, on a best endeavour basis, no less than six (6) placees to subscribe for the convertible bonds in an aggregate principal amount of up to HK$100.0 million at the issue price of 100% of the principal amount of the convertible bonds with a conversion price of HK$1.51 per conversion share. The convertible bonds in the principal amount of HK$52.0 million have been placed to two placees. For details, please refer to the announcements of the Company dated 14 February 2025, 24 February 2025, 7 March 2025 and 26 March 2025.

## FINAL DIVIDENDS

### Dividend Policy

The Company has no fixed dividend policy. A decision to distribute any interim dividend or recommend any final dividend would require the approval of the Board and will be at its discretion. In addition, any final dividend for a financial year will be subject to Shareholders' approval. A decision to declare or pay any dividend in the future and the amount of any dividends depends on a number of factors, including but not limited to our results of operations, financial condition, working capital, capital requirements and other factors our Board may deem relevant. There is no assurance that dividends of such amount or any amount will be declared or distributed each year or in any year.

In addition, as our Company is a holding company registered in the Cayman Islands and our operations are conducted through our subsidiaries in the PRC, the availability of funds to pay distributions to Shareholders depends on dividends received from these subsidiaries.

The Board did not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

## CLOSURE OF REGISTER OF MEMBERS FOR THE ANNUAL GENERAL MEETING

For the purpose of determining the entitlement to attend and vote at the annual general meeting of the Company to be held on Friday, 6 June 2025 (the "**2025 AGM**"), the register of members of the Company will be closed from Tuesday, 3 June 2025 to Friday, 6 June 2025, during which period no transfer of Shares will be effected. Shareholders whose names appear on the register of members of the Company on Friday, 6 June 2025 will be entitled to attend and vote at the 2025 AGM. In order to qualify for attending and voting at the 2025 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Monday, 2 June 2025.

## AUDIT COMMITTEE

The Audit Committee has reviewed with the management of the Group the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the audited consolidated financial statements for the Year. The Audit Committee had reviewed together with the management and external auditor the accounting principles and policies adopted by the Group and the audited consolidated financial statements for the year.

## INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors in writing an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers all the independent non-executive Directors to be independent.

## SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in this preliminary announcement have been agreed by the Group's auditors, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this preliminary announcement.

## PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and that of the Company (www.ziyygroup.com). The annual report of the Group for the Year containing all the information required by the GEM Listing Rules will be despatched to Shareholders and published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 31 March 2025

*As at the date of this announcement, the executive Directors are Mr. Zhang Junshen (Chairman and Chief Executive Officer) and Mr. Tian Zhiwei, the non-executive Directors are Mr. Lyu Di and Ms. Li Xinpei, the independent non-executive Directors are Mr. Chan Chi Fung Leo, Mr. Chow Siu Hang and Dr. Deng Bin.*

*This announcement will remain on the "Latest Listed Company Information" page on the HKEXnews website at www.hkexnews.hk for at least 7 days from the date of its posting and on the website of the Company at www.ziyygroup.com.*