

ZIYUANYUAN HOLDINGS GROUP LTD:
IT BOGGLES THE IMAGINATION HOW ANY RIGHT-THINKING
PERSON WOULD WANT TO INVEST IN THIS COMPANY

To make a determination in respect of Ziyuanyuan Holdings Group Ltd () (Code: 8223, The **G**rowth **E**nterprise **M**arket [the **GEM**], The Stock Exchange of Hongkong Ltd) is, indeed, difficult if not almost completely impossible.

The reason for **TARGET** (), making the aforementioned statement, is due to quite a number of reasons, but the three principal ones appear to be:

1. The Company has only been in existence for four years;
2. The Founder and Controlling Shareholder of the Company, since Ziyuanyuan Holdings Group Ltd first came into existence, appears to have been funding it, directly and or indirectly, at least for the first two years; and,
3. The Company, during the first four years of its existence, has made a number of material mistakes with regard to some of its customers, suggesting Management's incompetence in days of yore – if not to this day.

And yet, in spite of the above – and much more – when trading in the shares of this Company commenced on Monday, July 9, 2018, the share price shot up to \$HK1.57, an increase of about 106.58 percent over the Offer Price Per Share of 76 cents!

The share price, since trading commenced, has not dropped below \$HK1.16.

Last Monday, August 13, 2018, the Company announced its Financial Results for the six months to June 30, 2018.

In a nutshell, the following are five of the highlights of the Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income including Note 14(b):

	Six Months, Ended June 30		Percentage Increase
	2018	2017	
Finance Lease Income	29,137,000 renminbi*	24,615,000 renminbi	18.37
Finance Costs	(6,178,000 renminbi)	(3,872,000 renminbi)	59.55
Profit and Total Comprehensive Income	6,030,000 renminbi	5,475,000 renminbi	10.14
Bank Borrowings ¹	30,061,000 renminbi	Nil	
Bank Balance and Cash	5,989,000 renminbi	2,324,000 renminbi	157.70

* One renminbi is equal to about \$HK1.13176

1. *‘As at 30 June 2018, the bank borrowing was variable-rate borrowing with carrying interest per annum at 170% of the benchmark rate offered by the People’s Bank of China.*

‘As at 30 June 2018, the bank borrowing was guaranteed by Mr. Zhang Junshen, an executive director of the Company and one of the Company’s Controlling Individual Shareholders, Mr. Zhang Shengjie (), the father of Mr. Zhang Junshen, and Shenzhen Ziyuanyuan Investment Holdings Limited () (“ZYY Holdings”), a company controlled by the Controlling Individual Shareholders, and secured by charges over certain finance lease receivable of the Group with the aggregate carrying value of RMB27,190,000. The guarantee of the bank borrowing from Mr. Zhang Junshen, Mr. Zhang Shengjie and ZYY Holdings was released subsequently upon listing of the Company’s shares on the Stock

Exchange.'

Lastly, in respect of the Results for the six months, ended June 30, 2018, it was stated at Page 32 of the public announcement that the Company had overestimated the Net Proceeds, derived from the **Initial Public Offering** by about three percent, from \$HK47 million to \$HK45.60 million and, as such, modifications would be made as to how the net proceeds would be allocated.

The Initial Public Offering Of Ziyuanyuan Holdings Group Ltd

The Share Offer Prospectus of Ziyuanyuan Holdings Group Ltd was published and disseminated in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) on June 25, 2018.

Management Offered a total of 100 million, 10-cent Shares at the Indicative Offer Price Per Share, ranging from a low of 60 cents to a high of \$HK1.00.

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