

THIRD QUARTERLY REPORT



YONGAN HOLDINGS

# 2017



浙江永安融通控股股份有限公司

ZHEJIANG YONGAN RONGTONG HOLDINGS CO., LTD.\*

(formerly known as 浙江永隆實業股份有限公司 Zhejiang Yonglong Enterprises Co., Ltd.\*)

(a joint stock limited company incorporated in the People's Republic of China)

Stock Code: 8211

\*For identification purpose only

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**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.**

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*This document, for which the directors of Zhejiang Yongan Rongtong Holdings Co., Ltd.,\* (formerly known as 浙江永隆實業股份有限公司 Zhejiang Yonglong Enterprises Co., Ltd.\* (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document 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 document misleading.*

## **HIGHLIGHTS**

*For the nine months ended 30 September 2017,*

- Revenue of the Group increased from approximately RMB120.98 million to approximately RMB125.89 million, representing a slight increase of approximately 4.07% when compared to the corresponding period in 2016;
- Net loss was approximately RMB0.39 million; and
- The Directors do not recommend the payment of an interim dividend for the nine months ended 30 September 2017.

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

For the three months and nine months ended 30 September 2017

The board (the “Board”) of directors (the “Directors”) of 浙江永安融通控股股份有限公司 (Zhejiang Yongan Rongtong Holdings Co., Ltd.\*) (formerly known as 浙江永隆實業股份有限公司 Zhejiang Yonglong Enterprises Co. Ltd.\*) (the “Company” together with its subsidiary, the “Group”), is pleased to announce the unaudited consolidated results of the Group for the three months and nine months ended 30 September 2017 as follows:

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Revenue	3	<b>45,443</b>	57,977	<b>125,894</b>	120,976
Cost of sales		<u><b>(40,562)</b></u>	<u>(50,071)</u>	<u><b>(113,110)</b></u>	<u>(108,694)</u>
Gross profit		<b>4,881</b>	7,906	<b>12,784</b>	12,282
Other income and (loss)	3	<b>(294)</b>	(933)	<b>629</b>	(83)
Selling and distribution costs		<b>(264)</b>	(469)	<b>(2,197)</b>	(1,817)
Administrative expenses		<b>(3,139)</b>	(2,627)	<b>(7,260)</b>	(6,695)
Finance costs	4	<u><b>(944)</b></u>	<u>(4,660)</u>	<u><b>(2,832)</b></u>	<u>(13,979)</u>
Profit (loss) before taxation		<b>240</b>	(783)	<b>1,124</b>	(10,292)
Income tax expenses	5	<u><b>(1,251)</b></u>	<u>-</u>	<u><b>(1,509)</b></u>	<u>-</u>
Loss and total comprehensive expenses for the period	6	<u><b>(1,011)</b></u>	<u>(783)</u>	<u><b>(385)</b></u>	<u>(10,292)</u>
		<b>RMB</b>	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>
Loss per share					
— basic and diluted	8	<u><b>(0.10) cents</b></u>	<u>(0.07) cents</u>	<u><b>(0.04) cents</b></u>	<u>(0.97) cents</u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Paid-up capital RMB'000	Share premium RMB'000	Other revaluation reserve RMB'000 (Note a)	Assets revaluation reserve RMB'000	Statutory surplus reserve RMB'000 (Note b)	Accumulated losses RMB'000 (Note c)	Total RMB'000
Balance at 1 January 2016	106,350	69,637	124,950	32,401	12,496	(250,719)	95,115
Total comprehensive expenses for the period	—	—	—	—	—	(10,292)	(10,292)
Balance at 30 September 2016	<u>106,350</u>	<u>69,637</u>	<u>124,950</u>	<u>32,401</u>	<u>12,496</u>	<u>(261,011)</u>	<u>84,823</u>
Balance at 1 January 2017	106,350	69,637	343,903	34,550	12,496	(257,932)	309,004
Total comprehensive expenses for the period	—	—	—	—	—	(385)	(385)
Balance at 30 September 2017	<u>106,350</u>	<u>69,637</u>	<u>343,903</u>	<u>34,550</u>	<u>12,496</u>	<u>(258,317)</u>	<u>308,619</u>

*Notes:*

- (a) Other reserve represents dividends waived by the holders of domestic shares, net of tax effect and the deemed contribution arising from the discounting of the non-current interest-free loan from ultimate holding company and immediate holding company of the Company.
- (b) As stipulated by the relevant laws and regulations in the People's Republic of China (the "PRC"), the Group is required to appropriate 10% of its after-tax profit (after offsetting prior years losses) to general reserve fund until the balance of the fund reaches 50% its registered capital and thereafter any further appropriation is optional. The general reserve fund can be utilised to offset prior year losses, or for conversion into registered capital on the condition that the general reserve fund shall be maintained at a minimum of 25% of the registered capital after such utilisation.
- (c) Profit appropriation is subject to the approval of the board of directors. In accordance with the Articles of Association of the Company, the reserve available for distribution is the lower of the amount determined under the generally accepted accounting principles in the PRC and the amount determined under Hong Kong Financial Reporting Standards, At 30 September 2017 and 2016, no reserves were available for distribution due to accumulated losses being noted.

*Notes:*

## **1. BASIS OF PREPARATION**

The Company is a joint stock limited company established in the PRC and the H Shares of the Company are listed on the GEM of the Stock Exchange. Its immediate holding company is 貴州永安金融控股股份有限公司 (Guizhou Yongan Finance Holdings Company Ltd\*) (“Guizhou Yongan”), a company incorporated in the PRC. The ultimate holding company of the Company is 浙江永利實業集團有限公司 (Zhejiang Yongli Industry Group Co., Ltd\*) (“Zhejiang Yongli”), a company incorporated in the PRC.

The Group is principally engaged in (i) the manufacture, and sale of woven fabrics, (ii) provision of subcontracting services and (iii) private equity assets management.

The Group’s books and records are maintained in Renminbi (“RMB”), which is the same as the functional currency of the Group.

The principal accounting policies used in the preparation of the unaudited results are consistent with those used in the preparation of the Group’s annual financial statements for the year ended 31 December 2016. The unaudited results are prepared in accordance with accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the GEM Listing Rules.

## **2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

The financial statements have been prepared in accordance with the new and revised HKFRSs (“new and revised HKFRSs”) issued by the HKICPA.

The Group has not early applied the following new and revised HKFRSs, that have been issued but are not yet effective.

HKFRS 9 (2014)	Financial Instruments <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>1</sup>
HKFRS 16	Leases <sup>2</sup>
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts <sup>1</sup>

Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>1</sup>
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019.

<sup>3</sup> No mandatory effective date yet determined but available for adoption.

The directors of the Company anticipate that except as described in note 2 to the financial statement of the Group for the year ended 31 December 2016 in respect of application of HKFRS 9 (2014) Financial Instruments which will become effective for annual periods beginning on or after 1 January 2018 with early application permitted, application of the other new and revised HKFRSs will have no materials impact on the results and the financial position of the Group.

The directors of the Company anticipate that the application of HKFRS 9 (2014) Financial Instruments in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities in the Group's financial statements. However, it is not practicable to provide a reasonable estimate of that effect of HKFRS 9 (2014) until a detailed review has been completed.

### 3. REVENUE AND OTHER INCOME AND (LOSS)

Revenue represents the net amounts received and receivable for goods sold and services rendered by the Group to outside customers, net of discounts and sales related taxes. An analysis of the Group's revenue and other income and (loss) for the period are as follows:

	Three months ended		Nine months ended	
	30 September		30 September	
	2017	2016	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue</b>				
Sales of woven fabrics	<b>43,506</b>	56,112	<b>122,192</b>	115,865
Subcontracting fee income	<u><b>1,937</b></u>	<u>1,865</u>	<u><b>3,702</b></u>	<u>5,111</u>
	<u><b>45,443</b></u>	<u>57,977</u>	<u><b>125,894</b></u>	<u>120,976</u>
<b>Other income and (loss)</b>				
Assets management fee income ( <i>note</i> )	<b>20</b>	—	<b>20</b>	—
Bank interest income	<b>103</b>	28	<b>595</b>	79
Investment income	<b>53</b>	—	<b>139</b>	—
Sundry income	<b>76</b>	(6)	<b>149</b>	96
Exchange difference	<b>(59)</b>	—	<b>205</b>	—
Sales of scrap materials	<b>(487)</b>	(1,172)	<b>(479)</b>	(475)
Gain on disposal of old production machinery	<u>—</u>	<u>217</u>	<u>—</u>	<u>217</u>
	<u><b>(294)</b></u>	<u>(933)</u>	<u><b>629</b></u>	<u>(83)</u>

*Note:*

During the nine months ended 30 September 2017, assets management fee income represents a new business that commenced in June 2017 for provision of assets management services to the private equities.



**4. FINANCE COSTS**

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2017</b>	2016	<b>2017</b>	2016
	<i><b>RMB'000</b></i>	<i>RMB'000</i>	<i><b>RMB'000</b></i>	<i>RMB'000</i>
Imputed interest on non-current interest-free amount due to immediate holding company	<u><b>944</b></u>	<u>4,660</u>	<u><b>2,832</b></u>	<u>13,979</u>

**5. INCOME TAX EXPENSES**

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2017</b>	2016	<b>2017</b>	2016
	<i><b>RMB'000</b></i>	<i>RMB'000</i>	<i><b>RMB'000</b></i>	<i>RMB'000</i>
Current taxation				
— PRC Enterprise Income Tax	<u><b>1,251</b></u>	<u>—</u>	<u><b>1,509</b></u>	<u>—</u>

No provision for Hong Kong profits tax has been made as the Group's income neither arises in, nor is derived from Hong Kong.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Company is 25% for both periods.

No provision for PRC Enterprise Income Tax was made for the period ended 30 September 2016.

**6. LOSS FOR THE PERIOD**

Three months ended 30 September		Nine months ended 30 September	
2017	2016	2017	2016
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>

Loss for the period has been  
arrived at after charging:

Depreciation and amortisation	<u>3,693</u>	<u>1,696</u>	<u>5,390</u>	<u>5,371</u>
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**7. DIVIDEND**

The Directors do not recommend the payment of an interim dividend for the three and nine months ended 30 September 2017 and 2016.

**8. LOSS PER SHARE**

The calculation of the basic loss per share is based on the following data:

Three months ended 30 September		Nine months ended 30 September	
2017	2016	2017	2016
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>

Loss for the purpose of  
calculating basic loss  
per share

<u>1,011</u>	<u>783</u>	<u>385</u>	<u>10,292</u>
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Number of shares for the  
purpose of basic loss  
per share (*Note*)

<u>1,063,500,000</u>	<u>1,063,500,000</u>	<u>1,063,500,000</u>	<u>1,063,500,000</u>
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Weighted average number  
of shares for the  
purpose of calculating  
loss per share

<u>1,063,500,000</u>	<u>1,063,500,000</u>	<u>1,063,500,000</u>	<u>1,063,500,000</u>
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*Note:*

No diluted loss per share have been presented for the three months and nine months ended 30 September 2017 and 2016, as there was no diluting events existed during these periods.

## 9. RELATED PARTY TRANSACTIONS

During the periods, the Group had the following related party transaction and continuing connected party transaction with the related parties:

Name of related company	Nature	Nine months ended 30 September	
		2017 RMB'000	2016 RMB'000
Zhejiang Yongli Thermal Electricity ( <i>Note 1</i> )	Purchase of electricity and steam for usage in the production	5,896	5,611
Zhejiang Yongli Printing & Dyeing ( <i>Note 2</i> )	Purchase of dyeing services for usage in the production	8	14

*Notes:*

- (1) 浙江永利熱電有限公司 (Zhejiang Yongli Thermal Electricity Company Limited\*) (“Zhejiang Yongli Thermal Electricity”), is a fellow subsidiary of the Company. The aforesaid transactions were conducted in accordance with the term of contract dated 11 May 2015 and were in the ordinary course of the business of the Group.

As at 30 September 2017, amount due to Zhejiang Yongli Thermal Electricity was approximately RMB4.75 million (2016: approximately RMB3.90 million) which was unsecured, interest-free and repayable on demand.

- (2) 浙江紹興永利印染有限公司 (Zhejiang Shaoxing Yongli Printing & Dyeing Co., Ltd\*) (“Zhejiang Yongli Printing & Dyeing”), is a fellow subsidiary of the company. The aforesaid transactions were conducted in accordance with the term as agreed with both parties and were in the ordinary course of the business of the Company.

As at 30 September 2016, amount due to Zhejiang Yongli Printing & Dyeing was approximately RMB51,000 which was unsecured, interest-free and repayable on demand.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial review

For the nine months ended 30 September 2017, the Group recorded a revenue of approximately RMB125.89 million, represents a slight growth of approximately 4.07% when compared with the same period in 2016. The growth of revenue mainly contributed from the manufacture and sales of woven fabrics which increased by approximately 5.46% when compared with that in 2016. However, the revenue from subcontracting fee income dropped by approximately 27.57% as the production capacities were placed in the manufacture and sales of woven fabrics. The average percentage of gross profit margin for the nine months ended 30 September 2017 was stable when compared with the same period in 2016. The selling and distributed costs for the nine months ended 30 September 2017 increased by approximately 20.91% when compared with the corresponding period in 2016 was in line with the increase of revenue on sales of woven fabrics. Administrative expenses increased by approximately 8.44% mainly due to the effect of consolidation of administrative expenses from a subsidiary acquired in April 2017, details of the acquisition was disclosed in the announcement dated 11 April 2017. Other income increased by approximately RMB0.55 million which was also due to the effect of consolidation of other income from the subsidiary as acquired during the period. Finance cost of approximately RMB2.83 million for the nine months ended 30 September 2017 represents imputed interest in non-current interest-free loan due to immediate holding company. The respective loss per share for the nine months ended 30 September 2017 and 2016 were approximately RMB0.04 cents and RMB0.97 cents respectively.

### Business and operation review

During the nine months ended 30 September 2017, export sales to Europe increased by approximately RMB1.9 million, represents 18.78% mainly for exporting to France, Italy, Germany, Greece and Turkey. In additions, export sales to America during the nine months ended 30 September 2017 also increased by approximately RMB4.2 million, represents 101.19%. Export sale to the markets in Africa and the Middle East decreased sharply as the Company shifted the markets to Europe, America and Asia.

U.S. manufacturing activity in September 2017 achieved the highest growth when compared with the previous few years as new orders and raw material prices rose sharply, and even if the effect of the Hurricane Harvey and the Hurricane Irma were expected to decline the growth in the third quarter, the economy would remain viable. The economic outlook was strengthened. Accelerated manufacturing activity and rising prices are likely to exacerbate expectations that the Federal Reserve will raise

interest rates in December 2017. In 2015, China proposed supply side reform by improving the production capacity to resolve excess resources. In August 2017, industrial enterprises profit growth marked as high as 24%, hitting a four-year high. There are three main reasons for the rapid growth of industrial profits in August 2017: the price of industrial products rose in August 2017; reduced production costs; oil, steel and other industries led to accelerated growth in industrial profits. Industrial profit growth is mainly affected by resources price recovery and growth in enterprise sales. Supply side reform gradually balances supply and demand, in August 2017, national industrial enterprises profit growth accelerated.

In view of the encouraging industrial growth in U.S. and China in August 2017, the Directors expect that the Global economy will be rebounded gradually. In this regard, the Group will continue the existing policies in developing the local and overseas market.

On 11 April 2017, the Group acquired 100% of the registered capital in 貴州安恒永晟投資管理有限公司 (“Guizhou Anheng Yongcheng Investment Management Co., Ltd.,” (“Guizhou Anheng”)) from Guihou Yongan (the “Acquisition”), details of the transaction was disclosed in the announcement dated 11 April 2017. Guizhou Anheng is principally engaged in private equity assets management which is a new business to the Group. The Acquisition is expected to (i) diversify the business risk of the Group, (ii) contribute revenue to the Group and the shareholders of the Group and (iii) bring good returns on capital investment for the Group. During the nine months ended 30 September 2017, approximately RMB20,000 of assets management fee income was recorded under other income as the Group has just commenced to provide such services in June 2017.

On 1 September 2017, the Company entered into the limited partnership agreement dated 1 September 2017 with various parties for establishment of 深圳南山金融科技雙創股權投資基金合夥企業(有限合夥)(Shenzhen Nanshan Fintech Entrepreneurship and Innovation Equity Investment Fund Partnership Enterprise (Limited Liability Partnership)\*) (“the Fund”), details of the transactions were disclosed in the announcements dated 1 September 2017 and 9 November 2017, and circular dated 27 September 2017. The Fund is expected to invest in financial technology sector, including block chain, big data, artificial intelligence, and cloud computing. The Directors are of the view that investment in the Fund serves as an excellent platform for the Company to expand its business portfolio into the sectors of investment business for start-up enterprise. The Directors further expected that it will further diversify the investment risk and enhance the rate of return of the Company’s investment through access to a wider variety of investment channels.

**Production facilities**

During the nine months ended 30 September 2017 under review, the Group spent approximately RMB50,000 and approximately RMB65,000 in additions of plant and machinery and office and factory equipment respectively.

**Product research and development**

During the nine months ended 30 September 2017, the Group continued to innovate and develop new product so as to meet the customers' need and enhance sales orders from customers.

**Sales and marketing**

During the nine months ended 30 September 2017, the Group actively participated in various trade fairs held in PRC and overseas so as to gain the Group's exposure in the fabrics market and to popularise the Group's new products.

**OUTLOOK**

In view of the encouraging industrial growth in U.S. and China in August 2017, the Directors expect that the Global economy will be rebounded gradually. In this regard, the Group will continue the existing policies in developing the local and overseas market.

Whilst the Group remains its focus on its principal business in (i) the manufacture and sale of woven fabrics; and (ii) provision of subcontracting services, the Directors are proactively exploring investment opportunities to enhance the long-term growth of the Group.

The prospect of private equity/venture capital assets management in Mainland China is optimistic and will benefit from the growth of institutional funds. Following the increase in household income, high net worth customers in the PRC are looking for the growth of wealth, and thus leading to an increase in the purchase of varied financial products. This in return leads to the growth of institutional funds and the expansion of the scale of the funds for management.

Financial technology ("Fintech") is expected to be one of the leading areas for the financial investment. It will be one of the ways for expanding business domestically and to overseas, especially under the "One Belt and One Road" Initiative. Cybersecurity, blockchain technologies and big data analytics are new and innovative approaches for banks, financial institutions, government and universities development.

The Fund is expected to invest in Fintech sector, including block chain, big data, artificial intelligence, and cloud computing. The Directors believe that it will bring good return to the Group. Having considered (i) the Company's strategy to strengthen its growth of long-term business for diversifying risks and increasing return to Shareholders; (ii) the capabilities and experience in investment possessed by certain members of the Board; and (iii) the experience and extensive knowledge of the senior management of the General Partner and Limited Partners of the Fund, the Directors are of the view that the Acquisition and the Fund serve as an excellent platform for the Company to expand its business portfolio into the sectors of investment business for start-up enterprise.

With the support from Guizhou Yongan, the Directors expect that the Group has sufficient resources to meet its present and future requirements and is able to face the challenge in 2017 and the near future. The Company will continue to actively explore business opportunities in and outside the PRC.

#### **DIRECTORS' CHIEF EXECUTIVES' AND SUPERVISORS' INTERESTS IN SHARES OF THE COMPANY**

As at 30 September 2017, Ms. He Lianfeng, an executive Director and her spouse totally have approximately 0.039% of interest in Zhejiang Yongli, the ultimate holding company of the Company. Mr. He Weifeng is also the deputy chairman of Zhejiang Yongli. Mr. Jiang Ning is vice general manager of Guizhou Yongan, the Company's immediate holding company, and a director of four other subsidiaries of Guizhou Yongan. Mr. Tang Guo Ping, a non-executive Director, is an assistant to the chairman of Zhejiang Yongli. Ms. Wang Ai Yu, a supervisor of the Company, is a manager of the finance department of Zhejiang Yongli. Zhejiang Yongli and Guizhou Yongan are associated corporations (within the meaning of Part XV of the SFO) by virtue of being a holding company of the Company.

Save as disclosed above, as at 30 September 2017, none of the Directors, supervisors or chief executive of the Company had an interest or a short position in the shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required, (i) 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 which he/she is taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

## SUBSTANTIAL SHAREHOLDERS

As at 30 September 2017, so far as it is known to the Directors, chief executives or supervisors of the Company, the persons (not being a Director, chief executive or supervisor of the Company) who had interests or short positions in the shares or underlying shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO, or who is interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Company are as follows:

### Long positions in the shares of the Company

*Domestic shares of the Company ("Domestic shares")*

Name of shareholders	Capacity	Number of Domestic Shares held	Approximate percentage of interests in Domestic Shares	Approximate percentage of interests in total registered capital
Guizhou Yongan	Beneficial owner	588,000,000	100%	55.29%
Zhejiang Yongli	Interest in controlled corporation ( <i>Note</i> )	588,000,000	100%	55.29%
Mr. Zhou Yongli	Interest in controlled corporation ( <i>Note</i> )	588,000,000	100%	55.29%
Ms. Xia Wanmei	Interest of spouse ( <i>Note</i> )	588,000,000	100%	55.29%

*Notes:*

*Mr. Zhou Yongli and his spouse Ms. Xia Wanmei, own approximately 94.25% and approximately 3.49% in Zhejiang Yongli respectively. Zhejiang Yongli owns 65% in Guizhou Yongan. Mr. Zhou Yongli and Ms. Xia Wanmei are therefore deemed to be interested in the 588,000,000 domestic shares of the Company held by Guizhou Yongan, representing 55.29% of the total issued share capital of the Company.*



*H shares of RMB0.1 each of the Company (“H shares”)*

<b>Name of shareholder</b>	<b>Capacity</b>	<b>Number of H shares held</b>	<b>Approximate percentage of interests in H Shares in issue at 30 September 2017</b>	<b>Approximate percentage of interests in total issued share capital 30 September 2017</b>
Wing Hing Holdings (HK) Investment Limited	Beneficial owner	208,540,000	43.86%	19.60%

As at 30 September 2017, save as disclosed above, so far as was known to the Directors, chief executives and supervisors of the Company, no other person (other than the Directors, chief executives or supervisors of the Company) had an interest or short position in the shares or underlying shares which would fall to be disclosed under Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO.

### **COMPETING INTERESTS**

None of the Directors, supervisors of the Company or the controlling shareholders (as defined under the GEM Listing Rules) of the Company and their respective close associates (as defined under the GEM Listing Rules) had any interest in a business which competes or may compete with the business of the Group under the period under review and up to date of this document.

### **AUDIT COMMITTEE**

An audit committee of the Company (“Audit Committee”) was established with written terms of reference in compliance with the Rules 5.28 and 5.29 and code provision C.3.3 of the Corporate Governance Code of the GEM Listing Rules. The Audit Committee shall be appointed by the Board from amongst the non-executive Directors only and shall consist of not less than three members, a majority of whom shall be independent non-executive Directors and at least one of whom must have appropriate professional qualification or accounting or related financial management expertise. There are three members in the Audit Committee comprising the three independent non-executive Directors, namely Mr. Xu Wei Dong, Ms. Zhang Li and Mr. Wang Weisong. Mr. Xu Wei Dong is the chairman of the Audit Committee.

The main functions of the Audit Committee include to recommend to the Board on the appointment, reappointment and removal of the external auditors; to approve the remuneration and terms of engagement of the external auditors as well as any questions of resignation or dismissal of such auditors; to review the quarterly, interim and annual reports and accounts of the Group; and to oversee the Company's financial reporting and internal control procedures.

The Audit Committee has reviewed the third quarterly results of the Group for the nine months ended 30 September 2017.

### **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS**

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rule 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors and supervisors of the Company, all Directors and supervisors of the Company confirmed that they have complied with the required standard and the code of conduct regarding securities transactions by directors and supervisors adopted by the Company.

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

Neither the Company nor its subsidiary had purchased, sold or redeemed any of the Company's listed securities during the nine months ended 30 September 2017.

By Order of the Board  
**Zhejiang Yongan Rongtong Holdings Co., Ltd.**  
**Jiang Ning**  
*Chairman*

Zhejiang, the PRC, 14 November, 2017

*As at the date of this document, the executive Directors are Mr. Jiang Ning (Chairman), Mr. He Weifeng (Deputy Chairman), Ms. He Lianfeng (Chief Executive Officer), Mr. Hu Hua Jun; the non-executive Director is Mr. Tang Guo Ping; the independent non-executive Directors are Mr. Xu Wei Dong, Ms. Zhang Li and Mr. Wang Weisong.*

*This document will remain on the “Latest Company Announcements” page of the website of the GEM at <http://www.hkgem.com> for at least 7 days from the date of its posting and on the website of the Company at <http://www.zj-yongan.com>.*

*\* For identification purpose only*