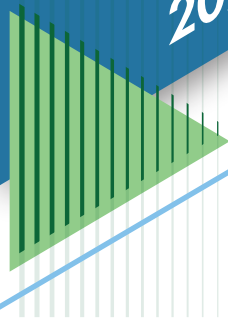


THIRD Quarterly Report 2021



YONGAN HOLDINGS

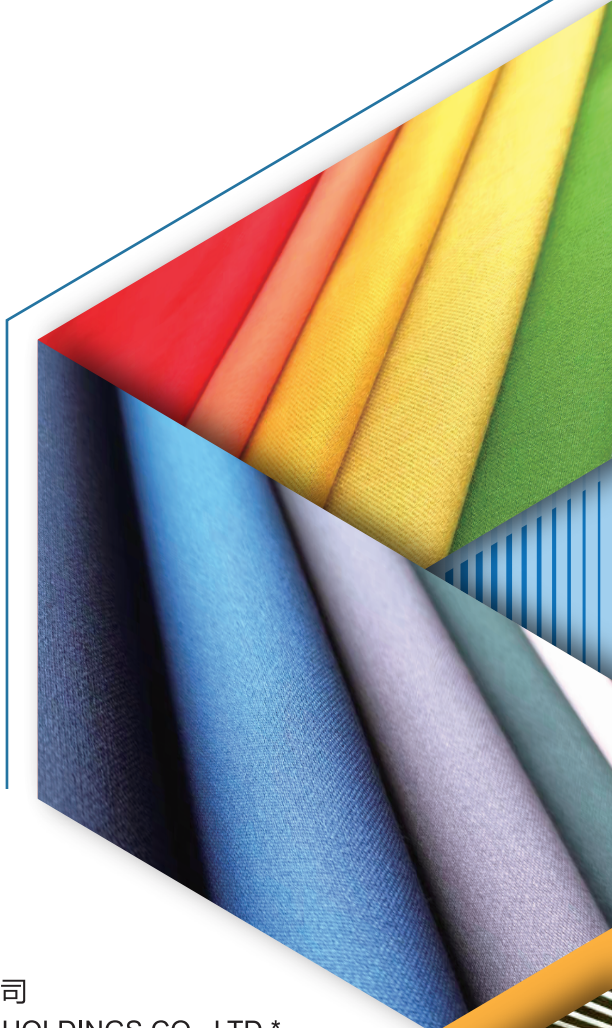
浙江永安融通控股股份有限公司

ZHEJIANG YONGAN RONGTONG HOLDINGS 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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GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board 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 浙江永安融通控股股份有限公司 (Zhejiang Yongan Rongtong Holdings 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 2021,

- revenue of the Group increased from approximately RMB62.12 million to approximately RMB68.61 million, representing an increase of approximately 10.44% when compared to the corresponding period in 2020; and
- net loss was approximately RMB18.34 million.

The Directors do not recommend the payment of an interim dividend for the nine months ended 30 September 2021.

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

For the three months and nine months ended 30 September 2021

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.*) (the “Company” together with its subsidiaries, the “Group”), is pleased to announce the unaudited consolidated results of the Group for the three months and nine months ended 30 September 2021 as follows:

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2021 RMB'000	2020 RMB'000 (Restated)	2021 RMB'000	2020 RMB'000 (Restated)
Revenue	3	12,109	25,728	68,605	62,121
Cost of sales		(13,398)	(25,899)	(69,668)	(61,322)
Gross (loss) profit		(1,289)	(171)	(1,063)	799
Other income and gains	3	247	333	991	1,525
Selling and distribution costs		(326)	(382)	(1,092)	(1,029)
Administrative expenses		(3,335)	(2,851)	(11,703)	(13,536)
Share of loss of an associate		(629)	(1,246)	(4,002)	(5,173)
Finance costs	4	(515)	(1,752)	(1,486)	(5,257)
Loss before taxation		(5,847)	(6,069)	(18,355)	(22,671)
Income tax credit (expenses)	5	2	—	12	(48)
Loss and total comprehensive expense for the period	6	<u>(5,845)</u>	<u>(6,069)</u>	<u>(18,343)</u>	<u>(22,719)</u>
		RMB	RMB	RMB	RMB
Loss per share					
— basic and diluted	8	<u>0.55 cents</u>	<u>0.57 cents</u>	<u>1.72 cents</u>	<u>2.14 cents</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Paid-up capital RMB'000	Share premium RMB'000	Other 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							
2020	106,350	69,637	331,664	42,067	12,496	(314,912)	247,302
Total comprehensive expenses for the period (restated)	—	—	—	—	—	(22,719)	(22,719)
Balance at 30 September							
2020	<u>106,350</u>	<u>69,637</u>	<u>331,664</u>	<u>42,067</u>	<u>12,496</u>	<u>(337,631)</u>	<u>224,583</u>
Balance at 1 January							
2021	106,350	69,637	349,487	43,535	12,496	(343,249)	238,256
Total comprehensive expense for the period	—	—	—	—	—	(18,343)	(18,343)
Balance at 30 September							
2021	<u>106,350</u>	<u>69,637</u>	<u>349,487</u>	<u>43,535</u>	<u>12,496</u>	<u>(361,592)</u>	<u>219,913</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 regulations in the People's Republic of China (the "PRC"), the Company is required to appropriate 10% of its after-tax profit (after offsetting prior years losses) to a statutory surplus reserve fund until the balance of the fund reaches 50% of its registered capital and thereafter any further appropriation is optional. The statutory surplus reserve fund can be utilised to offset prior year losses, or for conversion into registered capital on the condition that the statutory surplus 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 2021 and 2020, no reserves were available for distribution as the Group incurred accumulated losses.

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.

The principal activities of the Group are (i) the manufacture, research and development and sale of woven fabrics; (ii) the provision of subcontracting services; and (iii) assets management services.

In the opinion of the Directors, the immediate parent of the Company is 貴州永安金融控股股份有限公司 (Guizhou Yongan Finance Holdings Company Ltd.*) (“Guizhou Yongan”), an enterprise established in the PRC, and the ultimate holding parent and ultimate controlling party of the Company is 浙江永利實業集團有限公司 (Zhejiang Yongli Industry Group Co., Ltd*) (“Zhejiang Yongli”), which is established in the PRC.

The consolidated financial statement are presented 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 consolidated results are consistent with those used in the preparation of the Group’s annual financial statements for the year ended 31 December 2020. The unaudited consolidated 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 AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

The consolidated financial statements have been prepared in accordance with the new and amendments to HKFRSs issued by the HKICPA.

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

HKFRS 17	Insurance Contracts and related Amendments ²
Amendments to HKFRS 3	Reference to Conceptual Framework ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 cycle ¹

¹ Effective for annual periods beginning on or after 1 January 2022.

² Effective for annual periods beginning on or after 1 January 2023.

³ Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of these new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

3. REVENUE AND OTHER INCOME AND GAINS

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

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
		(Restated)		(Restated)
Revenue from contracts with customers within the scope of HKFRS 15				
Disaggregation by major products or services lines				
Manufacture and sales of woven fabrics	12,826	25,128	62,411	60,653
Subcontracting fee income	(717)	600	6,194	1,468
	<u>12,109</u>	<u>25,728</u>	<u>68,605</u>	<u>62,121</u>
Disaggregation of revenue by timing of recognition				
Timing of revenue recognition				
At a point in time	12,826	25,128	62,411	60,653
Over time	(717)	600	6,194	1,468
	<u>12,109</u>	<u>25,728</u>	<u>68,605</u>	<u>62,121</u>
Total revenue from contract with customers	<u>12,109</u>	<u>25,728</u>	<u>68,605</u>	<u>62,121</u>
Other income and gains				
Interest income	3	12	21	24
Dividend from financial asset at FVTPL	—	—	115	313
Sundry income (note 2)	97	124	251	257
Foreign exchange (loss) gains, net	(6)	(24)	8	1
Sales of scrap materials	104	51	300	127
Compensation income	13	—	13	—
Government subsidies (note 1)	40	170	203	568
Refund of retirement benefit scheme contribution	—	—	126	235
Loss from change in fair value of financial asset at FVTPL	(4)	—	(46)	—
	<u>247</u>	<u>333</u>	<u>991</u>	<u>1,525</u>

Notes:

- (1) Government subsidies of approximately RMB203,000 (2020: RMB568,000) was awarded to the Group during the nine months ended 30 September 2021 included RMB84,000 (2020: RMB369,000) for encouraging enterprise development.

In March 2020, the Group received a government subsidy of approximately RMB1,589,000 for encouraging replacement of low productivity machinery and equipment. According to the audited result for the year ended 31 December 2020, the amount has been treated as deferred income and transferred to other income over the useful lives of the relevant assets. The policy has resulted in a credit to the other income of approximately RMB119,000 (2020: RMB199,000) in the current period and the respective period in 2020 has also been restated according to the policy. As at 30 September 2021, an amount of approximately RMB1,231,000 (2020: RMB1,390,000) remains to be amortised.

- (2) Rental income of approximately RMB231,000 (2020: RMB243,000) is recognised. The Group leases out buildings under operating leases. The leases typically run for an initial period of 1 year. None of the leases includes variable lease payments.

4. FINANCE COSTS

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Imputed interest on non-current interest-free amount due to immediate holding company	<u>515</u>	<u>1,752</u>	<u>1,486</u>	<u>5,257</u>

5. INCOME TAX CREDIT (EXPENSES)

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
PRC Enterprise Income Tax				
— Current taxation	—	—	—	—
— Prior year over (under-provided)	<u>2</u>	<u>—</u>	<u>12</u>	<u>(48)</u>
	<u>2</u>	<u>—</u>	<u>12</u>	<u>(48)</u>

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.

6. LOSS FOR THE PERIOD

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
		(Restated)		(Restated)
Loss for the period has been arrived at after charging:				
Staff cost (including supervisors', directors' and chief executive's emoluments):				
Salaries, wages and other benefits in kind	3,671	5,538	16,537	15,013
Retirement benefit scheme contributions	355	(504)	1,073	140
Total staff costs	<u>4,026</u>	<u>5,034</u>	<u>17,610</u>	<u>15,153</u>
Depreciation of right-of-use assets	47	47	141	141
Cost of inventories recognized as an expenses	13,475	25,014	62,609	59,555
Depreciation of property, plant and equipment	2,275	2,487	6,859	7,203
Research and development costs recognized as an expenses (<i>note</i>)	424	586	1,154	1,321
Loss from change on fair value of financial asset at fair value through profit and loss	4	—	46	—
Impairment loss on trade receivables	732	391	3,283	3,024
Loss on disposal of a subsidiary	—	—	—	2,204

Note: Research and development costs includes staff costs of approximately RMB1,154,000 (2020: approximately RMB1,321,000) which have been included in the staff costs as disclosed above.

7. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the three and nine months ended 30 September 2021 and 2020.

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	
	2021 RMB'000	2020 RMB'000 (Restated)	2021 RMB'000	2020 RMB'000 (Restated)
Loss for the purpose of calculating basic loss per share	<u>5,845</u>	<u>6,069</u>	<u>18,343</u>	<u>22,719</u>
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>
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>

Note: No diluted loss per share have been presented for the three months and nine months ended 30 September 2021 and 2020 as there was no diluting events existed during these periods.

9. RELATED PARTY TRANSACTIONS

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

- (a) During the period for the nine months ended 30 September 2021, the Group had paid approximately RMB8,000,000 (2020: RMB7,751,000) to Zhejiang Yongli for electricity charges paid by Zhejiang Yongli on behalf of the Group. The aforesaid payments were made on behalf of the Group based on the actual costs incurred and were in the ordinary course of business of the Group.
- (b) During the period for the nine months ended 30 September 2021, the Group had paid approximately RMB246,000 (2020: approximately RMB149,000) to 浙江紹興永利印染有限公司 (Zhejiang Shaoxing Yongli Printing & Dyeing Co., Ltd.*), a fellow subsidiary of the Company for providing dyeing services to the Group. The aforesaid transactions were in the ordinary course of business of the Group.
- (c) During the nine months ended 30 September 2021, the Group had received approximate RMB231,000 (2020: approximately RM243,000) from 紹興虹利化纖有限公司 (Shaoxing Hongli Fiber Co., Ltd.*), a fellow subsidiary of the Company for leasing of certain property, plant and equipment to it.
- (d) During the nine months ended 30 September 2021, the Group had received approximately RMB1,000 (2020: nil) and approximately RMB16,000 (2020: nil) respectively from the fellow subsidiaries of the Company, 浙江永利經編股份有限公司 (Zhejiang Yongli Warp Knitting Co., Ltd.*) and 浙江永和建材有限公司 (Zhejiang Yonghe Building Materials Co., Ltd.*) for sales of woven fabrics to them.

The aforesaid transactions were in the ordinary course of business of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

Revenue and gross profit

During the nine months ended 30 September 2021 (the “Current Period”), the Group recorded a revenue of approximately RMB68,605,000, representing an overall increase of approximately 10.44% when compared to the same period in 2020 mainly contributed from the rise of sales of woven fabrics while incurred a gross loss of approximately RMB1,063,000. Due to the long-lasting outbreak of the novel coronavirus (“COVID-19”) epidemic (the “Epidemic”) since 2020, most commercial activities in China and overseas countries were either suspended or seriously affected. Although China successfully stopping the Epidemic from widely few months later after the outbreak in early 2020, the overseas countries continue to be suffered by the Epidemic which caused the decline in demand of the product of the Group from both local and overseas customers. In addition, a substantial appreciation of the renminbi further impacted the unfavorable export in such severe situation. Furthermore, shortage of labour force due to labour structure adjustment led to increase of wages and rise of cost of raw materials continue to impact the Group and the peer manufacturers. As such, both domestic and export sales of woven fabrics of the Group were significantly affected and so do the selling price in both domestic and export sales of woven fabrics. Furthermore, the COVID-19 epidemic in overseas countries also caused the logistic problems such as delay of transportation time and rise of freight cost.

Other income and gains

Other income and gains dropped by approximately RMB534,000 or approximately 35.02% during the Current Period when compared to the same period in 2020 mainly due to the Group received government subsidies in 2020 from the local government authorities for encouragement of resumption of work after the Epidemic had been under controlled.

Selling and distribution costs

Selling and distribution costs increased by approximately RMB63,000 or approximately 6.12% during the Current Period when compared to the same period in 2020 was in line with the increase of revenue during the Current Period.

Administrative expenses

Administrative expenses decreased by approximately RMB1,803,000 or approximately 13.54% during the Current Period when compared to the same period in 2020 mainly due to loss incurred in disposal of a subsidiary in 2020.

Share of loss of associates

Share of loss of associates of approximately RMB4,002,000 represents share of loss from Beijing Tepia Technology Co., Ltd.* (北京太比雅科技股份有限公司) (“Tepia”), a company incorporated in the PRC and is listed on the NEEQ (Stock Code: 838941) which the Group has acquired and interest in 41.67% since 20 August 2019. Share of loss of associates decreased by approximately RMB1,171,000 or approximately 22.64% for the Current Period when compare with the same period in 2020, mainly due to the improvement of the result of Tepia for the Current Period. During the Current Period, the revenue of Tepia increased by approximately RMB5,221,000 or approximately 32.60% when compared to the same period in 2020 as some of the projects could not be carried out as planned in 2020 due to the outbreak of Epidemic in China in early 2020 which caused the restriction of commercial and social activities. After China has successfully stopped the Epidemic from widely after few months since the outbreak in early 2020, most of the commercial activities in China has been resumed as normal in 2021. During the Current Period, Tepia mainly continued to undergo the projects from 2019 and 2020 as new projects from the relevant government departments normally opened for bidding from the second to third quarter of the relevant year. During Current Period, selling expenses decreased by approximately RMB693,000 or 7.73% when compared to the same period in 2020 mainly due to decreased in staff salary. Administrative expenses decreased by approximately RMB1,382,000 or approximately 18.62% when compared to the same period in 2020 mainly due to decrease of staff salary and decrease of impairment in trade receivables.

Finance cost

Finance cost of approximately RMB1,486,000 for the Current Period represents imputed interest in interest free loan due to immediate holding company, Guizhou Yongan. In April 2020, the Company repaid RMB11 million to Guizhou Yongan and on 30 November 2020, the Company entered into a supplemental debt agreement (the “Supplemental Debt Agreement”) with Guizhou Yongan. Due to the Supplement Debt Agreement, the interest free loan has been modified according to HKFRS 9, details of which were disclosed in annual report for the year ended 31 December 2020. The respective imputed interest immediately before and after 30 November 2020 on the advance had been computed at an effective interest rate of 18.22% and 12.42% (January 2020 to September 2020: 18.22%). In this regard, finance cost for the Current Period decreased significantly by approximately RMB3,771,000 or approximately 71.73% when compared to the same period in 2020.

Loss for the year

Loss for the Current Period was approximately RMB18,343,000, decreased by approximately RMB4,376,000 or 19.26% when compared to the same period in 2020 mainly due to decrease in share of loss of associates and finance cost as explained above.

Loss per share

The respective loss per share for the Current Period and 2020 were approximately RMB1.72 cents and approximately RMB2.14 cents respectively.

Business and operation review***Manufacture and sales of woven fabrics and provision of woven fabrics subcontracting services***

The textile sector is the Group's main business. During the Current Period, the domestic sales of woven fabrics increased by approximately RMB4.04 million or approximately 7.68% and subcontracting fee income also increased by approximately RMB4.73 million or approximately 321.93% mainly due to commercial activities has been resumed as normal in China in 2021 after China has successfully stopping the Epidemic widely after few months since the outbreak of COVID-19 in early January 2020 in China. However, the long-lasting outbreak of the Epidemic in some overseas countries since 2020 and the rise of tension between China and the U.S. continued to impact to the export sales of the Group. In addition, the appreciation of the renminbi in 2020 also impact the unfavorable export in such severe situation. Furthermore, shortage of labour force due to the labour structure adjustment continue to impact the Group and the peer manufacturers. In this regard, the Group has continued to implement various measures and actions including development of new sales channels for increasing the exposure of the Group's product to potential customers and research and development of new and high quality product so as to attract high profile customers etc. In addition, further to launch of the COVID-19 vaccines and increase of the vaccination population globally, the Directors expect that the business environment ahead will continue to be tough and uncertain as many countries are still being exposed to the risk of having a new wave of coronavirus outbreak especially when the winter is coming. Due to the expectation that the challenging business environment may persist at least in the coming few quarters, the Group understands that it is important to preserve its financial strength. In this regard, measures will continue to be carried out to increase efficiency, reduce cost and improve liquidity.

Water management-related business by associates

In 2021, Tepia mainly engaged in small and medium-sized reservoirs as the starting point, focusing on "small water conservancy projects", make full use of existing customers and technology accumulation, for Water Conservancy, Water government customers, to provide small water conservancy project operation and maintenance management scheme design, management system development, equipment installation and commissioning, aerial three-dimensional data, property management, repair and maintenance. Tepia's performance in 2021 has further improved somewhat from the previous year.

During the reporting period, Tepia expanded its business area to the field of industrial circulating water treatment. Through equipment based on electrochemical and electromagnetic mixing physical technology, it solves the problems of industrial circulating water fouling, corrosion, bacteria and algae breeding, and can help customers achieve water saving, energy saving and consumption reduction. The business is mainly aimed at enterprise customers in electric power, chemical industry, iron and steel and machinery manufacturing industries. At present, Tepia has expanded some customers, however due to a certain time lag in equipment delivery and acceptance, income has not yet been confirmed during the Current Period.

Production facilities

During the nine months ended 30 September 2021 under review, the Group spent approximately RMB85,000 (2020: RMB90,000) for renovation of factory buildings and additions of office equipments.

Product research and development

During the nine months ended 30 September 2021, 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 2021, the Group actively prepared for participated in various trade fairs to be held in PRC so as to gain the Group's exposure in the fabrics market and to popularise the Group's new products.

OUTLOOK

Further to launch of the COVID-19 vaccines and increase of the vaccination population globally, there are many countries still being exposed to the risk of having a new wave of coronavirus outbreak especially when the winter is coming. The Board expected that it will be a long road for the market to resume its growth momentum and let consumers rebuild their confidence on spending even if the virus can be later under control. Furthermore, the increase in tension between China and the United States, the Directors anticipate that the market demand for the woven fabrics in the future will be highly volatile and it takes time for the Group's business volume to be fully restored to the pre-pandemic level. Due to the expectation that the challenging business environment may persist at least in the coming few quarters, the Group understands that it is important to preserve its financial strength. In this regard, measures will continue to be carried out by the Group to increase efficiency, reduce cost and improve liquidity. Capital expenditures will be managed in a very prudent manner without compromising the needs for strategic investments in key areas. The year of 2021 is still full of challenges.

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

As at 30 September 2021, 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. Ms. Wang Ai Yu, a supervisor of the Company ("Supervisor"), is a manager of the internal audit department of Zhejiang Yongli. Zhejiang Yongli is associated corporations (within the meaning of Part XV of the SFO) by virtue of being an ultimate holding company of the Company.

Save as disclosed above, as at 30 September 2021, 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

At 30 September 2021, so far as it is known to the Directors or chief executive or Supervisors of the Company, the interests and short positions of person in the shares or underlying shares of the Company, other than the interest of the Directors or Supervisors, which would fall to be disclosed under Divisions 2 and 3 or Part XV of the SFO or which were required, pursuant to section 336 of Part XV of the SFO, to be entered in the register referred to therein, or who is interested directly or indirectly in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Company were 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 in issue as at	Approximate percentage of interests in total issued shares as at
			30 September 2021	30 September 2021
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:

- (1) On 8 April 2021, the Company received a notice from Guizhou Yongan that 588,000,000 Domestic Shares has been pledged to an independent third party, China Zheshang Bank Co., Ltd., Shaoxing Branch (“CZBank”) as a security for a loan of RMB50 million as provided by CZBank to Zhejiang Yongli, details of which were disclosed in the announcement dated 8 April 2021 of the Company. As at the date of this document, the 588,000,000 Domestic Shares still have been pledged to CZBank for security of the bank loan granted to Zhejiang Yongli.
- (2) 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 of the Company.

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

Name of shareholders	Capacity	Number of H Shares held	Approximate percentage of interests in H Shares in issue as at 30 September 2021	Approximate percentage of interests in total issued share as at 30 September 2021
Wing Hing Holdings (HK) Investment Limited	Beneficial owner	208,530,000	43.85%	19.61%

As at 30 September 2021, 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 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

The Company has established an audit committee (the “Audit Committee”) with written terms of reference in compliance with Rule 5.28 and 5.29 of the GEM Listing Rules and code provision C3.3 of the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group and provide advice and comments to the Board. As at the date of this document, the Audit Committee has three members comprising the three independent non-executive Directors, Mr. Yu Weidong, Mr. Yuan Lingfeng and Mr. Zhu Weizhou. Mr. Yu Weidong and Mr. Yuan Lingfeng were appointed as independent non-executive Directors and member of Audit Committee of the Company on 30 July 2021 for taking up the position of Mr. Leng Peng and Ms. Wu Yuejuan due to their resignations on 30 July 2021. Mr. Yu Weidong is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited first quarterly results, interim results and the third quarterly results of the Group for the three months ended 31 March 2021, the six months ended 30 June 2021 and the nine months ended 30 September 2021 respectively and is of the opinion that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosure had been made.

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, all Directors and Supervisors 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 subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the nine months ended 30 September 2021.

By Order of the Board
Zhejiang Yongan Rongtong Holdings Co., Ltd.
Lou Lijiang
Chairman

Zhejiang, the PRC, 12 November, 2021

As at the date of this document, the executive Directors are Mr. Lou Lijiang (Chairman), Ms. He Lianfeng (Chief Executive Officer) and Mr. Hu Hua Jun; the non-executive Director is Mr. Ma Jinsong (Deputy Chairman); the independent non-executive Directors are Mr. Yu Weidong, Mr. Yuan Lingfeng and Mr. Zhu Weizhou.

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*