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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

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Given that 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.*

* *For identification purpose only*

HIGHLIGHTS

For the year ended 31 December 2017,

- Revenue of the Group decreased slightly from approximately RMB165.79 million in year 2016 to approximately RMB159.44 million in year 2017, representing a decrease of approximately 3.83% when compared to the year ended 31 December 2016;
- Loss for the year was approximately RMB2.21 million; and
- The Directors do not recommend the payment of a final dividend for the year ended 31 December 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 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.*) (the "Company" together with its subsidiary, the "Group"), is pleased to announce the audited results of the Group for the year ended 31 December 2017, together with the comparative results for the corresponding period in 2016 as follows:

	Notes	**2017** **RMB'000**	2016 *RMB'000*
Revenue	3	**159,442**	165,785
Cost of sales		**(144,019)**	(147,688)
Gross profit		**15,423**	18,097
Other income and gains	3	**2,363**	4,896
Selling and distribution costs		**(2,538)**	(2,455)
Administrative expenses		**(12,718)**	(12,049)
Finance costs	5	**(3,776)**	(13,980)
Loss before taxation		**(1,246)**	(5,491)
Income tax expense	6	**(963)**	(1,722)
Loss for the year	7	**(2,209)**	(7,213)
Other comprehensive income for the year			
Items that will not be reclassified subsequently to profit or loss:			
Fair value loss in available-for-sale investment		**(1,171)**	—
Deferred tax relating to fair value losses on available-for-sale investment		**292**	—
Gain on revaluation of properties		**4,259**	2,865
Income tax relating to revaluation of properties		**(1,065)**	(716)
Other comprehensive income for the year, net of tax		**2,315**	2,149
Total comprehensive income (expenses) for the year		**106**	(5,064)
		RMB	*RMB*
Loss per share			
Basic and diluted	8	**(0.21) cents**	(0.68) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
Non-current assets			
Property, plant and equipment		**102,940**	104,387
Prepaid lease payments		**6,268**	6,456
Goodwill	16	**1,230**	—
Available-for-sale investment		**73,807**	—
		184,245	110,843
Current assets			
Inventories		**27,843**	38,826
Trade and other receivables	10	**37,713**	37,898
Prepaid lease payments		**188**	188
Amount due from ultimate holding company	11	**71**	—
Bank balances and cash		**136,451**	203,551
		202,266	280,463
Current liabilities			
Trade and other payables	12	**41,152**	44,535
Tax payables		**8**	1,747
Amounts due to fellow subsidiaries	13	**4,432**	4,627
Amount due to immediate holding company	14	**6,426**	3,776
		52,018	54,685
Net current assets		**150,248**	225,778
Total assets less current liabilities		**334,493**	336,621
Non-current liabilities			
Deferred tax liabilities		**11,085**	10,669
Amount due to immediate holding company	14	**26,537**	16,948
		37,622	27,617
Net assets		**296,871**	309,004
Capital and reserves			
Share capital		**106,350**	106,350
Share premium and reserves		**190,521**	202,654
		296,871	309,004

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Other reserve	Asset revaluation reserve	Statutory surplus reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
			(Note (a))	*(Note (b))*	*(Note (c))*		
At 1 January 2016	106,350	69,637	124,950	32,401	12,496	(250,719)	95,115
Loss for the year	—	—	—	—	—	(7,213)	(7,213)
Gain on revaluation of properties, net of tax	—	—	—	2,149	—	—	2,149
Total comprehensive income (expenses) for the year	—	—	—	2,149	—	(7,213)	(5,064)
Deemed contribution from the immediate holding company of the Company *(Note 14)*	—	—	218,953	—	—	—	218,953
At 31 December 2016 and 1 January 2017	106,350	69,637	343,903	34,550	12,496	(257,932)	309,004
Loss for the year	—	—	—	—	—	(2,209)	(2,209)
Fair value loss in available-for-sale investmen, net of tax	—	—	—	(879)	—	—	(879)
Gain on revaluation of properties, net of tax	—	—	—	3,194	—	—	3,194
Other comprehensive income for the year	—	—	—	2,315	—	—	2,315
Total comprehensive income (expense) for the year	—	—	—	2,315	—	(2,209)	106
Adjustment of deemed capital contribution arising from changes in cash flow estimates on amount due to immediate holding company *(note 14)*	—	—	(12,239)	—	—	—	(12,239)
At 31 December 2017	106,350	69,637	331,664	36,865	12,496	(260,141)	296,871

Notes:

(a) Other reserve represents the 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 (note 14) of the Company. If an entity revises its estimates of payments, the entity shall adjust the carrying amount of the financial liability to reflect actual and revised estimated cash flows. The entity recalculates the carrying amount by computing the present value of estimated future cash flows at the financial instrument's original effective interest rate.

(b) As stipulated by 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 year losses) to a general reserve fund until the balance of the fund reaches 50% of 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 31 December 2017 and 2016, 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 of Hong Kong Limited (the "Stock Exchange").

The principal activities of the Group are (i) the manufacture and sale of woven fabrics; (ii) the provision of subcontracting services; and (iii) the management of private equity assets. The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

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 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 statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Group.

** English name is for identification only.*

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)"), amendments and Interpretations ("Int(s)"), issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 - 2016 Cycle: Amendments to HKFRS 12
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKFRS 12	Recognition of Deferred Tax Assets for Unrealised Losses

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current year and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs issued but not yet effective

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[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 28	Long-term Interest in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]

1 Effective for annual periods beginning on or after 1 January 2018.

2 Effective for annual periods beginning on or after 1 January 2019.

3 Effective for annual periods beginning on or after 1 January 2021.

4 Effective date not yet been determined.

The directors of the Company anticipate that, except as described below, the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

Key requirements of HKFRS 9 (2014) are described as follows:

- All recognised financial assets that are within the scope of HKFRS 9 (2014) to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9 (2014), entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 (2014) requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

- HKFRS 9 (2014) introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 (2014) looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The directors of the Company has performed a preliminary analysis of the Group's financial instruments as at 31 December 2017 based on the fact and circumstances existing at that date. The directors of the Company have assessed the impact of adoption of HKFRS 9 (2014) on the Group's results and financial position, including the classification categories and the measurement of financial assets, and disclosures, as follows:

(a) **Classification and measurement**

The Group's available-for-sale investments will be measured at fair value through profit or loss.

(b) **Impairment**

The directors of the Company expect to apply the simplified approach and record lifetime expected credit losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade and other receivables. The application of the expected credit loss model may result in earlier recognition of credit losses for trade and other receivables and increase the amount of impairment allowance recognised for these items.

The directors of the Company will perform a more detailed analysis which considers all reasonable and supportable information for the estimation of the effect of adoption of HKFRS 9 (2014). Based on the preliminary assessment, the directors of the Company expect that the adoption of HKFRS 9 (2014) will not have other material impact on amounts reported in the Group's consolidated financial statements.

HKFRS 15 Revenue from Contracts with Customers

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

i) Identify the contract with the customer;
ii) Identify the performance obligations in the contract;
iii) Determine the transaction price;
iv) Allocate the transaction price to the performance obligations; and
v) Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The major sources of revenue of the Group are sales of goods and provision of services. Under HKFRS 15, revenue is recognised for each of the performance obligations when control over a good or service is transferred to a customer. The directors of the Company have preliminarily assessed each type of the performance obligations and consider that the performance obligations are similar to the current identification of separate revenue components under HKAS 18 *Revenue*. Furthermore, HKFRS 15 requires the transaction price to be allocated to each performance obligation on a relative stand-alone selling price basis, which may affect the timing and amounts of revenue recognition and results in more disclosures in the consolidated financial statements. However, the directors of the Company expect that the adoption of HKFRS 15 will not have a material impact on the timing and amounts of revenue recognition based on the existing business model of the Group as at 31 December 2017.

HKFRS 16 Leases

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 *Property, Plant and Equipment*, while interest accrual on lease liability will be charged to profit or loss.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will supersede the current lease standards including HKAS 17 *Leases* and the related Interpretations when it becomes effective.

HKFRS 16 will become effective for annual periods beginning on or after 1 January 2019 with early application permitted provided that the entity has applied HKFRS 15 *Revenue from Contracts with Customers* at or before the date of initial application of HKFRS 16.

A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in the measurement, presentation and disclosure as indicated above. The directors of the Company are in the process to determine the amounts of right-of-use assets and lease liabilities to be recognised in the consolidated statement of financial position, after taking into account all practical expedients and recognition exemption under HKFRS 16. The directors of the Company expect that the adoption of HKFRS 16 will not have material impact on the Group's results but certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

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 discounts and sales related taxes. An analysis of the Group's revenue and other income and gains for the year are as follows:

	2017	2016
	RMB'000	*RMB'000*
Revenue		
Sales of woven fabrics	**154,032**	159,389
Subcontracting fee income	**5,375**	6,396
Private equity asset management fee	**35**	—
	159,442	165,785
Other income and gains		
Gain on disposal of property, plant and equipment	**—**	217
Government subsidies *(Note)*	**838**	20
Interest income	**731**	892
Gain on disposal of financial assets designated at fair value through profit or loss	**466**	—
Foreign exchange gains	**126**	37
Reversal of impairment loss recognised in respect of property, plant and equipment	**—**	3,489
Reversal of impairment loss recognised in respect of trade receivables	**—**	40
Others	**202**	201
	2,363	4,896

Note:

Government subsidies of RMB838,000 (2016: RMB20,000) was awarded to the Group during the year ended 31 December 2017 for encouraging the usage of the higher productivity machinery (2016: for encouraging the participation in exhibitions). There is no unfulfilled condition or contingencies relating to these subsidies.

4. SEGMENTAL INFORMATION

Information reported to the board of directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on the types of goods sold or services delivered or provided.

The segment of private equity asset management is a new business segment of the Group through acquisition of 100% of the registered capital of 貴州安恒永晟投資管理有限公司 (Guizhou Anheng Yongcheng Investment Management Company, Ltd.*) ("Guizhou Anheng"), a company incorporated in the PRC.

** English name is for identification only.*

Specifically, the Group's reportable and operating segments are as follows:

Woven fabric	-	Manufacture and sale of woven fabrics
Subcontracting services	-	Provision of subcontracting services
Private equity asset management	-	Private equity asset management service

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment:

	For the year ended 31 December							
	Woven fabric		Subcontracting services		Private equity asset management		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Segment revenue	**154,032**	159,389	**5,375**	6,396	**35**	–	**159,442**	165,785
Segment result	**11,479**	16,460	**640**	1,495	**(391)**	–	**11,728**	17,955
Unallocated corporate income							**2,074**	1,367
Unallocated corporate expenses							**(12,235)**	(10,833)
Finance costs							**(3,776)**	(13,980)
Loss before taxation							**(2,209)**	(5,491)

Segment profit represents the profit earned by each segment without allocation of gain on disposal of property, plant and equipment, interest income, government subsidies, other income, directors' remuneration, central administration costs and finance costs. This is the measure reported to the chief operating decision maker of the Group for the purposes of resource allocation and performance assessment.

(b) **Geographical information**

Information about the Group's revenue from continuing operation from external customers is presented based on the location of the operation.

	Revenue from External customers	
	2017	2016
	RMB'000	*RMB'000*
The PRC (country of domicile)	**133,162**	140,240
Europe	**11,051**	12,219
South America	**10,031**	8,039
Middle East	**818**	349
Other overseas	**4,380**	4,938
	159,442	165,785

5. FINANCE COSTS

	2017	2016
	RMB'000	*RMB'000*
Imputed interest on interest-free loan due to immediate holding company *(Note 14)*	**3,776**	13,980

6. INCOME TAX EXPENSE

	2017	2016
	RMB'000	*RMB'000*
Current taxation		
PRC Enterprise Income Tax	**1,320**	1,747
Deferred taxation	**(357)**	(25)
- Current year	**963**	1,722

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 Group is 25% for both years.

7. LOSS FOR THE YEAR

	2017	2016
	RMB'000	*RMB'000*
Loss for the year has been arrived at after charging (crediting):		
Staff cost (including supervisors', directors' and chief executive's emoluments):		
Salaries, wages and other benefits in kind	**25,893**	26,682
Retirement benefit scheme contributions	**662**	501
Total staff costs	**26,555**	27,183
Allowance for inventories (included in cost of inventories recognised as an expense)	**1,534**	321
Amortisation of prepaid lease payments	**188**	188
Auditor's remuneration	**688**	635
Cost of inventories recognised as an expense	**142,587**	147,398
Depreciation of property, plant and equipment	**6,984**	7,156
Research and development costs recognised as an expense	**192**	295
Impairment loss reversed in respect of trade receivable	**—**	(40)
Reversal of allowance for inventories (included in cost of inventories recognised as an expense)	**(102)**	(31)

8. LOSS PER SHARE

Basic loss per share for the year is calculated on the loss for the year of approximately RMB2,209,000 (2016: approximately RMB7,213,000) and the weighted average of 1,063,500,000 (2016: 1,063,500,000) ordinary shares in issue during the year ended 31 December 2017.

For the year ended 31 December 2017 and 2016, the diluted loss per share is the same as the basic loss per share.

No diluted loss per share have been presented for the years ended 31 December 2017 and 2016 as there were no diluting events existed during both years.

9. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2017, nor has any dividend been proposed since the end of reporting period (2016: Nil).

10. TRADE AND OTHER RECEIVABLES

	2017	2016
	RMB'000	*RMB'000*
Trade and bills receivables	**56,401**	56,871
Less: Allowance for impairment of trade receivables	**(20,341)**	(20,341)
	36,060	36,530
Other receivables		
Prepayments to suppliers	**227**	217
Other prepayments	**756**	573
Other receivables	**670**	578
	1,653	1,368
Total trade and other receivables	**37,713**	37,898

The Group allows an average credit period of 60 days to 180 days (2016: 60 days to 180 days) to its trade customers. The Group does not hold any collateral or other credit enhancements over its trade and other receivables.

An aged analysis of trade and bills receivables, net of allowance for impairment of trade receivables and presented based on invoice date which approximates the respective revenue recognition dates, at the end of the reporting period is as follows:

	2017	2016
	RMB'000	*RMB'000*
0 - 60 days	**29,685**	29,953
61 - 90 days	**2,346**	3,761
91 - 120 days	**1,155**	1,472
121- 365 days	**2,427**	1,238
Over 365 days	**447**	106
	36,060	36,530

At 31 December 2017, the Group has no outstanding bill receivables. At 31 December 2016, all of the bills receivables were aged within 90 days.

11. AMOUNT DUE FROM ULTIMATE HOLDING COMPANY

The amount is unsecured, interest-free and repayable on demand.

12. TRADE AND OTHER PAYABLES

	2017	2016
	RMB'000	*RMB'000*
Trade payables *(Notes i & ii)*	**26,283**	30,272
Receipt in advance	**4,927**	3,180
Other tax payables	**1,581**	3,257
Accrued expenses and other payables	**8,361**	7,826
	41,152	44,535

Notes:

(i) The Group normally receives credit periods from suppliers ranging from 30 days to 90 days (2016: 30 days to 90 days). The Group has in place financial risk management policies to ensure that all payables are settled within the credit timeframe.

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

	2017	2016
	RMB'000	*RMB'000*
0 - 60 days	**15,401**	18,956
61 - 90 days	**2,759**	2,838
91 - 365 days	**2,586**	3,759
Over 365 days	**5,537**	4,719
	26,283	30,272

13. AMOUNTS DUE TO FELLOW SUBSIDIARIES

The amounts due to fellow subsidiaries are unsecured, non-interest bearing and repayable on demand.

	2017	2016
	RMB'000	*RMB'000*
浙江永利熱電有限公司 (Zhejiang Yongli Thermal Electricity Company Limited*) ("Zhejing Yongli Thermal Electricity")	**4,432**	4,573
浙江紹興永利印染有限公司 (Zhejiang Shaoxing Yongli Printing & Dyeing Co., Limited*) ("Zhejing Shaoxing Yongli Printing & Dyeing")	**—**	54
	4,432	4,627

During the years ended 31 December 2017 and 2016, Zhejiang Yongli Thermal Electricity and Zhejiang Shaoxing Yongli Printing & Dyeing were subsidiaries of Zhejiang Yongli, the ultimate holding company of the Company.

14. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

	2017	2016
	RMB'000	*RMB'000*
Analysed for reporting purposes as:		
Current liability	**6,426**	3,776
Non-current liability	**26,537**	16,948

On 23 December 2016, Zhejiang Yongli entered into an agreement of assignment of debt with Guizhou Yongan ("Assignment of Debt Agreement"), pursuant to which, the debt of approximately RMB239,677,000 owed by the Company to Zhejiang Yongli was assigned to Guizhou Yongan and Guizhou Yongan committed to continue the obligations and commitments under the original debt agreement that was entered into between the Company and Zhejiang Yongli on 13 September 2011.

Referring to the principal advances of approximately RMB239,677,000 in relation to the Assignment of Debt Agreement entered into on 23 December 2016, it had been initially reduced to its present value of approximately RMB20,724,000 based on the management's estimates of future cash payments with a corresponding adjustment of approximately RMB218,953,000, which was deemed contribution from the immediate holding company during the year ended 31 December 2016. The effective interest rate adopted for measurement at fair value at initial recognition of the advances from immediate holding company for the year was determined with reference to the prevailing market rates of interest for similar instruments with similar credit ratings and with reference to the timing and repayment based on the cash flow of the Company in the year ended 31 December 2016.

Imputed interest on these advances had been computed at an original effective interest rate of 18.22%. The amount is unsecured, interest-free and repayable of an amount which does not exceed 50% of operating cash flow of the year on an annual basis until the full repayment of the debt.

During the year, the Group partially repaid the principal of the interest-free non-controlling interests' loans of RMB3,776,000. The principal amount outstanding as at 31 December 2017 was RMB235,901,000 (2016: RMB239,677,000).

As at 31 December 2017, the directors of the Company expected to repay RMB6,426,000 (2016: RMB3,776,000) of the carrying amount of the amount due to immediate holding company in the next twelve months based on the cash flow forecasts and the estimation on operating cash flows.

The movements during the current reporting period are set out as follows:

	RMB'000
At 1 January 2016	—
Assigned from ultimate holding company	239,677
Deemed contribution arising from the discounting of the non-current interest-free loan	(218,953)
At 31 December 2016	20,724
Adjustment of deemed capital contribution arising from changes in cash flow estimates on amounts due to immediate holding company	12,239
Imputed interest charged during the year	3,776
Repayment during the year	(3,776)
At 31 December 2017	32,963

15. RELATED PARTY TRANSACTIONS

The Group had the following related party transactions and continuing connected party transactions during the years.

(a) The balances with ultimate holding company, fellow subsidiaries and immediate holding company are set out in notes 11,13 and 14 respectively.

(b) During the year ended 31 December 2017, the Group had paid approximately RMB7,248,000 (2016: RMB7,749,000) to Zhejiang Yongli Thermal Electricity, a fellow subsidiary of the Group, for electricity and steam provided to the Group for usage in the production.

The aforesaid transactions were conducted in accordance with the term of contract dated 11 May 2015 and were in the ordinary course of business of the Group.

(c) During the year ended 31 December 2017, the Group had paid approximately RMB36,000 (2016: approximately RMB17,000) to Zhejiang Shaoxing Yongli Printing & Dyeing, a fellow subsidiary of the Group, for providing dyeing services to the Group for the usage in production.

(d) Compensation of key management personnel

The directors of the Company and the supervisors and chief executive of the Group are regarded as key management of the Group. Compensation paid or payable to them is disclosed in note 14 of the financial statements.

The remuneration of directors and other members of key management are determined by the remuneration committee having regard to the performance of individuals and market trends.

The aforesaid transactions of item (c) to (d) were in the ordinary course of business of the Group.

16. ACQUISITION OF A SUBSIDIARY

On 11 April 2017, the Group acquired 100% of the registered capital of Guizhou Anheng, a company incorporated in the PRC, for a consideration of RMB10,000,000 by cash. This acquisition was made from Guizhou Yongan, immediate holding parent of the Company, and constitute as a connected transaction under the relevant Rules Governing the Listing of Securities on the GEM of the Stock Exchange. This acquisition has been accounted for using the acquisition method. The amount of goodwill arising as a result of the acquisition was RMB1,230,000. Guizhou Anheng is engaged in the management of private equity assets.

Acquisition-related costs amounting to RMB170,000 have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Financial assets at fair value through profit or loss	8,500
Cash and bank balances	292
Other payables	(22)
	8,770

The directors of the Company believe that the carrying amount of the assets and liabilities recognised at the date of acquisition approximate to their respective fair values due to their short-term maturities.

Goodwill arising on acquisition:

	RMB'000
Consideration transferred	10,000
Less: net assets acquired	(8,770)
Goodwill arising on acquisition	1,230

Goodwill arose in the acquisition of Guizhou Anheng because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of revenue growth, future market development and the assembled workforce of Guizhou Anheng. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

The goodwill arising on the acquisition is expected to be non-deductible for tax purposes.

Net cash outflow on acquisition of Guizhou Anheng:

	RMB'000
Cash consideration paid	10,000
Less: cash and cash equivalent balances acquired	(292)
	9,708

Included in the loss for the year is approximately RMB392,000 attributable to the additional business generated by Guizhou Anheng. Revenue of management services fee income generated by Guizhou Anheng was approximately of RMB35,000 for the year ended 31 December 2017.

Had the acquisition been completed on 1 January 2017, total loss for the year would have been approximately RMB11,321,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2017, nor is it intended to be a projection of future results.

17. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	**2017** **RMB'000**	2016 *RMB'000*
Non-current assets			
Property, plant and equipment		**102,940**	104,387
Prepaid lease payments		**6,268**	6,456
Investment in a subsidiary	17(a)	**10,000**	—
Available-for-sale investments		**73,629**	—
		192,837	110,843
Current assets			
Inventories		**27,843**	38,826
Trade and other receivables		**37,382**	37,898
Prepaid lease payments		**188**	188
Amount due from ultimate holding company		**71**	—
Bank balances and cash		**128,777**	203,551
		194,261	280,463
Current liabilities			
Trade and other payables		**40,938**	44,535
Tax payables		**1**	1,747
Amounts due to fellow subsidiaries		**4,432**	4,627
Amount due to immediate holding company		**6,426**	3,776
		51,797	54,685
Net current assets		**142,464**	225,778
Total assets less current liabilities		**335,301**	336,62
Non-current liabilities			
Deferred tax liabilities		**11,085**	10,669
Amount due to immediate holding company		**26,537**	16,948
		37,622	27,617
Net assets		**297,679**	309,004
Capital and reserves			
Share capital		**106,350**	106,350
Share premium and reserves	17(b)	**191,329**	202,654
		297,679	309,004

Note:

(a) Particular of Principal Subsidiary of the Company

Name of subsidiary	Place of incorporation	Registered capital	Proportion of ownership interest held by the Company		Principal activities
		RMB'000	2017	2016	
Guizhou Anheng	PRC	10,000	**100%**	—	Private equity asset management

(b) The movement of reserves is shown as follows:

	Share capital	Share premium	Other reserve	Asset revaluation reserve	Statutory surplus reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2016	106,350	69,637	124,950	32,401	12,496	(250,719)	95,115
Loss for the year	—	—	—	—	—	(7,213)	(7,213)
Gain on revaluation of properties, net of tax	—	—	—	2,149	—	—	2,149
Total comprehensive income (expense) for the year	—	—	—	2,149	—	(7,213)	(5,064)
Deemed contribution from the immediate holding company of the Company (note 14)	—	—	218,953	—	—	—	218,953
At 31 December 2016 and 1 January 2017	106,350	69,637	343,903	34,550	12,496	(257,932)	309,004
Loss for the year	—	—	—	—	—	(1,401)	(1,401)
Fair value loss in available-for-sale investment, net of tax	—	—	—	(879)	—	—	(879)
Gain on revaluation of properties, net of tax	—	—	—	3,194	—	—	3,194
Other comprehensive income for the year	—	—	—	2,315	—	—	2,315
Total comprehensive income (expense) for the year	—	—	—	2,315	—	(1,401)	914
Adjustment of deemed capital contribution arising from changes in cash flow estimates on amount due to immediate holding company *(note 14)*	—	—	(12,239)	—	—	—	(12,239)
At 31 December 2017	106,350	69,637	331,664	36,865	12,496	(261,193)	297,679

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

For the year ended 31 December 2017, the Group recorded a revenue of approximately RMB159,442 million, represents a slight decrease of approximately 3.83% when compared with the same period in 2016. The decline of revenue mainly due to manufacture and sales of woven fabrics dropped slightly by approximately 3.36% and revenue from subcontracting fee income dropped sharply by approximately 15.96%. To concentrate in manufacturing of woven fabrics, the production capacities of the Group were placed in the manufacture and sales of woven fabrics. Therefore, the sales revenue from subcontracting fee income dropped sharply. The average percentage of gross profit margin for the year ended 31 December 2017 was stable when compared with the same period in 2016.

The selling and distributed costs for the year ended 31 December 2017 increased by approximately 3.38% when compared with the corresponding period in 2016 mainly due to increase in transportation and salary which was in line with the increase of export sale of woven fabrics. Administrative expenses increased by approximately 5.55% 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 of the Company dated 11 April 2017 and note 16.

Other income decreased by approximately RMB2.53 million mainly due to reversal of impairment loss recognised in respect of property, plant and equipment of approximately RMB3.49 million for the year ended 31 December 2016.

Finance cost of approximately RMB3.78 million for the year ended 31 December 2017 represents imputed interest in non-current interest-free loan due to immediate holding company.

The respective loss per share for the year ended 31 December 2017 and 2016 were approximately RMB0.21 cents and RMB0.68 cents respectively.

Business and operation review

During the year ended 31 December 2017, export sales to Europe decreased by approximately 9.56%, while on the other hand, export sales to South America increased by approximately 24.78%. The local market of sales of woven fabrics dropped by approximately 5.07% as most of the local customers were undergoing structure reorganisation and industry consolidation due to high labour cost and difficulty of employment of sufficient labours. Therefore, the industry has been changed from concentration in mass production to quality and efficient production.

The Directors expect the global economy will gradually pick up and the Group will continue to develop its existing policies in local and overseas markets.

On 11 April 2017, the Group acquired 100% of the registered capital in Guizhou Anheng from Guizhou Yongan (the "Acquisition"), details of the transaction was disclosed in the announcement dated 11 April 2017 and note 16. 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 year ended 31 December 2017, approximately RMB35,000 of assets management fee income was generated by Guizhou Anheng.

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)*) ("Nanshan Fintech"), details of the transactions were disclosed in the announcements dated 1 September 2017 and 9 November 2017, and circular dated 27 September 2017. Nanshan Fintech 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 Nanshan Fintech serves as an excellent platform for the Group 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 Group's investment through access to a wider variety of investment channels.

Production facilities

During the year ended 31 December 2017 under review, the Group spent approximately RMB909,000 in additions of furniture, fixtures and equipment and approximately RMB369,000 in plant and machinery.

Product research and development

During the year ended 31 December 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 year ended 31 December 2017, the Group actively participated in various trade fairs held in PRC and overseas so as to gain exposure in the fabrics market and to popularise the Group's new products.

Outlook

The Directors expect the global economy will gradually pick up and the Group will continue to develop its existing policies in local and overseas markets. The Group continues to focus on its major businesses (i) manufacture and sale of woven fabrics; and (ii) provision of subcontracting services. The Directors are also actively exploring investment opportunities to enhance the Group's long-term growth. In the meantime, Guizhou Anheng will be served as a platform of the Group for developing of asset management business and the Group will make full use of various new policies from the relevant government authorities in order to seize the opportunities and gradually expand Guizhou Anheng's business including the equity funds, securities investment funds and industrial funds. Under the leadership of the management team, the Board believes that the Group is able to meet the upcoming challenges in 2018 and therefore generate returns for its shareholders.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the year ended 31 December 2017, the Group financed its operations mainly by internally generated cash and financial support from the immediate holding company, Guizhou Yongan.

As at 31 December 2017, the Group's current assets and net current assets were approximately RMB202.27 million (31 December 2016: approximately RMB280.46 million) and approximately RMB150.25 million (31 December 2016: approximately RMB225.78 million) respectively. The liquidity ratio of the Group, represented by the ratio of current assets over current liabilities, was approximately 3.89 (31 December 2016: approximately 5.13).

CAPITAL COMMITMENTS

As at 31 December 2017 and 2016, the Group did not have any commitments.

SIGNIFICANT INVESTMENTS

1) Acquisition of a subsidiary on 11 April 2017 ("Acquisition")

   On 11 April 2017, the Company entered into the Equity Transfer Agreement with Guizhou Yongan, to acquire all the equity interest in the Guizhou Anheng. The consideration for the sales and purchase of the equity interest is RMB10,000,000. Details of the transactions were disclosed in the announcement of the Company dated 11 April 2017 and note 16. Guizhou Anheng is principally engaged in the management of private equity assets.

2) Investment in a private equity limited partnership fund on 1 September 2017 (the "Fund" or "Transaction")

   On 1 September 2017, the Company entered into the Limited Partnership Agreement with various parties for establishment of 深圳南山金融科技雙創股權投資基金合伙企業(有限公司)(Shenzhen Nanshan Fintech Entrepreneurship and Innovation Equity Investment Fund Partnership Enterprise (Limited Liability Partnership)*) ("Nanshan Fintech"), by way of a subscription for a limited partnership interest in Nanshan Fintech. During the year ended 31 December 2017, the Group injected RMB73,911,000, represents 24.637% limited partnership interest in Nanshan Fintech. The Fund is expected to invest in financial technology sector, including block chain, big data, artificial intelligence, and cloud computing. At least 60% of the total amount of investment of the Fund shall be invested in enterprises in financial technology. The Fund was accounted for as available-for-sale investment under non-current asset of the Group's consolidated financial statements.

   The Directors are of the view that the Acquisition and the Transaction serve as an excellent platform for the Group to expand its business portfolio into the sectors of investment business for start-up enterprise.

MATERIAL DISPOSALS

The Group did not have any material disposals during the years ended 31 December 2017 and 2016.

SEGMENT INFORMATION

Segment information of the Group is set out in note 4.

CONTINGENT LIABILITIES

As at 31 December 2017 and 2016, the Group did not have any material contingent liabilities.

CHARGES ON COMPANY ASSETS

As at 31 December 2017 and 2016, the Group did not have any charges on company assets.

EMPLOYEE AND EMOLUMENT POLICIES

As at 31 December 2017, the Group had 374 employees (31 December 2016: 438), comprising 2 (31 December 2016: 2) in research and development, 9 (31 December 2016: 16) in sales and marketing, 310 (31 December 2016: 364) in production, 37 (31 December 2016: 42) in quality control, 5 (31 December 2016: 6) in management, and 11 (31 December 2016: 8) in finance and administration. Remuneration is determined by reference to market terms and the performance, qualification and experience of individual employee. Discretionary bonuses on individual performance will be paid to employees as recognition of and reward for their contribution. Other benefits include contributions to retirement scheme and medical scheme.

FOREIGN EXCHANGE EXPOSURE

The Group operates in the PRC with most of the transactions denominated and settled in Renminbi ("RMB"). However, foreign currencies, mainly United States Dollars, Euro and Hong Kong Dollars, are required to settle the Group's expenses and additions on plant and equipment. RMB is not freely convertible into other foreign currencies and conversion of RMB into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC government, the Group has used forward contracts, foreign currency borrowings and other means to hedge its foreign currency exposure. The Group considers it has no material foreign exchange risk.

COMPETING INTERESTS

None of the Directors or the management shareholders (as defined under the GEM Listing Rules) of the Company and their respective 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") in May 2002 and 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. The Audit Committee has three members comprising the three independent non-Executive Directors, Mr. Song Ke, Mr. Wang Hui and Mr. Wang Zhong. Mr. Wang Hui is the chairman of the Audit Committee.

The annual results of the Group for the year ended 31 December 2017 have been reviewed by the Audit Committee.

SCOPE OF WORK OF SHINEWING (HK) CPA 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 ended 31 December 2017 as set out in the Preliminary Announcement have been agreed by the Group's auditors, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's audited financial statements for the year. The work performed by SHINEWING (HK) CPA 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 SHINEWING (HK) CPA Limited on the preliminary announcement.

CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2017, the Company has complied with all the code provisions of the Code on Corporate Governance Practices (the "Code Provision") as set out in the Appendix 15 of the GEM Listing Rules.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

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.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors of the Company as at the date of this document, the Company has maintained the prescribed public float under the GEM Listing Rules.

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

The Company and its subsidiary did not purchase, sell or redeem any of the Company's listed securities during the year ended 31 December 2017.

ANNUAL GENERAL MEETING

The annual general meeting ("AGM") of the Company for the year 2017 will be held on 15 May 2018. A notice convening the annual general meeting will be published in due course.

CLOSURE OF H SHARE REGISTER

The H Share register of shareholders of the Company will be closed from 16 April 2018 to 15 May 2018 (both days inclusive), during which period no transfer of H Shares will be affected. The shareholders of H Shares whose names appeared on the register of shareholders of the Company at 4:00 p.m. on Friday, 13 April 2018 will be entitled to attend and vote at the AGM.

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

Zhejiang, the PRC, 12 March 2018

As at the date of this announcement, the executive directors of the Company are Mr. Jiang Ning (Chairman), Mr. He Weifeng (Deputy Chairman) Ms. He Lianfeng (Chief Executive Officer) and Mr. Hu Hua Jun; the independent non-executive directors of the Company are Mr. Song Ke, Mr. Wang Zhong and Mr. Wang Hui.

This announcement will appear on the GEM website at http://www.hkgem.com on the "Latest Company Announcement" page for at least 7 days from the day of its posting thereon and the Company website at http://www.zj-yongan.com.

* *English name is for identification only.*