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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)

**ANNOUNCEMENT
DISCLOSEABLE TRANSACTION
PURCHASE OF MACHINERY**

The Board is pleased to announce that on 8 June 2018, the Company and the Seller entered into a Purchase Contract to purchase 80 sets of rapier weaving machine (for use by the Group in the manufacturing of woven fabrics) at a total consideration of ECU4,108,000 (equivalent to approximately RMB31,014,000 and approximately HK\$38,017,000).

The consideration for the Purchase Contract constitute a discloseable transaction of the Company under the GEM Listing Rules as the highest of all applicable percentage ratios (as defined under the GEM Listing Rules) for the transactions contemplated under the Purchase Contract is more than 5% but less than 25%, and therefore is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

BACKGROUND

The board of Directors is pleased to announce that on 8 June 2018, the Company and the Seller entered into a Purchase Contract to purchase 80 sets of rapier weaving machine (for use by the Group in the manufacturing of woven fabrics) at a total consideration of ECU4,108,000 (equivalent to approximately RMB31,014,000 and approximately HK\$38,017,000).

PURCHASE CONTRACT

The Principal Terms of the Purchase Contract are summarised as follows:

- Date : 8 June 2018
- Buyer : The Company as the buyer
- Buyer's Agent : CNBM General Technology Co., Ltd., a company incorporated in the PRC and is principally engaged in trade and logistics business. The agent is an independent third party that acts on behalf of the Company as a buyer for dealing with the Seller for the purchase of the rapier weaving machine. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the agent and its ultimate beneficial owners are independent third parties not connected with the Company or any of its subsidiaries or any of their respective directors, chief executives or substantial shareholders or any of their respective associates as defined in the GEM Listing Rules.
- Seller : Picanol N.V., which is a Belgium-based company engaged in the development, production and sale of weaving machines and other high-tech, industrial products, systems and services. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Seller and its ultimate beneficial owners are independent third parties not connected with the Company or any of its subsidiaries or any of their respective directors, chief executives or substantial shareholders or any of their respective associates as defined in the GEM Listing Rules.
- Consideration : ECU4,108,000 (equivalent to approximately RMB31,014,000 and approximately HK\$38,017,000)

Under the Purchase Contract, the Company has agreed to buy from the Seller 80 sets of rapier weaving machine for manufacturing of woven fabrics of the Group.

The amount of the above consideration payable by the Company is on normal commercial terms and is agreed after arm's length negotiation with reference to the market unit price and quantity of each machinery, equipment or forming part of the rapier weaving machine to be supplied as set out in the Purchase Contract.

The amount of consideration also includes fees in relation to, inter alia, technical support services to be provided by the Seller, delivery and insurance costs.

Under the Purchase Contract, a down payment of RMB1,000,000 shall be paid by the Company to the Seller on or before 8 June 2018, the date the Purchase Contract is to be entered into. The down payment will be refunded after receipt of the Letter of Credit for 100% of the total order value, and duly found in order. The consideration for the purchase of the rapier weaving machine is ECU4,108,000 (equivalent to approximately RMB31,014,000 and approximately HK\$38,017,000) of which 100% will be settled by issue of irrevocable letter of credit in favour of the Seller. The Letter of Credit to be payable against shipping documents or receipt of issued by shipping line or forwarding agent. Partial deliveries shall be allowed under the Letter of Credit. All costs in relation to the opening of the Letter of Credit are for account of the Company. According to the Purchase Contract, 30 sets and 50 sets of the rapier weaving machines respectively are scheduled to be delivered from Belgian Seaport to Shanghai by 28 February 2019 and 31 March 2019.

The Company is expected to fund the 70% consideration for the rapier weaving machine by bank loan and the balance by internal resources of the Company respectively.

The Directors confirmed that the consideration for the Purchase Contract was determined after arm's length negotiations between the parties to the Purchase Contract.

REASONS FOR AND BENEFITS OF THE PURCHASE CONTRACT

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

It is in the ordinary and usual course of business of the Group to use the rapier weaving machines for manufacturing of woven fabrics and provision of subcontracting services. Purchasing of rapier weaving machines from the Seller under the Purchase Contract represents part of the Group's ordinary and usual course of business.

Currently, the Group has 100 sets of rapier weaving machines which were purchased in May 2002. It is the intention of the Group to use the rapier weaving machine for increasing the productivity for manufacturing of woven fabrics of the Group. With rising demand of customers on high quality of woven fabrics and to improve the tight schedule of existing weaving machines, the Directors believe that the purchase of the rapier weaving machine would help the Group to improve the competitiveness and production efficiency.

The Purchase Contract was entered into after the Group's tender process. The Group evaluated the terms of the contract based on, among other factors, the specifications and needs of the Group, the credentials and experience of the Seller, the quality of the products to be supplied by the Seller, the services agreed to be rendered by the Seller, the products warranty provided by the Seller and the terms offered by other suppliers to the Group.

The Directors (including the independent non-executive Directors) consider that the overall terms offered by the Seller under the Purchase Contract are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

The purchases under the Purchase Contract will be financed by internal resources of the Group and borrowings.

GEM LISTING RULES IMPLICATIONS

The Purchase Contract constitute a discloseable transaction of the Company under the GEM Listing Rules as the highest of all applicable percentage ratios (as defined under the GEM Listing Rules) for the transactions contemplated under the Purchase Contract is more than 5% but less than 25%, and therefore is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules. None of the Directors and their associates have any material interest in the Purchase Contract.

DEFINITIONS

“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors

“Company”	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 PRC
“Directors”	director(s) of the Company
“ECU”	Euros, the lawful currency of the members of the European Union, and the exchange rate for EUR into HK\$ for the purpose of this announcement is EUR1 = HK\$9.2545
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange in effect from time to time
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Percentage Ratios”	the percentage ratios under Rule 19.07 of the GEM Listing Rules, other than the equity capital ratio and profits ratio
“PRC”	the People’s Republic of China
“Purchase Contract”	The rapier weaving machine Purchase Contract entered into between the Company as buyer, the Company’s Agent and the Seller dated 8 June 2018
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholders of the Company

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent.

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

Zhejiang, the PRC, 8 June 2018

As at the date of this announcement, the executive Directors 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 are Mr. Song Ke, Mr. Wang Hui and Mr. Wang Zhong.

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

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company’s website at www.zj-yongan.com.

For the purpose of this announcement, all amounts denominated in ECU have been converted in RMB at the rate of ECU 1 = RMB7.5496 and have been converted in HK\$ at the rate of ECU1 = HK\$9.2545 and HK\$ have been converted in RMB at the rate of HK\$1 = RMB0.8158 for the illustrative purpose,

** For identification purposes only*