THIRD QUARTERLY REPORT 2018

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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This document, for which the directors of 浙江永安融通控股有限公司 (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 nine months ended 30 September 2018,

- Revenue of the Group decreased from approximately RMB125.91 million to approximately RMB113.0 million, representing a decline of approximately 10.25% when compared to the corresponding period in 2017;

- Net profit was approximately RMB97,000; and

- The Directors do not recommend the payment of an interim dividend for the nine months ended 30 September 2018.

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

For the three months and nine months ended 30 September 2018

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 2018 as follows:

		Three months ended 30 September		Nine months ended 30 September	
		2018	2017	**2018**	2017
	Notes	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue	3	**43,765**	45,463	**112,997**	125,914
Cost of sales		**(37,087)**	(40,562)	**(97,529)**	(113,110)
Gross profit		**6,678**	4,901	**15,468**	12,804
Other income and (loss)	3	**596**	(314)	**1,276**	609
Selling and distribution costs		**(572)**	(264)	**(2,220)**	(2,197)
Administrative expenses		**(2,948)**	(3,139)	**(9,198)**	(7,260)
Finance costs	4	**(1,603)**	(944)	**(4,809)**	(2,832)
Profit (loss) before taxation		**2,151**	240	**517**	1,124
Income tax expenses	5	**—**	(1,251)	**(420)**	(1,509)
Profit (loss) for the period	6	**2,151**	(1,011)	**97**	(385)
Other comprehensive income (expenses) for the period, net of tax					
Items that will not be reclassified subsequently to profit or loss:					
Adjustment on gain on revaluation of properties		**—**	—	**(800)**	—
Total comprehensive income (expenses) for the period		**2,151**	(1,011)	**(703)**	(385)
		RMB	*RMB*	***RMB***	*RMB*
Profit (loss) per share — basic and diluted	8	**0.2 cents**	(0.10) cents	**0.009 cents**	(0.04) cents

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 2017	106,350	69,637	343,903	34,550	12,496	(257,932)	309,004
Total comprehensive expenses for the period	—	—	—	—	—	(385)	(385)
Balance at 30 September 2017	106,350	69,637	343,903	34,550	12,496	(258,317)	308,619
Balance at 1 January 2018	106,350	69,637	331,664	36,865	12,496	(260,141)	296,871
Profit for the period	—	—	—	—	—	97	97
Adjustment for gain on revaluation of properties, net of tax	—	—	—	(800)	—	—	(800)
Other comprehensive expenses for the period	—	—	—	(800)	—	—	(800)
Total comprehensive income (expenses) for the period	—	—	—	(800)	—	97	(703)
Balance at 30 September 2018	106,350	69,637	331,664	36,065	12,496	(260,044)	296,168

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. 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 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 general reserve fund until the balance of the fund reaches 50% its registered capital and thereafter any further appropriation is optional. The general reserve fund can be utilised to offset prior year losses, or for conversion into registered capital on the condition that the general reserve fund shall be maintained at a minimum of 25% of the registered capital after such utilisation.

(c) Profit appropriation is subject to the approval of the board of directors. In accordance with the Articles of Association of the Company, the reserve available for distribution is the lower of the amount determined under the generally accepted accounting principles in the PRC and the amount determined under Hong Kong Financial Reporting Standards, At 30 September 2018 and 2017, 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) the management of private equity assets.

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 2017. 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 REVISED HONG KONG FINANCIAL REPORTING STANDARDS

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

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

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[1]

Amendments to HKFRSs 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRSs 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HK(IFRIC) — Int 23	Uncertainty over Income Tax Treatments[1]

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

2 Effective for annual periods beginning on or after 1 January 2020.

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

The directors of the Company anticipate that except as described in note 2 to the financial statement of the Group for the year ended 31 December 2017 in respect of application of HKFRS 16 Leases which 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, application of the other new and revised HKFRSs will have no materials impact on the results and the financial position of the Group.

The directors of the Company expect that the adoption of HKFRS 16 will not have material impact on the Group's consolidated results but certain portion of these lease commitments will be required to be recognised in the consolidated statements of financial position as right-of-use assets and lease liabilities.

3. REVENUE AND OTHER INCOME AND (LOSS)

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

	Three months ended 30 September		**Nine months ended 30 September**	
	2018	2017	**2018**	2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Revenue				
Sales of woven fabrics	**42,055**	43,506	**106,780**	122,192
Subcontracting fee income	**1,715**	1,937	**6,163**	3,702
Private equity asset management fee	**(5)**	20	**54**	20
	43,765	45,463	**112,997**	125,914
Other income and (loss)				
Bank interest income	**17**	103	**112**	595
Investment income	**—**	53	**5**	139
Sundry income	**—**	76	**147**	149
Exchange difference	**—**	(59)	**—**	205
Sales of scrap materials	**264**	(487)	**528**	(479)
Gain on disposal of old production machinery	**—**	—	**13**	—
Government subsidies *(note)*	**314**	—	**367**	—
Consulting services income	**1**	—	**104**	—
	596	(314)	**1,276**	609

Note:

Government subsidies of RMB367,000 (2017: Nil) was awarded to the Group during the period ended 30 Sep 2018 for encouraging the usage of the higher productivity machinery, the participation in exhibitions and reduction of land used right tax. There is no unfulfilled condition or contingencies relating to these subsidies.

4. FINANCE COSTS

	Three months ended 30 September		Nine months ended 30 September	
	2018	2017	**2018**	2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Imputed interest on non-current interest-free amount due to immediate holding company	**1,603**	944	**4,809**	2,832

5. INCOME TAX EXPENSES

	Three months ended 30 September		Nine months ended 30 September	
	2018	2017	**2018**	2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Current taxation				
— PRC Enterprise Income Tax	**—**	1,251	**177**	1,509
— Prior year under-provided	**—**	—	**243**	—
	—	1,251	**420**	1,509

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. PROFIT (LOSS) FOR THE PERIOD

	Three months ended 30 September		Nine months ended 30 September	
	2018	2017	**2018**	2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Profit (loss) for the period has been arrived at after charging:				
Depreciation and amortisation	**1,553**	3,693	**4,969**	5,390

7. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the three and nine months ended 30 September 2018 and 2017.

8. PROFIT (LOSS) PER SHARE

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

	Three months ended 30 September		Nine months ended 30 September	
	2018	2017	**2018**	2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Profit (loss) for the purpose of calculating basic profit (loss) per share	**2,151**	(1,011)	**97**	(385)
Number of shares for the purpose of basic profit (loss) per share *(Note)*	**1,063,500,000**	1,063,500,000	**1,063,500,000**	1,063,500,000
Weighted average number of shares for the purpose of calculating profit (loss) per share	**1,063,500,000**	1,063,500,000	**1,063,500,000**	1,063,500,000

Note:

No diluted profit (loss) per share have been presented for the three months and nine months ended 30 September 2018 and 2017, 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:

Name of related company	Nature	Nine months ended 30 September 2018 *RMB'000*	2017 *RMB'000*
Zhejiang Yongli Thermal Electricity *(Note 1)*	Purchase of electricity and steam for usage in the production	—	5,896
Zhejiang Yongli Printing & Dyeing *(Note 2)*	Purchase of dyeing services for usage in the production	37	8

Notes:

(1) 浙江永利熱電有限公司 (Zhejiang Yongli Thermal Electricity Company Limited*) ("Zhejiang Yongli Thermal Electricity"), is a fellow subsidiary of the Company. The aforesaid transactions during the nine months ended 30 September 2017 were conducted in accordance with the term of contract dated 11 May 2015 and were in the ordinary course of the business of the Group.

As at 30 September 2018, amount due to Zhejiang Yongli Thermal Electricity was approximately RMB1.4 million (2017: approximately RMB4.75 million) which was unsecured, interest-free and repayable on demand.

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

(3) During the period for the nine months ended 30 September 2018, the Group had paid approximately RMB12,386,000 (2017: Nil) 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

For the nine months ended 30 September 2018, the Group recorded a revenue of approximately RMB113.0 million, represents a decline of approximately 10.25% when compared with the same period in 2017. It was mainly due to dropping of revenue from both domestic sales and export sales of woven fabrics. Gross profit increased by approximately RMB2.66 million mainly resulted from slight upward of average selling price during the nine months ended 30 September 2018 when compared with the same period in 2017.

There is no material change in selling and distributed costs for the nine months ended 30 September 2018 when compared with the correspondence period in 2017.

Administrative expenses increased significantly by approximately RMB1.94 million or 26.69% during the nine months ended 30 September 2018. It was mainly due to research and development expense and staff retirement funds increased as additional qualify staff were engaged under the research and development department for further enhancing new product development. The consolidation of administrative expenses of a subsidiary acquired by the Company in April 2017 and a new subsidiary established in June 2018 also led to the increase of administrative expenses during the nine months ended 30 September 2018 when compared with that in 2017.

Other income raised by approximately RMB660,000 or 109.52% mainly due to increase of government subsidy and increase of other income from sales of scrape materials during the nine months ended 30 September 2018.

Finance cost of approximately RMB4.81 million for the nine months ended 30 September 2018 represents imputed interest in interest-free loan due to immediate holding company.

The respective profit (loss) per share for the nine months ended 30 September 2018 and 2017 were approximately RMB0.009 cents and RMB(0.04) cents respectively.

Business and operation review

During the nine months ended 30 September 2018, export sales to overseas market dropped by approximately 12.61% and domestic sales of woven fabrics also dropped by approximately 10.02%. The decrease of export sales during the nine months ended 30 September 2018 mainly due to (i) the volatility of RMB exchange rate was widen which led to more cautious to accept medium to long-term orders and (ii) the increasing trade tension between China and the U.S., the Group intended to increase sales to the domestic market. The Group will balance the existing policies in developing both domestic and overseas market so as to minimise the market risk of the Group.

貴州安恒永晟投資管理有限公司 (Guizhou Anheng Yongcheng Investment Management Co., Ltd.*) ("Guizhou Anheng"), a wholly owned subsidiary of the Company is principally engaged in private equity assets management. During the nine months ended 30 September 2018, approximately RMB54,000 of assets management fee income and approximately RMB103,000 of consulting services income were contributed by Guizhou Anheng. Guizhou Anheng was actively in exploring potential investment opportunities and finding potential projects for asset management so as to enhance the return of the shareholder of the Company and diversify the investment risk of the Group. In view of the current changes in the economy and the securities market in the PRC, private equity funds in the PRC tend to be more cautious and exercise higher level of diligence in identifying investment projects. After completion of the services contract on the first private equity fund management in June 2018, Guizhou Anheng has not entered into any new assets management services contract during the nine months ended 30 September 2018.

Up until now, 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" or the "Fund") has yet to identify any suitable investment opportunities due to the current economy condition and securities market in the PRC. In order to enhance efficiency in the utilization of the capital, the partners of the Fund (the "**Partners**") agreed to adjust the payment method of the Capital Contribution and amend certain terms of the Limited Partnership Agreement. On 14 September 2018, the Second Supplemental Agreement were entered into between the Partners. Please refer to the announcement of the Company dated 14 September 2018 for the terms of the Second Supplemental Agreement. The Directors are of the view that the entering into of the Second Supplemental Agreement will not change the total capital commitment of each Partner in the Fund and the proportion of the capital contribution of each Partner. Given that by entering into of the Second Supplemental Agreement, the Company can re-liquidate its capital, thereby increasing its cash-flow which allows the Company to reallocate its resources for better investment, the Directors consider that the terms of the Second Supplemental Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

In order to diversify the business risk and enhance the return of capital investment of the shareholders of the Company, on 9 November 2018, the wholly owned subsidiary of the Company, 深圳永安慧聚水務科技有限公司 (Shenzhen Yongan

Huiju Water Technology Co., Ltd.*) ("Shenzhen Yongan Huiju"), entered into a non-legally binding memorandum of understanding (the "MOU") with each of the two connected parties ("Vendors") respectively, pursuant to which Shenzhen Yongan Huiju intended to purchase and the Vendors intended to sell in aggregate 50.0% of the entire issued share capital of Beijing Tepia Technology Co., Ltd.* (北京太比雅科技股份有限公司) ("the Target Company") for a total consideration not exceeding the value of the 50.0% of the entire issued share capital of the Target Company based on a valuation report to be undertaken by an independent valuer with regard to the valuation of the Target Group. Shenzhen Yongan Huiju also intends to further purchase additional shares in the Target Company subject to discussion with the independent shareholders of the Target Company. The Target Group is principally engaged in providing information planning and design, software development, system integration and project-based systems operation and maintenance services for water management systems. The relevant systems and services are used in waterworks planning and management, water resources conservation and utilization, flood prevention and drought control, water environment management and aquatic ecological restoration. The Target Company is listed on the NEEQ (Stock code: 838941) and is based in Beijing, the PRC. In light of the business prospects and the experienced management team of the Target Group, the Directors are confident that the Proposed Acquisition will allow the Group to capture the opportunities arising from the potential growth in water management, planning, operation and maintenance -related business. The MOU are not intended to be legally binding. If Shenzhen Yongan Huiju proceeds with the Proposed Acquisition, it will enter into legally binding agreement(s) with the Vendors in respect of the Proposed Acquisition. Details of the MOU and the Proposed Acquisition, please refer to the announcement of the Company dated 9 November 2018.

Production facilities

During the nine months ended 30 September 2018 under review, the Group spent approximately RMB21,000 and approximately RMB53,000 in additions of office and factory equipment and motor vehicles respectively.

Product research and development

During the nine months ended 30 September 2018, 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 2018, the Group actively participated in various trade fairs held in PRC and overseas so as to gain the Group's exposure in the fabrics market and to popularise the Group's new products.

OUTLOOK

In September 2018, the oil price increased sharply with a highest level since December 2014. Since part of the raw materials of the woven fabrics of the Group is the by product of oil, the raise of oil price may led to increase of raw material price of the Group. If the oil price continues to increase, it will also led to the inflation pressure to the global economy, especially the emerging markets and export oriented countries. Moderate inflation pressure could be positive to the economic growth but a rapid surge in oil price has fueled economic recession in 1973, 1997 and 2008. The increasing of labour cost is another problem that is facing by the Group.

In order to increase the productivity for manufacturing of woven fabrics of the Group and to improve the tight production schedule of the existing weaving machines, the Group has entered into a Purchase Contract with a vendor 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 Directors believe that the purchase of the rapier weaving machine would help the Group to improve the competiveness and production efficiency and hence reduce the production cost. Details of purchase of weaving machines were disclosed in the announcement of the Company dated 8 June 2018.

The Directors are also highly concerning the increase of trade tension between China and the U.S. The Directors is reviewing the impact of possible trade war on the textile industry and the export of the Group. The Group will adjust its existing policies in developing local and overseas markets from time to time so as to balance the mark share and continue to focus on its major businesses (i) manufacture and sale of woven fabrics; and (ii) provision of subcontracting services.

In view of the business and market risk, the Directors are also actively exploring investment opportunities to enhance the Group's long-term growth. On 9 November 2018, Shenzhen Yongan Huiju entered into the non-legally binding MOU with each of the Vendors respectively, pursuant to which Shenzhen Yongan Huiju intended to purchase and the Vendors intended to sell in aggregate 50.0% of the entire issued share capital of the Target Company for a total consideration not exceeding the value of the 50.0% of the entire issued share capital of the Target Company based on a valuation report to be undertaken by an independent valuer with regard to the valuation of the Target Group. In light of the business prospects and the experienced management team of the Target Group, the Directors are confident that the Proposed Acquisition will allow the Group to capture the opportunities arising from the potential growth in water management-related business.

The MOU are not intended to be legally binding. If Shenzhen Yongan Huiju proceeds with the Proposed Acquisition, it will enter into legally binding agreement(s) with the Vendors in respect of the Proposed Acquisition. Details of the MOU and the Proposed Acquisition, please refer to the announcement of the Company dated 9 November 2018. 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.

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

As at 30 September 2018, Ms. He Lianfeng, an executive Director and her spouse totally have approximately 0.039% of interest in Zhejiang Yongli, the ultimate holding company of the Company. Mr. He Weifeng is also the deputy chairman of Zhejiang Yongli. Mr. Jiang Ning is vice general manager of Guizhou Yongan, the Company's immediate holding company, and a director of four other subsidiaries of Guizhou Yongan. Ms. Wang Ai Yu, a supervisor of the Company, is a manager of the finance department of Zhejiang Yongli. Zhejiang Yongli and Guizhou Yongan are associated corporations (within the meaning of Part XV of the SFO) by virtue of being a holding company of the Company.

Save as disclosed above, as at 30 September 2018, none of the Directors, supervisors or chief executive of the Company had an interest or a short position in the shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required, (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she is taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2018, so far as it is known to the Directors, chief executives or supervisors of the Company, the persons (not being a Director, chief executive or supervisor of the Company) who had interests or short positions in the shares or underlying shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the

Company under section 336 of Part XV of the SFO, or who is interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Company are as follows:

Long positions in the shares of the Company

Domestic shares of the Company ("Domestic shares")

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

Notes:

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

H shares of RMB0.1 each of the Company ("H shares")

Name of shareholder	**Capacity**	**Number of H shares held**	**Approximate percentage of interests in H Shares in issue at 30 September 2018**	**Approximate percentage of interests in total issued share capital 30 September 2018**
Wing Hing Holdings (HK) Investment Limited	Beneficial owner	208,540,000	43.86%	19.60%

As at 30 September 2018, save as disclosed above, so far as was known to the Directors, chief executives and supervisors of the Company, no other person (other than the Directors, chief executives or supervisors of the Company) had an interest or short position in the shares or underlying shares which would fall to be disclosed under Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO.

COMPETING INTERESTS

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

AUDIT COMMITTEE

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. 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 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 2018, the six months ended 30 June 2018 and the nine months ended 30 September 2018 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 of the Company, all Directors and supervisors of the Company confirmed that they have complied with the required standard and the code of conduct regarding securities transactions by directors and supervisors adopted by the Company.

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

Neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the nine months ended 30 September 2018.

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

Zhejiang, the PRC, 14 November, 2018

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

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*