

THIRD QUARTERLY REPORT 2019



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*

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

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 nine months ended 30 September 2019,

- Revenue of the Group decreased from approximately RMB113.10 million to approximately RMB108 million, representing a decline of approximately 4.51% when compared to the corresponding period in 2018;
- Net loss was approximately RMB11.19 million; and
- The Directors do not recommend the payment of an interim dividend for the nine months ended 30 September 2019.

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

For the three months and nine months ended 30 September 2019

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 2019 as follows:

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
Revenue	3	39,871	43,766	108,000	113,101
Cost of sales		<u>(36,610)</u>	<u>(37,087)</u>	<u>(98,693)</u>	<u>(97,529)</u>
Gross profit		3,261	6,679	9,307	15,572
Other income	3	2,203	595	3,758	1,172
Selling and distribution costs		(544)	(572)	(1,494)	(2,220)
Administrative expenses		(6,522)	(2,948)	(15,967)	(9,198)
Share of loss of an associate		(1,990)	—	(1,990)	—
Finance costs	4	<u>(1,482)</u>	<u>(1,603)</u>	<u>(4,447)</u>	<u>(4,809)</u>
(Loss) profit before taxation		(5,074)	2,151	(10,833)	517
Income tax expenses	5	<u>—</u>	<u>—</u>	<u>(357)</u>	<u>(420)</u>
(Loss) profit for the period	6	(5,074)	2,151	(11,190)	97
Other comprehensive (expenses) income for the period, net of tax					
Items that will not be reclassified subsequently to profit or loss:					
Adjustment on gain on revaluation of properties		<u>—</u>	<u>—</u>	<u>—</u>	<u>(800)</u>
Total comprehensive (expenses) income for the period		<u>(5,074)</u>	<u>2,151</u>	<u>(11,190)</u>	<u>(703)</u>
		RMB	RMB	RMB	RMB
(Loss) profit per share — basic and diluted	8	<u>(0.48) cents</u>	<u>0.2 cents</u>	<u>(1.05) cents</u>	<u>0.009 cents</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Paid-up capital RMB'000	Share premium RMB'000	Other reserve RMB'000 (Note a)	Assets revaluation reserve RMB'000	Statutory surplus reserve RMB'000 (Note b)	Accumulated losses RMB'000 (Note c)	Total RMB'000
Balance at 1 January							
2018 (as restated)	106,350	69,637	331,664	39,828	12,496	(265,746)	294,229
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	<u>106,350</u>	<u>69,637</u>	<u>331,664</u>	<u>39,028</u>	<u>12,496</u>	<u>(265,649)</u>	<u>293,526</u>
Balance at 1 January 2019	106,350	69,637	331,664	39,828	12,496	(265,746)	294,229
Total comprehensive expense for the period	—	—	—	—	—	(11,190)	(11,190)
Balance at 30 September 2019	<u>106,350</u>	<u>69,637</u>	<u>331,664</u>	<u>39,828</u>	<u>12,496</u>	<u>(276,936)</u>	<u>283,039</u>

Notes:

- (a) Other reserve represents dividends waived by the holders of domestic shares, net of tax effect and the deemed contribution arising from the discounting of the non-current interest-free loan from ultimate holding company and immediate holding company of the Company. 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 2019 and 2018, 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, (iii) assets management services and; (iv) investment advisory services.

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

The consolidated financial statement are presented in Renminbi (“RMB”), which is the same as the functional currency of the Group.

The principal accounting policies used in the preparation of the unaudited consolidated results are consistent with those used in the preparation of the Group’s annual financial statements for the year ended 31 December 2018. 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.

Amendments to HKAS 1 and HKAS 8	Definition of Material ¹
Amendments to HKFRS 3	Definition of a Business ¹
HKFRS 17	Insurance Contracts ²
Amendments to HKFRSs 10 and HKAS 28	Sale or Contribution of Assets between an investor and its Associate or Joint Venture ³

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

² Effective for annual period beginning on or after 1 January 2022.

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

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

3. REVENUE AND OTHER INCOME

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 for the period are as follows:

	Three months ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2019	2018	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue				
Disaggregation of revenue by major products or services lines				
Manufacture and sales of woven fabrics	38,928	42,055	105,232	106,780
Subcontracting fee income	943	1,715	2,768	6,163
Investment advisory services	—	1	—	104
Fund management services fee	—	(5)	—	54
	<u>39,871</u>	<u>43,766</u>	<u>108,000</u>	<u>113,101</u>
Disaggregation of revenue by timing of recognition				
Timing of revenue recognition				
At a point in time	38,928	42,055	105,232	106,780
Over time	943	1,711	2,768	6,321
	<u>39,871</u>	<u>43,766</u>	<u>108,000</u>	<u>113,101</u>
Total revenue from contract with customers	<u>39,871</u>	<u>43,766</u>	<u>108,000</u>	<u>113,101</u>
Other income				
Bank interest income	7	17	76	112
Investment income	6	—	375	5
Sundry income	—	—	—	147
Exchange difference	35	—	81	—
Sales of scrap materials	145	264	164	528
Compensation income	225	—	381	—
Gain on disposal of old production machinery	1,346	—	1,346	13
Government subsidies (note)	439	314	445	367
Refund of retirement benefit scheme contribution	—	—	890	—
	<u>2,203</u>	<u>595</u>	<u>3,758</u>	<u>1,172</u>

Note:

Government subsidies of RMB445,000 (2018: RMB367,000) was awarded to the Group during the period ended 30 September 2019 for encouraging the business development and reduction of land use right tax. There is no unfulfilled condition or contingencies relating to these subsidies.

4. FINANCE COSTS

	Three months ended		Nine months ended	
	30 September		30 September	
	2019	2018	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Imputed interest on non-current interest-free amount due to immediate holding company	<u>1,482</u>	<u>1,603</u>	<u>4,447</u>	<u>4,809</u>

5. INCOME TAX EXPENSES

	Three months ended		Nine months ended	
	30 September		30 September	
	2019	2018	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current taxation				
— PRC Enterprise Income Tax	—	—	—	177
— Prior year under-provided	<u>—</u>	<u>—</u>	<u>357</u>	<u>243</u>
	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>357</u></u>	<u><u>420</u></u>

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

6. (LOSS) PROFIT FOR THE PERIOD

	Three months ended		Nine months ended	
	30 September		30 September	
	2019	2018	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
(Loss) profit for the period has been arrived at after charging:				
Staff cost (including supervisors', directors' and chief executive's emoluments):				
Salaries, wages and other benefits in kind	7,271	6,169	20,245	18,588
Retirement benefit scheme contributions	<u>324</u>	<u>227</u>	<u>781</u>	<u>638</u>
Total staff costs	<u><u>7,595</u></u>	<u><u>6,396</u></u>	<u><u>21,026</u></u>	<u><u>19,226</u></u>
Amortisation of prepaid lease payments	47	47	141	141
Cost of inventories recognized as an expenses	35,613	35,871	96,266	93,020
Depreciation of property, plant and equipment	3,009	2,364	6,539	5,686
Research and development costs recognized as an expenses (note)	1,960	297	2,741	616
Gain on disposal of old production machinery	1,346	—	1,346	13
Loss from change on fair value of financial asset at fair value through profit and loss	—	—	246	—
Impairment loss on trade receivables	733	—	1,443	—

Note: Research and development costs includes staff costs of RMB1,254,760 (2018: RMB596,093) which have been included in the staff costs as disclosed above.

7. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the three and nine months ended 30 September 2019 and 2018.

8. (LOSS) PROFIT PER SHARE

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

	Three months ended 30 September		Nine months ended 30 September	
	2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
(Loss) profit for the purpose of calculating basic (loss) profit per share	<u>(5,074)</u>	<u>2,151</u>	<u>(11,190)</u>	<u>97</u>
Number of shares for the purpose of basic (loss) profit per share (<i>Note</i>)	<u>1,063,500,000</u>	<u>1,063,500,000</u>	<u>1,063,500,000</u>	<u>1,063,500,000</u>
Weighted average number of shares for the purpose of calculating (loss) profit per share	<u>1,063,500,000</u>	<u>1,063,500,000</u>	<u>1,063,500,000</u>	<u>1,063,500,000</u>

Note: No diluted (loss) profit per share have been presented for the three months and nine months ended 30 September 2019 and 2018, as there was no diluting events existed during these periods.

9. CONNECTED AND RELATED PARTY TRANSACTIONS

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

- (a) During the period for the nine months ended 30 September 2019, the Group had paid approximately RMB13,596,000 (2018: RMB12,386,000) to Zhejiang Yongli for electricity charges paid by Zhejiang Yongli on behalf of the Group. The aforesaid payments were made on behalf of the Group based on the actual costs incurred and were in the ordinary course of business of the Group.

As at 30 September 2019, amount due from Zhejiang Yongli was approximately RMB708,000 (2018: Nil) which was unsecured, interest-free and repayable on demand.

- (b) During the period for the nine months ended 30 September 2019, the Group had paid approximately RMB494,000 (2018: approximately RMB37,000) to Zhejiang Yongli Printing & Dyeing for providing dyeing services to the Group. The aforesaid transactions were in the ordinary course of business of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

For the nine months ended 30 September 2019, the Group recorded a revenue of approximately RMB108 million, represents a decrease of approximately 4.51% when compared with the same period in 2018. It was mainly due to decrease of revenue from provision of subcontracting services. Gross profit dropped by approximately RMB6.11 million or 39.62% mainly due to increase of cost of sales such as wages, depreciation, utility cost, spare parts etc., although there was slightly upward of average selling price during the nine months ended 30 September 2019.

Other income increased by approximately RMB2.59 million or 220.65% mainly due to refund of retirement scheme contributions paid in previous years, gain on disposal of plant and machinery, increase of investment income and compensation income received during the nine months ended 30 September 2019 when compared with the same period in 2018.

The selling and distribution costs decreased by approximately RMB726,000 or 32.7% for the nine months ended 30 September 2019 when compared with the correspondence period in 2018 mainly due to decrease of sales commission.

Administrative expenses increased significantly by approximately RMB6.77 million or 73.59% during the nine months ended 30 September 2019 when compared with the same period in 2018. It was mainly due to (i) research and development expense increased as additional qualified staff were engaged under the research and development department for further enhancement of new product development and more research and development activities were underwent; (ii) impairment loss on accounts receivable; (iii) professional fees for preparing the connected and major transactions, details of which were disclosed in the circular of the Company dated 24 April 2019 and (iv) salary and benefits.

Share of loss of an associate of approximately RMB1,990,000 represents share of loss from Beijing Tepia Technology Co., Ltd.* (北京太比雅科技股份有限公司) (“Target Company”), a company incorporated in the PRC and is listed on the NEEQ (Stock Code: 838941). The acquisition of the 41.67% of interest in the Target Company was completed on 20 August 2019, details of which were disclosed in the respective circular dated 24 April 2019 and the announcement dated 21 August 2019. The Target Company incurred significant losses during the nine months ended 30 September 2019 mainly due to (i) the Target Company was undergoing strategic business shift to new water management related business which at the starting point required effort in promotion and research and development, as such promotion expenses and staff salaries for engagement in promotion and research and development increased significantly and revenue of traditional business decreased significantly; (ii) revenue decreased sharply also due to the fact that some of the relevant local government authorities either deferred or cancelled tendering of certain projects due to the poor local economic sentiment and financing difficulties encountered by local municipal governmental platforms.

Finance cost of approximately RMB4.45 million for the nine months ended 30 September 2019 represents imputed interest in interest-free loan due to immediate holding company.

The respective (loss)/profit per share for the nine months ended 30 September 2019 and 2018 were approximately RMB(1.05) cents and RMB0.009 cents respectively.

Business and operation review

During the nine months ended 30 September 2019, the domestic sales was stable and without material changes but the export sales decreased by approximately 8.21% mainly due to decrease of export to America. The average selling price increased slightly by approximately 2.68% mainly due to potential customers willing to pay better price for higher quality of woven fabrics from the Group. In 2019, the Group expect that the fellow textile manufacturers have to continue to face the pressures of rising of raw material prices and wages in the PRC. The fluctuation of oil price will also affect the cost of raw materials of the textile industry. In addition, although the trade tension between China and the U.S., seems calm down, the Directors expect the worldwide economies will continue to go down. The Group has to balance the existing policies in developing both domestic and overseas market so as to minimise the market 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. During the nine months ended 30 September 2019, 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 that is principally engaged in assets management in the PRC did not enter into any new asset management services and investment advisory services contracts.

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 diversify the business risk and enhance the return of capital investment of the shareholders of the Company, on 20 August 2019, 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”), successfully acquired 41.67% of the Target Company. The Directors consider that the acquisition of the Target Company is in line with the Group’s business diversification strategy and represents an attractive investment opportunity of the Group to tap into the water management-related business in the PRC with growth potential and to generate diversified income and additional cash flow through the acquisition.

During the nine months ended 30 September 2019, the Target Company incurred significant losses mainly due to (i) the financing difficulties encountered by some of the local municipal governmental platforms which led to either deferred or cancelled projects and resulted in decrease of the revenue of the Target Company and (ii) the Target Company is exploring new business related to water management which is required to spend more effort on promotion and research and development, therefore the expenses for promotion and research and development increased significantly. However, the Directors still have confidence to the prospect of the new business of the Target Company and believe that performance will be improved in the near future.

Production facilities

During the nine months ended 30 September 2019 under review, the Group spent approximately RMB124,000 in additions of office and factory equipment, approximately RMB31,818,000 in additions of plant and machinery and approximately RMB858,000 in renovation of factory buildings respectively.

Product research and development

During the nine months ended 30 September 2019, 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 2019, 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 order to enhance competitiveness and market share of the textile sector, the Group has (i) installed some new and advanced production machines during the nine months ended 30 September 2019 so as to eliminate backward production capacity; (ii) employed some qualified staff in order to strengthen the research and development of Group for improving the product quality and output; and (iii) will further develop the domestic and overseas market.

On 20 August 2019, the Group has successfully acquired the Target Company. In view of the business prospects of the Target Group and the experienced management team, the Directors believe that the acquisition of the Target Company will enable the Group to capture the opportunities arising from the potential growth of related businesses such as water management, planning and operation and maintenance in the near future.

Guizhou Anheng will continue to engage in the assets management and investment advisory services. At present, the Guizhou Anheng team is also actively exploring investment opportunities to enhance the Group's long-term growth. Guizhou Anheng will serve as a platform for the Group to develop its asset management business and the Group will make full use of the new policies of relevant government departments to seize opportunities and gradually expand the business of Guizhou Anheng, including equity funds, securities investment funds and industrial funds. Under the leadership of the management team. The Board believes that the Group will be able to meet the upcoming challenges in 2019 and will therefore pay off for its shareholders.

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

As at 30 September 2019, 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. Ms. Wang Ai Yu, a supervisor of the Company, is a manager of the internal audit department of Zhejiang Yongli. Zhejiang Yongli is associated corporations (within the meaning of Part XV of the SFO) by virtue of being an ultimate holding company of the Company.

Save as disclosed above, as at 30 September 2019, 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 2019, so far as it is known to the Directors, chief executives or supervisors of the Company, the persons (not being a Director, chief executive or supervisor of the Company) who had interests or short positions in the shares or underlying shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO, or who is interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Company are as follows:

Long positions in the shares of the Company*Domestic shares of the Company (“Domestic shares”)*

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

Notes:

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

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

Name of shareholder	Capacity	Number of H shares held	Approximate percentage of interests in H Shares in issue at 30 September 2019	Approximate percentage of interests in total issued share capital 30 September 2019
Wing Hing Holdings (HK) Investment Limited	Beneficial owner	208,530,000	43.85%	19.61%

As at 30 September 2019, 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. Leng Peng and Mr. Zhu Weizhou. Mr. Leng Peng 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 2019, the six months ended 30 June 2019 and the nine months ended 30 September 2019 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 2019.

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

Zhejiang, the PRC, 14 November, 2019

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), Mr. Hu Hua Jun; the independent non-executive Directors are Mr. Song Ke, Mr. Leng Peng and Mr. Zhu Weizhou.

This announcement 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