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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)**

## **(1) PROFIT WARNING**

**AND**

## **(2) NOTICE OF BOARD OF DIRECTORS MEETING**

This announcement is made by 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**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

### **Profit Warning**

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and the potential investors that, based on preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2019 and assessment of the information currently available, the Group is expected to record a net loss attributable to the Shareholders of not less than approximately RMB16.18 million as compared to the net loss attributable to the Shareholders of approximately RMB3.57 million for the year ended 31 December 2018 mainly due to the following factors:

- (i) Turnover of the Group for the year ended 31 December 2019 declined by approximately 11.07% mainly due to decrease of revenue from manufacturing and sales of woven fabrics and provision of subcontracting services as a result of the deterioration in macroeconomic environment and business uncertainty as caused by the trade dispute between the United States and China. The gross profit for the year ended 31 December 2019 declined by approximately 19.68% mainly due to increase of cost of sales such as wages, depreciation, utility cost and spare parts etc., during the year ended 31 December 2019;

- (ii) Administrative expenses significantly increased by approximately 42.51% mainly due to (a) rising of research and development expense for further enhancement of new product development; (b) impairment loss on accounts receivables; (c) professional fees paid for preparing the connected and major transactions, details of which were disclosed in the circular of the Company dated 24 April 2019 and the announcement dated 21 August 2019, and (d) increase of salary and benefits;
- (iii) Share of losses of associates for the year ended 31 December 2019 represents share of losses 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 losses during the year ended 31 December 2019 mainly due to (a) 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; (b) revenue decreased 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.

The Company is still in the process of preparing and finalising the annual results of the Group for the year ended 31 December 2019. Shareholders and potential investors should note that the information contained in this announcement is only based on a preliminary assessment by the Board with reference to the unaudited consolidated management accounts of the Group and the information currently available, which are subject to further adjustments, have not been audited by the auditor of the Company, nor have been confirmed by the audit committee of the Company. The actual results of the Group for the year ended 31 December 2019 may be different from which is disclosed herein. Details of the unaudited financial information and performance of the Group for the year ended 31 December 2019 will be disclosed in the annual results announcement of the Company for the year ended 31 December 2019, which is expected to be published on 31 March 2019.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## **Notice of board of directors meeting**

The Board hereby announces that a meeting of the Board will be held at Yangxun Qiao Town, Keqiao Qu, Shaoxing, Zhejiang Province, the PRC on 31 March 2020 at 4:00 p.m. for the purpose of, among other matters, approving the unaudited consolidated financial results of the Group for the year ended 31 December 2019 together with the audited comparative figures for the corresponding period in 2018, considering the recommendation of a final dividend (if any) and transacting any other business.

By Order of the Board  
**Zhejiang Yongan Rongtong Holdings Co., Ltd.\***  
**Wang Hengzhuang**  
*Chairman*

Zhejiang Province, the PRC, 18 March 2020

*As at the date of this announcement, the executive Directors are Mr. Wang Hengzhuang (Chairman), Ms. He Lianfeng (Chief Executive Officer) and Mr. Hu Hua Jun; the non-executive Director is Mr. Ma Jinsong (Deputy Chairman); and the independent non-executive Directors are Mr. Song Ke, Mr. Leng Peng and Mr. Zhu Weizhou.*

*This announcement, for which all 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 Listed Company Information” page of the GEM website at [www.hkgem.com](http://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](http://www.zj-yongan.com).*

*\* For identification purposes only*