



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)

**FURTHER ANNOUNCEMENT OF AUDITED ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

**CHARACTERISTICS OF 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 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.

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

AUDITED CONSOLIDATED RESULTS

Reference is made to the announcement of 浙江永安融通控股股份有限公司 (Zhejiang Yongan Rongtong Holdings Co., Ltd.*) (the “**Company**”) dated 31 March 2020, in relation to the unaudited annual results for the year ended 31 December 2019 of the Company and its subsidiaries (the “**Group**”) (the “**Unaudited Preliminary Announcement**”). Terms used herein shall have the same meanings as those defined in the Unaudited Preliminary Announcement unless the context requires otherwise.

The Board is pleased to announce that the Group’s auditor, Messrs. SHINEWING (HK) CPA Limited, has completed its audit of the consolidated financial statements of the Group for the year ended 31 December 2019 in accordance with Hong Kong Standards on Auditing (“**HKSA**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The audited consolidated results for the year ended 31 December 2019 were approved by the Board on 17 April 2020, details of which are set out below.

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 2019 as set out in this audited 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 HKSA, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on the audited preliminary announcement.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 December 2019

	<i>Notes</i>	2019 RMB'000	2018 <i>RMB'000</i>
Revenue	3	134,537	151,288
Cost of sales		<u>(124,392)</u>	<u>(134,027)</u>
Gross profit		10,145	17,261
Other income and gains	3	7,624	4,777
Selling and distribution costs		(2,140)	(2,953)
Administrative expenses		(22,766)	(16,148)
Share of losses of associates		(4,765)	—
Impairment loss of interests in associates		(31,239)	—
Finance costs	5	<u>(5,929)</u>	<u>(6,006)</u>
Loss before taxation		(49,070)	(3,069)
Income tax expense	6	<u>(96)</u>	<u>(502)</u>
Loss for the year	7	<u>(49,166)</u>	<u>(3,571)</u>
Other comprehensive income (expense) for the year			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Gain on revaluation of properties		2,554	2,738
Fair value gain on equity investments designated at fair value through other comprehensive income		430	457
Income tax relating to items that will not be reclassified subsequently		<u>(745)</u>	<u>(798)</u>
Other comprehensive income for the year, net of tax		<u>2,239</u>	<u>2,397</u>
Total comprehensive expenses for the year		<u>(46,927)</u>	<u>(1,174)</u>
		RMB	RMB
Loss per share			
Basic and diluted	8	<u>(4.62) cents</u>	<u>(0.34) cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	<i>Notes</i>	2019	2018
		RMB'000	RMB'000
Non-current assets			
Property, plant and equipment		125,925	98,675
Right-of-use assets		6,080	—
Prepaid lease payments		—	6,080
Goodwill		1,230	1,230
Interests in associates		53,996	—
Financial asset at fair value through other comprehensive income		1,065	635
Financial asset at fair value through profit or loss		25,489	25,129
Deposits paid for acquisition of property, plant and equipment		—	19,370
		<u>213,785</u>	<u>151,119</u>
Current assets			
Inventories		43,273	29,246
Trade and other receivables	10	27,997	33,525
Prepaid lease payments		—	188
Tax recoverable		—	187
Bank balances and cash		46,896	153,425
		<u>118,166</u>	<u>216,571</u>
Current liabilities			
Trade and other payables	11	32,215	26,194
Contract liabilities		2,065	3,273
Tax payable		332	—
		<u>34,612</u>	<u>29,467</u>
Net current assets		<u>83,554</u>	<u>187,104</u>
Total assets less current liabilities		<u>297,339</u>	<u>338,223</u>
Non-current liabilities			
Deferred tax liabilities		11,565	11,451
Amount due to immediate holding company		38,472	32,543
		<u>50,037</u>	<u>43,994</u>
Net assets		<u>247,302</u>	<u>294,229</u>
Capital and reserves			
Share capital		106,350	106,350
Share premium and reserves		140,952	187,879
		<u>247,302</u>	<u>294,229</u>

Notes:

1. BASIS OF PREPARATION

Zhejiang Yongan Rongtong Holdings Co., Ltd. (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”). Its immediate parent 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 its 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 principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are (i) the manufacture and sale of woven fabrics; (ii) the provision of woven fabrics subcontracting services; (iii) assets management services; and (iv) investment advisory services.

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

* *English name is for identification only.*

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied, for its first time, the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

HKFRS 16	Leases
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 — 2017 Cycle
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
HK(IFRIC) — Int 23	Uncertainty over Income Tax Treatments

The adoption of HKFRS 16 resulted in the changes in the Group's accounting policies and adjustments to the amounts recognised in the consolidated financial statements as summarises below.

The application of other new and amendments to 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.

Impacts on adoption of HKFRS 16 Leases

HKFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating lease and finance lease and requiring the recognition of right-of-use asset and a lease liability for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Comparative information has not been restated and continues to be reported under HKAS 17 Leases.

On transition to HKFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which arrangements are, or contain, leases. It applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

The Group as lessee

On adoption of HKFRS 16, the Group recognises right-of-use assets and measures them at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. There is no impact on the opening balance of equity.

The following table summarises the impact of transition to HKFRS 16 at 1 January 2019. Line items that were not affected by the adjustments have not been included.

	<i>Note</i>	Carrying amount previously reported at 31 December 2018 <i>RMB'000</i>	Impact on adoption of HKFRS 16 <i>RMB'000</i>	Carrying amount as restated at 1 January 2019 <i>RMB'000</i>
Right-of-use assets	(a)	—	6,268	6,268
Prepaid lease payments	(a)	6,268	(6,268)	—

Note:

- (a) Prepaid lease payments of approximately RMB6,268,000 which represent the upfront payments for leasehold lands in the PRC as at 31 December 2018 were reclassified to right-of-use assets.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs and interpretation that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 3	Definition of a Business ⁴
Amendments to HKAS 1 and HKAS 8	Definition of Material ¹
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ¹
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting ¹

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

² Effective for annual periods beginning on or after 1 January 2021.

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

⁴ Effective for business combinations and asset acquisition for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020.

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

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

	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
<u>Revenue from contracts with customers within the scope of HKFRS 15</u>		
Disaggregated by major products or services lines		
Manufacture and sale of woven fabrics	130,315	142,937
Subcontracting fee income	4,222	7,320
Investment advisory services	—	974
Fund management services	—	57
	<u>134,537</u>	<u>151,288</u>
Disaggregation of revenue from contracts with customers by timing of recognition		
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
<u>Timing of revenue recognition</u>		
At a point in time	130,315	143,911
Over time	4,222	7,377
	<u>134,537</u>	<u>151,288</u>
Total revenue from contract with customers	<u>134,537</u>	<u>151,288</u>

Transaction price allocated to the remaining performance obligations

The subcontracting and fund management service contracts are with an original expected duration of one year or less or contracts for which revenue is recognised at the amount to which that Group has the right to invoice for the services performed. Accordingly, the Group has elected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) as of the end of the reporting period.

	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Other income and gains		
Gain on disposal of property, plant and equipment	1,346	307
Government subsidies (<i>note</i>)	6	53
Refund of retirement benefit scheme contributions	890	—
Refund of land use tax	439	628
Reversal of impairment loss of trade receivables	—	1,319
Interest income	300	723
Gain from change in fair value of financial assets at FVTPL	360	774
Foreign exchange gains, net	69	50
Sales of scrap materials	260	408
Dividend from financial asset at FVTPL	369	87
Compensation income	382	280
Write-back of trade payables	2,894	—
Others	<u>309</u>	<u>148</u>
	<u><u>7,624</u></u>	<u><u>4,777</u></u>

Note:

Government subsidies of RMB6,000 (2018: RMB53,000) was awarded to the Group during the year ended 31 December 2019 for encouraging enterprise development. There is no unfulfilled condition or contingencies relating to these subsidies.

4. SEGMENT INFORMATION

Information reported to the executive 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.

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

Woven fabrics	—	Manufacture and sale of woven fabrics
Subcontracting services	—	Provision of woven fabrics subcontracting services
Asset management	—	Asset management and investment advisory services

(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		Asset management		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment revenue	<u>130,315</u>	<u>142,937</u>	<u>4,222</u>	<u>7,320</u>	<u>—</u>	<u>1,031</u>	<u>134,537</u>	<u>151,288</u>
Segment result	<u>5,571</u>	<u>11,129</u>	<u>139</u>	<u>1,508</u>	<u>360</u>	<u>(65)</u>	<u>6,070</u>	<u>12,572</u>
Unallocated corporate income							<u>4,110</u>	<u>3,050</u>
Unallocated corporate expenses							<u>(17,317)</u>	<u>(12,685)</u>
Share of losses of associates							<u>(4,765)</u>	<u>—</u>
Impairment loss of interests in associates							<u>(31,239)</u>	<u>—</u>
Finance costs							<u>(5,929)</u>	<u>(6,006)</u>
Loss before taxation							<u>(49,070)</u>	<u>(3,069)</u>

Segment (loss) profit represents the (loss from) profit earned by each segment without allocation of certain other income, directors' remuneration, central administration costs, share of losses of associates, impairment loss of interests in associates 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 external customers is presented based on the location of the operation.

	Revenue from external customers	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
The PRC (country of domicile)	117,213	131,039
Europe	12,190	10,732
South America	3,195	5,795
Other overseas	1,939	3,722
	<u>134,537</u>	<u>151,288</u>

(c) **Information about major customers**

During the years ended 31 December 2019 and 2018, none of the Group's individual customer contributed more than 10% to the total revenue of the Group.

5. FINANCE COSTS

	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Imputed interest on interest-free loan due to immediate holding company	<u>5,929</u>	<u>6,006</u>

6. INCOME TAX EXPENSE

	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Current taxation		
PRC Enterprise Income Tax	727	444
Deferred taxation		
- Current year	<u>(631)</u>	<u>58</u>
	<u>96</u>	<u>502</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 Group is 25% for both years.

7. LOSS FOR THE YEAR

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Loss for the year has been arrived at after charging (crediting):		
Staff cost (including supervisors', directors' and chief executive's emoluments):		
Salaries, wages	27,901	30,400
Retirement benefit scheme contributions	<u>902</u>	<u>865</u>
Total staff costs	<u>28,803</u>	<u>31,265</u>
Allowance for inventories (included in cost of inventories recognised as an expense)	1,176	1,879
Amortisation of prepaid lease payments	—	188
Auditor's remuneration		
— Audit service	806	663
— Non-audit service	631	283
Cost of inventories recognised as an expense	123,216	132,164
Depreciation of property, plant and equipment	8,326	6,614
Depreciation of right-of-use assets	188	—
Impairment loss (reversal of impairment loss) of trade receivables	1,712	(1,319)
Research and development costs recognised as an expense (note)	3,215	1,055
Write-off of property, plant and equipment	21	800
Reversal of allowance for inventories (included in cost of inventories recognised as an expense)	<u>—</u>	<u>(16)</u>

Note: Research and development costs includes staff costs of RMB1,729,000 (2018: RMB1,031,000) which have been included in staff costs as disclosed above.

8. LOSS PER SHARE

Basic and diluted loss per share for the year is calculated on the loss for the year of approximately RMB49,166,000 (2018: RMB3,571,000) and the weighted average of 1,063,500,000 (2018: 1,063,500,000) ordinary shares in issue during the year ended 31 December 2019.

There is no difference between basic and diluted loss per share as there were no potentially dilutive shares outstanding during the year ended 31 December 2019 and 2018.

9. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2019, nor has any dividend been proposed since the end of reporting period (2018: Nil).

10. TRADE AND OTHER RECEIVABLES

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Trade receivables	24,515	31,869
Less: Allowance for impairment of trade receivables	<u>(2,351)</u>	<u>(639)</u>
	<u>22,164</u>	<u>31,230</u>
Other receivables		
Prepayments to suppliers	1,652	704
Other prepayments	—	1,089
Other tax recoverable	3,653	—
Other receivables	<u>528</u>	<u>502</u>
	<u>5,833</u>	<u>2,295</u>
Total trade and other receivables	<u>27,997</u>	<u>33,525</u>

The Group allows an average credit period of 60 days to 180 days (2018: 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 receivables, net of allowance for impairment of trade receivables and presented based on the revenue recognition dates, at the end of the reporting period is as follows:

	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
0-60 days	21,644	30,125
61-90 days	220	218
91-120 days	35	573
121-365 days	96	205
Over 365 days	<u>169</u>	<u>109</u>
	<u>22,164</u>	<u>31,230</u>

11. TRADE AND OTHER PAYABLES

	31 December	31 December
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables (<i>notes i & ii</i>)	20,088	13,295
Other tax payables	2,832	4,427
Accrued expenses and other payables	<u>9,295</u>	<u>8,472</u>
	<u>32,215</u>	<u>26,194</u>

Notes:

- (i) The Group normally receives credit periods from suppliers ranging from 30 days to 90 days (2018: 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 dates is as follows:

	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
0 - 60 days	10,789	4,336
61 - 90 days	3,390	1,358
91 - 365 days	1,715	1,672
Over 365 days	<u>4,194</u>	<u>5,929</u>
	<u>20,088</u>	<u>13,295</u>

EVENTS AFTER THE REPORTING PERIOD

The wide spread of the novel Coronavirus in the PRC since the beginning of 2020 is fluid and challenging situation facing all the industries of the society. The Group has already assessed the overall impact of the situation on the operation of the Group and taken all possible effective measures to limit and keep the impact in control. The Group will keep continuous attention on the change of situation and make timely response and adjustments in the future.

Save as disclosed above and in this announcement, the Group does not have other significant events after the reporting period.

MATERIAL DIFFERENCES BETWEEN UNAUDITED AND AUDITED ANNUAL RESULTS

Since financial information contained in the Unaudited Preliminary Announcement was neither audited nor agreed with SHINEWING (HK) CPA Limited as at the date of the publication and subsequent adjustments have been made to such information, shareholders and potential investors of the Company are advised to pay attention to certain differences between the financial information of the unaudited and audited annual results of the Group. Set forth below are principal details and reasons for the material differences in such financial information in accordance with Rule 18.49 of the GEM Listing Rules.

Item for the year ended 31 December 2019	Disclosure in this audited preliminary announcement (RMB'000)	Disclosure in the Unaudited Preliminary Announcement (RMB'000)	Difference (RMB'000)	Notes
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME				
Share of losses of associates	4,765	5,694	(929)	1
Impairment loss of interests in associates	31,239	30,355	884	2
Loss of the year	49,166	49,211	(45)	3
Total comprehensive expenses for the year	46,927	46,972	(45)	3
CONSOLIDATED STATEMENT OF FINANCIAL POSITION				
Interests in associates	53,996	53,951	(45)	3

Notes:

1. The difference in share of losses of associates was approximately RMB929,000 mainly due to decrease of losses after taxation for the year ended 31 December 2019 of the associate was recognised as a result from decrease of expected credit losses on contract assets and trade receivables based on finalisation of assessment.
2. The difference in impairment loss of interests in associates of approximately RMB884,000 was mainly based on the recoverable amount of the associates after finalisation of valuation.
3. Difference in each of loss of the year, total comprehensive expenses for the year and interests in associates was approximately RMB45,000 mainly resulted from the adjustments of the items set out herein.

Save as disclosed in this announcement, the corresponding adjustments in totals, percentages, ratios and comparative figures related to the above material differences, all other information contained in the Unaudited Preliminary Announcement remain unchanged.

ANNUAL GENERAL MEETING

The annual general meeting (“AGM”) of the Company for the year 2019 will be held on 11 June 2020. 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 12 May 2020 to 11 June 2020 (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 Monday, 11 May 2020 will be entitled to attend and vote at the AGM.

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

Zhejiang, the PRC, 17 April 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 will appear on the GEM website at <http://www.hkgem.com> on the “Latest Listed Company Information” page for at least 7 days from the day of its posting thereon and the Company’s website at <http://www.zj-yongan.com>.

** English name is for identification only.*