



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)

**FIRST QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2021**

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

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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.*

HIGHLIGHTS

For the three months ended 31 March 2021,

- revenue of the Group increased from approximately RMB12,202,000 to approximately RMB16,788,000, representing an increase of approximately 37.58% when compared to the corresponding period in 2020;
- net loss was approximately RMB5,056,000; and
- the Directors do not recommend the payment of an interim dividend for the three months ended 31 March 2021.

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

For the three months ended 31 March 2021

The board of directors (the “Board” or 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”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months ended 31 March 2021 together with the comparative results for the corresponding period in 2020 as follows:

		Three months ended	
		31 March	
	<i>Notes</i>	2021	2020
		RMB'000	RMB'000
			(restated)
Revenue	3	16,788	12,202
Cost of sales		<u>(16,941)</u>	<u>(11,463)</u>
Gross (loss) profit		(153)	739
Other income and gains	3	360	358
Selling and distribution costs		(303)	(305)
Administration expenses		(2,933)	(2,770)
Share of loss of associates		(1,551)	(2,348)
Financial costs	4	<u>(476)</u>	<u>(1,752)</u>
Loss before taxation		(5,056)	(6,078)
Income tax expenses	5	<u>—</u>	<u>(30)</u>
Loss and total comprehensive expenses for the period	6	<u>(5,056)</u>	<u>(6,108)</u>
		RMB	RMB
Loss per share — basic and diluted	8	<u>0.48 cents</u>	<u>0.57 cents</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Paid-up capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Other reserve <i>RMB'000</i> <i>(Note (a))</i>	Assets revaluation reserve <i>RMB'000</i>	Statutory surplus reserve <i>RMB'000</i> <i>(Note (b))</i>	Accumulated losses <i>RMB'000</i> <i>(Note (c))</i>	Total <i>RMB'000</i>
At 1 January 2020	106,350	69,637	331,664	42,067	12,496	(314,912)	247,302
Loss and total comprehensive expenses for the period	—	—	—	—	—	(6,078)	(6,078)
Balance at 31 March 2020	<u>106,350</u>	<u>69,637</u>	<u>331,664</u>	<u>42,067</u>	<u>12,496</u>	<u>(320,990)</u>	<u>241,224</u>
At 1 January 2021	106,350	69,637	349,487	43,535	12,496	(343,249)	238,256
Loss and total comprehensive expenses for the period	—	—	—	—	—	(5,056)	(5,056)
Balance at 31 March 2021	<u>106,350</u>	<u>69,637</u>	<u>349,487</u>	<u>43,535</u>	<u>12,496</u>	<u>(348,305)</u>	<u>233,200</u>

Notes:

- (a) Other reserve represents the 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.
- (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% of 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. 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 31 March 2021 and 2020, no reserves were available for distribution due to accumulated losses being noted.

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. 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 the 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 Group are (i) the manufacture and sale of woven fabrics; (ii) the provision of woven fabrics subcontracting services; and (iii) assets management services.

The consolidated financial statements 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 2020. The unaudited consolidated results of the Group 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 AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

The financial statements have been prepared in accordance with new and amendments to HKFRSs and interpretation that have been issued by the HKICPA.

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 and related Amendments ²
Amendments to HKFRS 3	Reference to Conceptual Framework ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 cycle ¹

¹ Effective for annual periods beginning on or after 1 January 2022.

² Effective for annual periods beginning on or after 1 January 2023.

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

	Three months ended 31 March	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or services lines		
Manufacture and sales of woven fabrics	16,274	11,785
Subcontracting fee income	514	120
Financial consulting services	—	297
	<u>16,788</u>	<u>12,202</u>
Disaggregation of revenue by timing of recognition		
Timing of revenue recognition		
At a point in time	16,274	11,785
Over time	514	417
	<u>16,788</u>	<u>12,202</u>
Total revenue from contract with customers	<u>16,788</u>	<u>12,202</u>
Other income and gains		
Interest income	12	5
Sundry income	—	1
Government subsidies (<i>note 1</i>)	92	237
Refund of retirement benefit scheme contributions	126	—
Sales of scrap materials	34	14
Rental income (<i>note 2</i>)	77	66
Gain from change in fair value of financial assets at FVTPL	19	—
Foreign exchange gain	—	35
	<u>360</u>	<u>358</u>

Notes:

- (1) Government subsidies of approximately RMB92,000 (2020: RMB237,000) was awarded to the Group during the three months ended 31 March 2021 included RMB52,000 (2020: RMB118,000) for encouraging enterprise development.

In March 2020, the Group received a government subsidy of approximately RMB1,589,000 for encouraging replacement of low productivity machinery and equipment. According to the audited result for the year ended 31 December 2020, the amount has been treated as deferred income and transferred to other income over the useful lives of the relevant assets. The policy has resulted in a credit to the other income of approximately RMB40,000 (2020: RMB119,000) in the current period and the respective period in 2020 has also been restated in accordance to the policy. As at 31 March 2021, an amount of approximately RMB1,310,000 (2020: RMB1,469,000) remains to be amortised.

- (2) Rental income of approximately RMB77,000 (2020: RMB66,000) is recognised. The Group leases out buildings under operating leases. The leases typically run for an initial period of 1 year. None of the leases includes variable lease payments.

4. FINANCE COSTS

	Three months ended 31 March	
	2021	2020
	RMB'000	RMB'000
Imputed interest on interest-free loan due to immediate holding company	<u>476</u>	<u>1,752</u>

5. INCOME TAX EXPENSES

	Three months ended 31 March	
	2021	2020
	RMB'000	RMB'000
Prior year under-provided — PRC Enterprise Income Tax	<u>—</u>	<u>30</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.

No provision for PRC Enterprise Income Tax was made for both periods ended 31 March 2021 and 2020.

6. LOSS FOR THE PERIOD

	Three months ended 31 March	
	2021	2020
	RMB'000	RMB'000
Loss for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	2,309	1,579
Depreciation of right-of-use assets	<u>47</u>	<u>47</u>

7. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the three months ended 31 March 2021.

8. LOSS PER SHARE

Basic and diluted loss per share for the three months ended 31 March 2021 is calculated on the loss for the period of approximately RMB5,056,000 (2020: loss of approximately RMB6,108,000) and the weighted average of 1,063,500,000 (2020: 1,063,500,000) ordinary shares in issue during the three months ended 31 March 2021.

There is no difference between basic and diluted loss per share as there were no potentially dilutive shares outstanding during the three months ended 31 March 2021 and 2020.

9. RELATED PARTY TRANSACTIONS

During the period for the three months ended 31 March 2021, the Group has the following related party transactions and continuing connected party transactions.

- (a) During the period for the three months ended 31 March 2021, the Group had paid approximately RMB1,631,000 (2020: approximately RMB2,264,000) 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.

- (b) During the period for the three months ended 31 March 2021, 浙江紹興永利印染有限公司, a fellow subsidiary of the Company had provided dyeing services to the Group for the usage in the production amounting to approximately RMB10,000 (2020: approximately RMB20,000).
- (c) During the period for the three months ended 31 March 2021, the Group had received approximately RMB77,000 (2020: approximately RMB66,000) from 紹興虹利化纖有限公司 (Shaoxing Hongli Fiber Co., Ltd.*), a fellow subsidiary of the Company, for leasing of certain factory buildings of the Group.
- (d) During the period for the three months ended 31 March 2021, the Group had sold woven fabrics to 浙江永利經編股份有限公司 (Zhejiang Yongli Warp Knitting Co., Ltd.*) and 浙江永和建材有限公司 (Zhejiang Yonghe Building Materials Co., Ltd.*), fellow subsidiaries of the Company in the amount of approximately RMB1,000 and approximately RMB9,000 respectively.

The aforesaid transactions were carried out at the terms determined and agreed by the Group and the relevant parties and were in the ordinary course of business of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

Revenue and gross profit

During the three months ended 31 March 2021 (the “**Current Period**”), the Group recorded a revenue of approximately RMB16,788,000, representing an overall increase of approximately 37.58% when compared to the same period in 2020 mainly contributed from the respective increase of sales of woven fabrics and subcontracting fee income while incurred a gross loss of approximately RMB153,000. Due to the long-lasting outbreak of the novel coronavirus (“**COVID-19**”) epidemic (the “**Epidemic**”) since 2020, most commercial activities in China and overseas countries were either suspended or seriously affected. Although China successfully stopping the Epidemic from widely few months later after the outbreak in early 2020, the overseas countries continue to be suffered by the Epidemic which caused the decline in demand of the product of the Group from both local and overseas customers. In addition, a substantial appreciation of the renminbi further impacted the unfavorable export in such severe situation. Furthermore, shortage of labour force due to labour structure adjustment led to increase of wages and rise of cost of raw materials continue to impact the Group and the peer manufacturers. As such, both domestic and export sales of woven fabrics of the Group were significantly affected and so do the selling price in both domestic and export sales of woven fabrics.

Other income and gains

There is no significant change of other income and gains during the Current Period.

Selling and distribution cost

There is no significant change in the selling and distribution costs during the Current Period.

Administrative expenses

Administrative expenses increased by approximately RMB163,000 or 5.88% during the Current Period when compared to the same period in 2020 mainly due to increase of staff salary during the Current Period.

Share of loss of associates

Share of loss of associates of approximately RMB1,551,000 represents share of loss from Beijing Tepia Technology Co., Ltd.* (北京太比雅科技股份有限公司) (“**Tepia**”), a company incorporated in the PRC and is listed on the NEEQ (Stock Code: 838941) which the Group has acquired and interest in 41.67% since 20 August 2019. Share of loss of associates decreased by approximately RMB797,000 for the Current Period when compare with the same period in 2020, mainly due to the improvement of the result of Tepia for the Current Period. During the Current Period, the revenue of Tepia increased by approximately RMB757,000 or approximately 14.23% when compared to the same period in 2020 as some of the projects could not be carried out as planned in 2020 due to the outbreak of Epidemic in

China in early 2020 which caused the restriction of commercial and social activities. After China has successfully stopped the Epidemic from widely after few months since the outbreak in early 2020, most of the commercial activities in China has been resumed as normal in 2021. During the Current Period, Tepia mainly continued to undergo the projects from 2020 as new projects from the relevant government departments normally opened for bidding from the second to third quarter of the relevant year. During Current Period, selling expenses decreased by approximately RMB476,000 or 13.8% when compared to the same period in 2020 mainly due to decreased in staff salary. There is no significant change in administrative expense when compared to the same period in 2020.

Finance cost

Finance cost of approximately RMB476,000 for the Current Period represents imputed interest in interest free loan due to immediate holding company, Guizhou Yongan. In April 2020, the Company repaid RMB11 million to Guizhou Yongan and on 30 November 2020, the Company entered into a supplemental debt agreement (the “**Supplemental Debt Agreement**”) with Guizhou Yongan. Due to the Supplement Debt Agreement, the interest free loan has been modified according to HKFRS 9, details of which were disclosed in annual report for the year ended 31 December 2020. The respective imputed interest immediately before and after 30 November 2020 on the advance had been computed at an effective interest rate of 18.22% and 12.42% (January 2020 to March 2020:18.22%). In this regard, finance cost for the Current Period decreased significantly by approximately RMB1,276,000 or approximately 72.83% when compared to the same period in 2020.

Loss for the year

Loss for the Current Period was approximately RMB5,056,000, decreased by approximately RMB1,052,000 or 17.22% when compared to the same period in 2020 mainly due to decrease in share of loss of associates and finance cost as explained above.

Loss per share

The respective loss per share for the Current Period and 2020 were approximately RMB0.48 cents and approximately RMB0.57 cents respectively.

Business and operation review

Manufacture and sales of woven fabrics and provision of woven fabrics subcontracting services

The textile sector is the Group’s main business. During the Current Period, both domestic and export sales of woven fabrics increased by approximately RMB4.49 million or approximately 38.09% and subcontracting fee income also increased by approximately RMB394,000 or approximately 328.33% mainly due to commercial activities has been resumed as normal in China in 2021 after China has successfully stopping the Epidemic widely after few months since the outbreak of COVID-19 in early January 2020 in China. However, the long-lasting outbreak of the Epidemic in some overseas countries since 2020 and the rise of tension between China and the U.S. continued to impact to the export sales of the Group. In addition, the appreciation of the renminbi in 2020 also impact the unfavorable export

in such severe situation. Furthermore, shortage of labour force due to the labour structure adjustment continue to impact the Group and the peer manufacturers. In this regard, the Group has continued to implement various measures and actions including development of new sales channels for increasing the exposure of the Group's product to potential customers and research and development of new and high quality product so as to attract high profile customers etc.

In addition, further to launch of the COVID-19 vaccines and increase of the vaccination population globally, the Directors expect that the business environment ahead will continue to be tough and uncertain as many countries are still being exposed to the risk of having a new wave of coronavirus outbreak. Due to the expectation that the challenging business environment may persist at least in the coming few quarters, the Group understands that it is important to preserve its financial strength. In this regard, measures will continue to be carried out to increase efficiency, reduce cost and improve liquidity.

Water management-related business by associates

In 2021, Tepia mainly engaged in small and medium-sized reservoirs as the starting point, focusing on "small water conservancy projects", make full use of existing customers and technology accumulation, for Water Conservancy, Water government customers, to provide small water conservancy project operation and maintenance management scheme design, management system development, equipment installation and commissioning, aerial three-dimensional data, property management, repair and maintenance. Tepia's performance in 2021 has further improved somewhat from the previous year.

Product research and development

During the three months ended 31 March 2021, the Group continued to innovate and develop new product so as to meet the customers' need and enhance sales orders from customers.

OUTLOOK

Further to launch of the COVID-19 vaccines and increase of the vaccination population globally, there are many countries still being exposed to the risk of having a new wave of coronavirus outbreak. The Board expected that it will be a long road for the market to resume its growth momentum and let consumers rebuild their confidence on spending even if the virus can be later under control. Furthermore, the increase in tension between China and the United States, the Directors anticipate that the market demand for the woven fabrics in the future will be highly volatile and it takes time for the Group's business volume to be fully restored to the pre-pandemic level. Due to the expectation that the challenging business environment may persist at least in the coming few quarters, the Group understands that it is important to preserve its financial strength. In this regard, measures will continue to be carried out by the Group to increase efficiency, reduce cost and improve liquidity. Capital expenditures will be managed in a very prudent manner without compromising the needs for strategic investments in key areas. The year of 2021 is still full of challenges.

DIRECTORS', CHIEF EXECUTIVES' AND SUPERVISORS' INTERESTS IN SECURITIES

As at 31 March 2021, 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. Wang Hengzhuang serves as the executive director, the legal representative and the general manager of Guiyang City Guishan Funds Management Co., Ltd* (貴陽市貴山基金管理有限公司), a company in which Guizhou Yongan, the immediate holding company of the Company is interested in 42% of its entire equity interests (“**Guishan Fund**”). Mr. Wang also is the deputy general manager of Guizhou Yongan. Mr. Wang serves as the general manager, executive director and the legal representative of Jiuzhou Deye Fund Management (Beijing) Co., Ltd* (九州德業基金管理(北京)有限公司), a subsidiary of Guishan Fund. Mr. Wang also serves as the executive director of Tepia, 41.67% equity interests of which are indirectly held by the Company. Mr. Ma Jinsong through indirect holding of interest in Guizhou Yongan has 0.0498% interest in the Company. He is also a director and the deputy general manager of Guizhou Yongan. Ms. Wang Ai Yu, a supervisor of the Company (the “**Supervisor**”), is a manager of the internal audit department of Zhejiang Yongli. Zhejiang Yongli and Guizhou Yongan are associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong (“**SFO**”)) by virtue of being a holding company of the Company.

Save as disclosed above, as at 31 March 2021, none of the Directors, Supervisors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (a) 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 such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) 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

At 31 March 2021, so far as it is known to the Directors or chief executive or Supervisors, the interests and short positions of person in the shares or underlying shares of the Company, other than the interest of the Directors or Supervisors, which would fall to be disclosed under Divisions 2 and 3 or Part XV of the SFO or which were required, pursuant to section 336 of Part XV of the SFO, to be entered in the register referred to therein, or who is interested directly or indirectly in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Company were 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 (<i>Note 1</i>)	588,000,000	100.00%	55.29%
Zhejiang Yongli	Interest in controlled corporation (<i>Note 2</i>)	588,000,000	100.00%	55.29%
Mr. Zhou Yongli	Interest in controlled corporation (<i>Note 2</i>)	588,000,000	100.00%	55.29%
Ms. Xia Wanmei	Interest of spouse (<i>Note 2</i>)	588,000,000	100.00%	55.29%

Notes:

- (1) On 8 April 2021, the Company received notice from Guizhou Yongan that 588,000,000 Domestic Shares has been pledged to an independent third party, China Zheshang Bank Co., Ltd., Shaoxing Branch (“**CZBank**”) as a security for a loan of RMB50 million as provided by CZBank to Zhejiang Yongli, details of which were disclosed in the announcement dated 8 April 2021 of the Company.
- (2) 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% interest in Guizhou Yongan. Mr. Zhou Yongli and Ms. Xia Wanmei are therefore deemed to be interested in the 588,000,000 Domestic Shares 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 shares held	Approximate percentage of interests in H Shares	Approximate percentage of interests in total registered capital
Wing Hing Holdings (HK) Investment Limited	Beneficial owner	208,530,000	43.85%	19.61%

Saved as disclosed above, as at 31 March 2021, so far as was known to the Directors, chief executives and Supervisors, no other person (other than the Directors, chief executives or Supervisors) has an interest or short position 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.

COMPETING INTERESTS

During the three months ended 31 March 2021, none of the Directors, Supervisors, the controlling shareholders of the Company and their respective close associates (as defined in the GEM Listing Rules) had any interest in any business which competes or is likely to complete, directly or indirectly with the business of the Group or any other conflicts of interest with the Group.

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 (“**INED**”), Mr. Leng Peng, Mr. Zhu Weizhou and Ms. Wu Yuejuan. Mr. Leng Peng is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited first quarterly results of the Group for the three months ended 31 March 2021 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

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, all Directors and Supervisors 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 purchase, sell or redeem any of the Company's listed securities during the three months ended 31 March 2021.

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

Zhejiang, the PRC, 14 May 2021

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. Leng Peng, Mr. Zhu Weizhou and Ms. Wu Yuejuan.

This announcement will remain on the "Latest Listed Company Information" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company's website at www.zj-yongan.com.

** For identification purpose only*