



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 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.*

* 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 2022, in relation to the unaudited annual results for the year ended 31 December 2021 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 2021 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 2021 were approved by the Board on 26 April 2022, 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 2021 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 2021

	<i>Notes</i>	2021 RMB'000	2020 RMB'000
Revenue	3	98,184	77,980
Cost of sales		<u>(97,734)</u>	<u>(75,553)</u>
Gross profit		450	2,427
Other income and gains	3	4,717	2,437
Selling and distribution costs		(1,750)	(1,296)
Administrative expenses		(18,369)	(16,800)
Share of result of an associate		(5,908)	(7,423)
Loss on disposal of a subsidiary		—	(2,536)
Finance costs	5	<u>(2,017)</u>	<u>(6,587)</u>
Loss before taxation		(22,877)	(29,778)
Income tax credit	6	<u>4,057</u>	<u>1,087</u>
Loss for the year	7	<u>(18,820)</u>	<u>(28,691)</u>
Other comprehensive income (expense) for the year			
<i>Items that will not be reclassified to profit or loss:</i>			
Gain on revaluation of properties		2,314	2,429
Income tax relating to items that will not be reclassified to profit or loss		<u>(579)</u>	<u>(607)</u>
Other comprehensive income for the year, net of tax		<u>1,735</u>	<u>1,822</u>
Total comprehensive expense for the year		<u>(17,085)</u>	<u>(26,869)</u>
		RMB	RMB
Loss per share			
Basic and diluted	8	<u>(1.77) cents</u>	<u>(2.70) cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	<i>Notes</i>	2021 RMB'000	2020 RMB'000
Non-current assets			
Property, plant and equipment		112,469	118,998
Right-of-use assets		5,704	5,892
Goodwill		—	—
Interest in an associate		40,665	46,573
Financial asset at fair value through profit or loss		25,881	24,757
		184,719	196,220
Current assets			
Inventories		27,971	35,508
Trade and other receivables	<i>10</i>	33,229	29,944
Bank balances and cash		30,968	31,635
		92,168	97,087
Current liabilities			
Trade and other payables	<i>11</i>	20,552	17,630
Contract liabilities		7,945	8,587
Deferred income		159	159
Tax payable		334	329
		28,990	26,705
Net current assets		63,178	70,382
Total assets less current liabilities		247,897	266,602
Non-current liabilities			
Deferred tax liabilities		7,441	10,919
Amount due to immediate holding company		18,253	16,236
Deferred income		1,032	1,191
		26,726	28,346
Net assets		221,171	238,256
Capital and reserves			
Share capital		106,350	106,350
Share premium and reserves		114,821	131,906
		221,171	238,256

Notes:

1. GENERAL

Zhejiang Yongan Rongtong Holdings Co., Ltd. (the “**Company**”) is a joint stock limited company established in the People’s Republic of China (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 貴州永利企業管理有限公司 (Guizhou Yongli Enterprise Management Co., Ltd.*) (“**Guizhou Yongli**”) (formerly known as 貴州永安金融控股股份有限公司 (Guizhou Yongan Finance Holdings Company Ltd.*)), 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 amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) which are effective for the Group’s financial year beginning 1 January 2021:

Amendments to HKFRS 16	Covid-19-related rent concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the “**Committee**”) of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

The application of the amendments to HKFRSs in the current year has had no material effect on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs issued but not yet effective

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

HKFRS 17	Insurance Contracts and related Amendments ³
Amendments to HKFRS 3	Reference to Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendment to HKFRS 16	Covid-19-related rent concessions beyond 30 June 2021 ¹
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 ³
Amendment to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendment to HKAS 8	Definition of Accounting Estimates ³
Amendment to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction ³
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 cycle ²

¹ Effective for annual periods beginning on or after 1 April 2021.

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

³ Effective for annual periods beginning on or after 1 January 2023.

⁴ 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 sales related taxes. An analysis of the Group's revenue and other income and gains for the year are as follows:

	2021 <i>RMB'000</i>	2020 <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	93,263	74,929
Subcontracting fee income	4,921	2,751
Investment advisory services	—	300
	<u>98,184</u>	<u>77,980</u>
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Other income and gains		
Compensation income	20	101
Dividend from financial asset at FVTPL	115	313
Foreign exchange gains, net	6	3
Gain from change in fair value of financial asset at FVTPL	1,124	—
Gain on disposal of property, plant and equipment	1,806	—
Government subsidies	497	616
Interest income	108	117
Refund of retirement benefit scheme contributions	157	234
Sales of scrap materials	555	118
Write-back of trade payables	—	453
Others	329	482
	<u>4,717</u>	<u>2,437</u>

4. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker (“CODM”), 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 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	
	2021	2020	2021	2020	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue	<u>93,263</u>	<u>74,929</u>	<u>4,921</u>	<u>2,751</u>	<u>—</u>	<u>300</u>	<u>98,184</u>	<u>77,980</u>
Segment result	<u>(3,259)</u>	<u>(3,880)</u>	<u>(1,906)</u>	<u>(887)</u>	<u>—</u>	<u>(796)</u>	<u>(5,165)</u>	<u>(5,563)</u>
Unallocated corporate income							2,355	1,866
Unallocated corporate expenses							(12,142)	(9,535)
Loss on disposal of a subsidiary							—	(2,536)
Share of result of an associate							(5,908)	(7,423)
Finance costs							<u>(2,017)</u>	<u>(6,587)</u>
Loss before taxation							<u>(22,877)</u>	<u>(29,778)</u>

Segment profit/(loss) represents the profit earned by/(loss from) each segment without allocation of certain other income, directors’ remuneration, central administration costs, loss on disposal of a subsidiary, share of result of an associate and finance costs. This is the measure reported to the CODM 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 operations.

	Revenue from external customers	
	2021	2020
	RMB'000	RMB'000
The PRC (country of domicile)	85,829	68,262
Europe	7,780	7,539
South America	3,478	740
Middle East	110	638
Other overseas	987	801
	<u>98,184</u>	<u>77,980</u>

(c) Information about major customers

During the years ended 31 December 2021 and 2020, none of the Group's individual customer contributed more than 10% to the total revenue of the Group.

5. FINANCE COSTS

	2021	2020
	RMB'000	RMB'000
Imputed interest expense on interest-free loan due to immediate holding company	<u>2,017</u>	<u>6,587</u>

6. INCOME TAX CREDIT

	2021	2020
	RMB'000	RMB'000
Current taxation		
PRC Enterprise Income Tax	—	(49)
Deferred taxation		
— Current year	<u>4,057</u>	<u>1,136</u>
	<u>4,057</u>	<u>1,087</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

	2021 RMB'000	2020 RMB'000
Loss for the year has been arrived at after charging (crediting):		
Staff cost (including supervisors', directors' and chief executive's emoluments):		
Salaries and wages	18,858	13,319
Retirement benefit scheme contributions	<u>2,399</u>	<u>356</u>
Total staff costs	<u>21,257</u>	<u>13,675</u>
Auditor's remuneration		
— Audit service	669	772
Cost of inventories recognised as an expense	91,216	72,180
Depreciation of property, plant and equipment	9,104	9,479
Depreciation of right-of-use assets	188	188
Impairment loss recognised in respect of trade receivables	2,953	4,027
Research and development costs recognised as an expense (<i>note</i>)	1,998	1,975
(Gain) loss from change in fair value of financial asset at FVTPL	<u>(1,124)</u>	<u>732</u>

Note: Research and development costs includes staff costs of approximately RMB1,998,000 (2020: approximately RMB1,975,000) 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 RMB18,820,000 (2020: RMB28,691,000) and the weighted average of 1,063,500,000 (2020: 1,063,500,000) ordinary shares in issue during the year ended 31 December 2021.

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 2021 and 2020.

9. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2021, nor has any dividend been proposed since the end of reporting period (2020: Nil).

10. TRADE AND OTHER RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade receivables	32,256	29,222
Less: Allowance for impairment of trade receivables	<u>(9,331)</u>	<u>(6,378)</u>
	<u>22,925</u>	<u>22,844</u>
Other receivables		
Prepayments to suppliers	9,235	2,217
Other tax recoverable	—	196
Other receivables	1,069	757
Consideration receivables	<u>—</u>	<u>3,930</u>
	<u>10,304</u>	<u>7,100</u>
Total trade and other receivables	<u><u>33,229</u></u>	<u><u>29,944</u></u>

Notes:

- (i) The Group allows an average credit period of 60 days to 180 days (2020: 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.
- (ii) 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:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
0–60 days	18,567	18,367
61–90 days	411	328
91–120 days	50	256
121–365 days	<u>3,897</u>	<u>3,893</u>
	<u><u>22,925</u></u>	<u><u>22,844</u></u>

11. TRADE AND OTHER PAYABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade payables (<i>notes i & ii</i>)	12,661	9,068
Other tax payables	2,480	2,528
Accrued expenses and other payables	<u>5,411</u>	<u>6,034</u>
	<u><u>20,552</u></u>	<u><u>17,630</u></u>

Notes:

- (i) The Group normally receives credit periods from suppliers ranging from 30 days to 90 days (2020: 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 trade payables at the end of the reporting period based on the invoice dates is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
0–60 days	7,146	4,024
61–90 days	947	1,389
91–365 days	2,031	705
Over 365 days	<u>2,537</u>	<u>2,950</u>
	<u><u>12,661</u></u>	<u><u>9,068</u></u>

EVENTS AFTER THE REPORTING PERIOD

- (a) On 1 September 2017, the Company entered into the limited partnership agreement dated 1 September 2017 (“**Limited Partnership Agreement**”) with various parties for establishment of 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)*) (the “**Limited Partnership**” or the “**Fund**”), details of the transactions were disclosed in the announcements dated 1 September 2017 and 9 November 2017, and circular dated 27 September 2017. According to the terms of the Limited Partnership Agreement, the duration period of the Fund is seven years from the date of establishment of the Limited Partnership (i.e. from 1 September 2017 to 30 August 2024) extendable to an aggregate period of not more than 10 years upon an unanimous consent of all partners for such extension. The investment period would be the first four years of the duration of the Limited Partnership, i.e. from 1 September 2017 to 30 August 2021. After the investment period, it would be the payback period for the remaining duration of the Limited Partnership, and the Limited Partnership shall not make any further investment during the payback period. Due to the impact of the COVID-19 epidemic, the private equity funds in the PRC tend to be more cautious and exercise higher level of diligence in identifying investment projects. In this regard, the Limited Partnership decided not to extend the investment period and planned to return the initial investment fund to the limited partners. The existing investment projects of the Limited Partnership will continue to be operated until the date of redemption. As at 31 December 2021, the Fund which was recorded as financial asset at fair value through profit or loss amounted to approximately RMB25,881,000. In February 2022, the Limited Partnership held a meeting and announced to refund the initial investment fund to the limited partners after deduction of the management fee up to the last remaining date of the duration of the Fund, i.e. 30 August 2024. On 28 March 2022, the Company received approximately RMB18 million of the initial investment fund from the Limited Partnership.
- (b) Subsequent to the end of the reporting period, the Company, Guizhou Yongli and Zhejiang Yongli entered into another supplemental debt repayment agreement (“**Second Supplemental Debt Repayment Agreement**”) to restructure the debt repayment in respect of amount due to immediate holding company. The Second Supplemental Debt Repayment Agreement is subject to approval in extraordinary general meeting of the Company. For further details, please refer to announcement of the Company dated 31 March 2022.

REVIEW OF AUDITED ANNUAL RESULTS

The audit committee of the Company has reviewed the audited annual results of the Group for the year ended 31 December 2021.

ANNUAL GENERAL MEETING

The annual general meeting (“AGM”) of the Company for the year 2021 will be held on 17 June 2022. 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 18 May 2022 to 17 June 2022 (both days inclusive), during which period no transfer of H Shares will be registered. The shareholders of H Shares whose names appeared on the register of shareholders of the Company at 4:00 p.m. on 17 May 2022 will be entitled to attend and vote at the AGM.

By Order of the Board
Zhejiang Yongan Rongtong Holdings Co., Ltd.
Lou Lijiang
Chairman

Zhejiang, the PRC, 26 April 2022

As at the date of this announcement, the executive Directors are Mr. Lou Lijiang (Chairman), Ms. He Lianfeng (Chief Executive Officer) and Mr. Hu Hua Jun; the non-executive Director is Mr. Xia Zhenbo (Deputy Chairman); and the independent non-executive Directors are Mr. Yu Weidong, Mr. Zhang Jianyong and Mr. Yuan Lingfeng.

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>.

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