



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

2022
Interim Report

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 Yong'an 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 six months ended 30 June 2022,

- Revenue of the Group decreased from approximately RMB56.50 million to approximately RMB39.27 million, representing a drop of approximately 30.49% when compared to the corresponding period in 2021;
- Net loss for the six months ended 30 June 2022 was approximately RMB7.12 million; and
- The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2022.

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

For the six months ended 30 June 2022

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 six months ended 30 June 2022 together with the comparative results for the corresponding period in 2021 as follows:

| | | Three months ended 30 June | | Six months ended 30 June | |
|--|--------------|-------------------------------|------------|-----------------------------|------------|
| | | 2022 | 2021 | 2022 | 2021 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | <i>Notes</i> | | | | |
| Revenue | 3 | 24,325 | 39,708 | 39,271 | 56,496 |
| Cost of sales | | (25,264) | (39,329) | (41,294) | (56,270) |
| Gross (loss) profit | | (939) | 379 | (2,023) | 226 |
| Other income and gains | 3 | 281 | 384 | 563 | 744 |
| Selling and distribution costs | | (553) | (463) | (1,549) | (766) |
| Administrative expenses | | (409) | (5,435) | (2,203) | (8,368) |
| Share of result of an associate | | (277) | (1,822) | (159) | (3,373) |
| Finance costs | 5 | (561) | (495) | (1,097) | (971) |
| Loss before taxation | | (2,458) | (7,452) | (6,468) | (12,508) |
| Income tax (expenses) credit | 6 | (89) | 10 | (656) | 10 |
| Loss and total comprehensive expenses for the period | 7 | (2,547) | (7,442) | (7,124) | (12,498) |
| | | RMB | RMB | RMB | RMB |
| Loss per share | | | | | |
| — basic and diluted | 9 | 0.24 cents | 0.70 cents | 0.67 cents | 1.17 cents |

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

| | <i>Notes</i> | As at 30 June 2022 RMB'000 (Unaudited) | As at 31 December 2021 RMB'000 (Audited) |
|--|--------------|---|---|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 10 | 108,131 | 112,469 |
| Right-of-use assets | | 5,610 | 5,704 |
| Interests in an associate | | 40,506 | 40,665 |
| Financial asset at fair value through profit or loss | | 7,721 | 25,881 |
| | | 161,968 | 184,719 |
| CURRENT ASSETS | | | |
| Inventories | | 29,807 | 27,971 |
| Trade and other receivables | 11 | 26,687 | 33,229 |
| Bank balances and cash | | 44,482 | 30,968 |
| | | 100,976 | 92,168 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 12 | 16,526 | 20,552 |
| Contract liabilities | | 3,500 | 7,945 |
| Deferred income | | 159 | 159 |
| Tax payable | | – | 334 |
| | | 20,185 | 28,990 |
| NET CURRENT ASSETS | | 80,791 | 63,178 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 242,759 | 247,897 |

| | | As at 30 June 2022 RMB'000 (Unaudited) | As at 31 December 2021 RMB'000 (Audited) |
|---|--------------|---|--|
| | <i>Notes</i> | | |
| NON-CURRENT LIABILITIES | | | |
| Deferred tax liabilities | | 8,415 | 7,441 |
| Amount due to immediate holding company | 13 | 19,344 | 18,253 |
| Deferred income | | 953 | 1,032 |
| | | 28,712 | 26,726 |
| NET ASSETS | | | |
| | | 214,047 | 221,171 |
| CAPITAL AND RESERVES | | | |
| Share capital | | 106,350 | 106,350 |
| Reserves | | 107,697 | 114,821 |
| | | 214,047 | 221,171 |

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| | Six months ended 30 June | |
|---|--------------------------|------------------------|
| | 2022 <i>RMB'000</i> | 2021 <i>RMB'000</i> |
| NET CASH USED IN OPERATING ACTIVITIES | (4,726) | (5,003) |
| Purchase of property, plant and equipment | (1) | (69) |
| Net cashflow from partial redemption of financial assets at FVTPL | 18,160 | – |
| Dividend from financial assets at FVTPL | – | 115 |
| Interest received | 81 | 18 |
| NET CASH FROM INVESTING ACTIVITIES | 18,240 | 64 |
| Advance to ultimate holding company | (84,634) | (102,910) |
| Repayment by ultimate holding company | 84,634 | 102,910 |
| Government subsidy received | – | 84 |
| NET CASH FROM FINANCING ACTIVITIES | – | 84 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 13,514 | (4,855) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 30,968 | 31,635 |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, representing bank balances and cash | 44,482 | 26,780 |

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 2021 | 106,350 | 69,637 | 349,487 | 43,535 | 12,496 | (343,249) | 238,256 |
| Total comprehensive expense for the period (restated) | - | - | - | - | - | (12,498) | (12,498) |
| Balance at 30 June 2021 | 106,350 | 69,637 | 349,487 | 43,535 | 12,496 | (355,747) | 225,758 |
| Balance at 1 January 2022 | 106,350 | 69,637 | 349,487 | 45,270 | 12,496 | (362,069) | 221,171 |
| Loss and total comprehensive expense for the period | - | - | - | - | - | (7,124) | (7,124) |
| Balance at 30 June 2022 | 106,350 | 69,637 | 349,487 | 45,270 | 12,496 | (369,193) | 214,047 |

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 statutory surplus reserve fund until the balance of the fund reaches 50% of its registered capital and thereafter any further appropriation is optional. The statutory surplus reserve fund can be utilised to offset prior year losses, or for conversion into registered capital on the condition that the statutory surplus 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 June 2022 and 2021, 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.

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.

In the opinion of the Directors, the immediate parent of the Company is 貴州永利企業管理有限公司 (Guizhou Yongli Enterprise Management Co., Ltd.*) (“**Guizhou Yongli**”), 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 statements are presented in Renminbi (“**RMB**”), which is the same as the functional currency of the Company.

The Group has prepared the condensed consolidated financial statements in accordance with Hong Kong Accounting Standards (“**HKAS**”) 34 “Interim Financial Reporting” issued by Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

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 2021. 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 HKICPA and the disclosure requirements of the GEM Listing Rules.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

The consolidated financial statements have been prepared in accordance with the 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 ¹ |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ² |
| 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 ¹ |
| Amendment to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies ¹ |
| Amendment to HKAS 8 | Definition of Accounting Estimates ¹ |
| Amendment to HKAS 12 | Deferred tax related to assets and liabilities arising from a single transaction ¹ |

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

² 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 period are as follows:

| | Three months ended 30 June | | Six months ended 30 June | |
|---|----------------------------|-----------------|--------------------------|-----------------|
| | 2022 RMB'000 | 2021 RMB'000 | 2022 RMB'000 | 2021 RMB'000 |
| Revenue from contracts with customers within the scope of HKFRS 15 | | | | |
| Disaggregated by major products or services lines | | | | |
| Manufacture and sales of woven fabrics | 21,771 | 33,311 | 37,319 | 49,585 |
| Subcontracting fee income | 2,554 | 6,397 | 1,952 | 6,911 |
| | 24,325 | 39,708 | 39,271 | 56,496 |
| Disaggregation of revenue from contracts with customers by timing of recognition | | | | |
| Timing of revenue recognition | | | | |
| At a point in time | 21,771 | 33,311 | 37,319 | 49,585 |
| Over time | 2,554 | 6,397 | 1,952 | 6,911 |
| | 24,325 | 39,708 | 39,271 | 56,496 |
| Other income and gains | | | | |
| Dividend from financial asset at FVTPL | – | 115 | – | 115 |
| Bank interest income | 80 | 6 | 81 | 18 |
| Exchange difference | 65 | 14 | 65 | 14 |
| Government subsidies <i>(note)</i> | 39 | 71 | 79 | 163 |
| Refund of retirement benefit scheme contributions | 76 | – | 76 | 126 |
| Others | 21 | 77 | 106 | 154 |
| Sales of scrap materials | 116 | 162 | 208 | 196 |
| Loss from change in fair value of financial assets at fair value through profit or loss (“FVTPL”) | (116) | (61) | (52) | (42) |
| | 281 | 384 | 563 | 744 |

Notes:

- (1) Government subsidies of approximately RMB79,000 (2021: RMB163,000) was awarded to the Group during the six months ended 30 June 2022 (2021: RMB84,000 was awarded 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. 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 in the current period of approximately RMB79,000 (2021: RMB79,000). As at 30 June 2022, an amount of approximately RMB1,112,000 (2021: RMB1,191,000) remains to be amortised.

- (2) Rental income of approximately RMB154,000 (2021: RMB154,000) 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. SEGMENTAL INFORMATION

Information reported to the Board 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 segments and operating segments are as follows:

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

(a) Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segment:

| | For the six months ended 30 June | | | | | | | |
|---------------------------------|----------------------------------|-----------------|-------------------------|-----------------|------------------|-----------------|-----------------|-----------------|
| | Woven fabric | | Subcontracting services | | Asset management | | Total | |
| | 2022 RMB'000 | 2021 RMB'000 | 2022 RMB'000 | 2021 RMB'000 | 2022 RMB'000 | 2021 RMB'000 | 2022 RMB'000 | 2021 RMB'000 |
| Segment revenue | 37,319 | 49,585 | 1,952 | 6,911 | - | - | 39,271 | 56,496 |
| Segment profit (loss) | (2,139) | (4,905) | (699) | (2,383) | - | 115 | (2,838) | (7,173) |
| Unallocated corporate income | | | | | | | 262 | 419 |
| Unallocated corporate expenses | | | | | | | (2,636) | (1,410) |
| Share of result of an associate | | | | | | | (159) | (3,373) |
| Finance costs | | | | | | | (1,097) | (971) |
| Loss before taxation | | | | | | | (6,468) | (12,508) |

The accounting policies of the operating segments are the same as the Group's accounting policies described in the annual financial statements of the Group for the year ended 31 December 2021. Segment profit (loss) represents the profit (loss) earned by each segment without allocation of bank interest income, exchange difference, government subsidies, refund of retirement benefit scheme contributions, sundry income, central administration costs, share of result of an associate 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 continuing operation from external customers is presented based on the location of the operation. Segment information about these geographical markets are as follows:

Revenue from external customers:

| | Six months ended 30 June | |
|-------------------------------|--------------------------|-----------------|
| | 2022 RMB'000 | 2021 RMB'000 |
| The PRC (country of domicile) | 24,929 | 51,470 |
| Europe | 11,302 | 3,005 |
| South America | 2,250 | 1,551 |
| Other overseas | 790 | 470 |
| | 39,271 | 56,496 |

5. FINANCE COSTS

| | Three months ended 30 June | | Six months ended 30 June | |
|---|----------------------------|-----------------|--------------------------|-----------------|
| | 2022 RMB'000 | 2021 RMB'000 | 2022 RMB'000 | 2021 RMB'000 |
| Imputed interest on interest-free loan due to immediate holding company | 555 | 495 | 1,091 | 971 |
| Interest on discounted bills | 6 | – | 6 | – |
| | 561 | 495 | 1,097 | 971 |

6. INCOME TAX (EXPENSES) CREDIT

| | Three months ended 30 June | | Six months ended 30 June | |
|-----------------------------|----------------------------|-----------------|--------------------------|-----------------|
| | 2022 RMB'000 | 2021 RMB'000 | 2022 RMB'000 | 2021 RMB'000 |
| Current taxation | | | | |
| — PRC Enterprise Income Tax | 318 | 5 | 318 | 5 |
| Deferred taxation | | | | |
| — Current period | (407) | 5 | (974) | 5 |
| | (89) | 10 | (656) | 10 |

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.

7. LOSS FOR THE PERIOD

| | Three months ended 30 June | | Six months ended 30 June | |
|--|----------------------------|-----------------|--------------------------|-----------------|
| | 2022 RMB'000 | 2021 RMB'000 | 2022 RMB'000 | 2021 RMB'000 |
| Loss 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 | 3,762 | 8,814 | 7,667 | 12,234 |
| Retirement benefit scheme contributions | 249 | 654 | 906 | 1,162 |
| Total staff costs | 4,011 | 9,468 | 8,573 | 13,396 |
| Depreciation of right-of-use assets | 47 | 47 | 94 | 94 |
| Cost of inventories recognized as an expenses | 21,945 | 32,488 | 38,679 | 47,890 |
| Depreciation of property, plant and equipment | 2,166 | 2,275 | 4,341 | 4,584 |
| Research and development costs recognized as an expenses (<i>note</i>) | – | 528 | 212 | 730 |
| Loss from change on fair value of financial asset at FVTPL | 116 | 61 | 52 | 42 |
| (Reversal of overprovided) impairment loss on trade receivables | – | – | (4,743) | 2,551 |
| Reversal of allowance for inventories (included in cost of inventories recognised as expenses) | – | (1,244) | – | (1,244) |

Note: Research and development costs includes staff costs of approximately RMB212,000 (2021: approximately RMB730,000) which have been included in the staff costs as disclosed above.

8. DIVIDEND PAID

The Directors do not recommend the payment of an interim dividend for the three and six months ended 30 June 2022 and 2021.

9. LOSS PER SHARE

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

| | Three months ended 30 June | | Six months ended 30 June | |
|--|----------------------------|-----------------|--------------------------|-----------------|
| | 2022 RMB'000 | 2021 RMB'000 | 2022 RMB'000 | 2021 RMB'000 |
| Loss for the purpose of calculating basic loss per share | 2,547 | 7,442 | 7,124 | 12,498 |
| Number of shares for the purpose of basic loss per share (<i>Note</i>) | 1,063,500,000 | 1,063,500,000 | 1,063,500,000 | 1,063,500,000 |
| Weighted average number shares for the purpose of calculating loss per share | 1,063,500,000 | 1,063,500,000 | 1,063,500,000 | 1,063,500,000 |

Note:

No diluted loss per share have been presented for the three months and six months ended 30 June 2022 and 2021, as there was no diluting events existed during these periods.

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period for the six months ended 30 June 2022, the Group spent approximately RMB1,000 (31 December 2021: approximately RMB261,000) for renovation of factory buildings and additions of office equipment.

11. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 60 to 180 days (31 December 2021: 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. The aged analysis of trade receivables, net of allowance for impairment of trade receivables and presented base on the revenue recognition dates, at the end of the reporting period is as follows:

| | 30 June 2022 RMB'000 | 31 December 2021 RMB'000 |
|-----------------------------------|-------------------------------------|--------------------------------|
| 0-60 days | 12,886 | 18,567 |
| 61-90 days | 693 | 411 |
| 91-120 days | 174 | 50 |
| 121-365 days | 1,764 | 3,897 |
| | 15,517 | 22,925 |
| Other receivables | | |
| Prepayments to suppliers | 8,858 | 9,235 |
| Other receivables | 2,312 | 1,069 |
| | 11,170 | 10,304 |
| Total trade and other receivables | 26,687 | 33,229 |

Included in other receivables as at 30 June 2022, balance of approximately RMB77,000 (31 December 2021: approximately RMB690,000) is amount due from a related company in relation to certain property, plant and equipment renting to the related company. The balance is unsecured, interest-free and repayable upon invoice issued.

12. TRADE AND OTHER PAYABLES

| | 30 June 2022 RMB'000 | 31 December 2021 RMB'000 |
|-------------------------------------|-------------------------------------|--------------------------------|
| Trade payables | 11,818 | 12,661 |
| Other tax payables | 2,434 | 2,480 |
| Accrued expenses and other payables | 2,274 | 5,411 |
| | 16,526 | 20,552 |

- (i) The Group normally receives credit periods from suppliers ranging from 30 days to 90 days (31 December 2021: 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 periods based on invoice date is as follows:

| | 30 June 2022 RMB'000 | 31 December 2021 RMB'000 |
|---------------|-------------------------------------|--------------------------------|
| 0–60 days | 5,233 | 7,146 |
| 61–90 days | 1,549 | 947 |
| 91–365 days | 2,572 | 2,031 |
| Over 365 days | 2,464 | 2,537 |
| | 11,818 | 12,661 |

13. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

Analysed for reporting purposes as:

| | 30 June 2022 RMB'000 | 31 December 2021 RMB'000 |
|-----------------------|-------------------------------------|--------------------------------|
| Non-current liability | 19,344 | 18,253 |

On 23 December 2016, Zhejiang Yongli entered into an agreement of assignment of debt with Guizhou Yongli (“**Assignment of Debt Agreement**”), pursuant to which, the debt of approximately RMB239,677,000 owed by the Company to Zhejiang Yongli was assigned to Guizhou Yongli and Guizhou Yongli committed to continue the obligations and commitments under the original debt agreement that was entered into between the Company and Zhejiang Yongli on 13 September 2011.

Referring to the principal advances of approximately RMB239,677,000 in relation to the Assignment of Debt Agreement entered into on 23 December 2016, it had been initially reduced to its present value of approximately RMB20,724,000 based on the managements’ estimates of future cash payments with a corresponding adjustment of approximately RMB218,953,000, which was deemed as a contribution from the immediate holding company during the year ended 31 December 2016. The effective interest rate adopted for measurement at fair value at initial recognition of the advances from immediate holding company for the year was determined with reference to the prevailing market rates of interest for similar instruments with similar credit ratings and with reference to the timing and repayment based on the cash flow of the Company in the year ended 31 December 2016. Imputed interest on these advances had been computed at an original effective interest rate of 18.22%. The amount is unsecured, interest-free and repayable of an amount which does not exceed 50% of the Company’s operating cash flow for current year on an annual basis until the full repayment of the debt.

Imputed interest on these advances had been computed at an original effective interest rate of 12.42% (31 December 2021: 12.42%). The amount is unsecured, interest-free.

On 30 November 2020, the Company and Guizhou Yongli entered into a supplemental debt agreement, pursuant to which it was agreed that, subject to the fulfilment of conditions precedents, the repayment terms of the remaining principle have been revised as follows:

- (a) No repayment will be required in the first and second year from the date of the supplementary debt agreement (ie. whole year 2021 and 2022);
- (b) From the third to the seventh year from the date of the supplementary debt agreement (ie. from year 2023 to 2027), a fixed repayment of RMB800,000 has to be repaid on or before 31 March of each year;
- (c) From the year 2028 onwards, the repayment shall not exceed 50% of the Company's operating cash flow for current year on an annual basis until the full repayment of debt.

Save for the above alterations, all other terms and conditions of the remaining advances from immediate holding company remain unchanged.

The modification of the repayment terms resulted in the extinguishment of the financial liability of the amount due to immediate holding company and the recognition of new financial liability.

On 30 November 2020, the carrying values of amount due to immediate holding company immediately before the modification were approximately RMB33,899,000. According to a valuation report issued by an independent valuer not connected with the Group, the fair values of the new liability immediately following the modification is approximately RMB16,076,000. These caused an increase of approximately RMB17,823,000 in other reserve in the consolidated statement of changes in equity impact during the year ended 31 December 2020.

On 31 March 2022 and 16 May 2022, the Company, Guizhou Yongli and Zhejiang Yongli entered into the second supplemental debt repayment agreement (“**Second Supplemental Debt Repayment Agreement**”) and the third supplemental debt repayment agreement (“**Third Supplemental Debt Repayment Agreement**”) respectively to restructure the debt repayment in respect of amount due to immediate holding company (the “**Shareholder's Loan**”). The Second Supplemental Debt Repayment Agreement and the Third Supplemental Debt Repayment Agreement are subject to approval in the extraordinary general meeting (“**EGM**”) of the Company to be held on 22 July 2022. Details of the Second Supplemental Debt Repayment Agreement and the Third Supplemental Debt Repayment Agreement were disclosed in the relevant announcements of the Company dated 31 March 2022 and 16 May 2022 respectively. All the resolutions including approval of the Second Supplemental Debt Repayment Agreement and the Third Supplemental Debt Repayment Agreement had been passed on the EGM that was held on 22 July 2022.

With effect from the EGM, the Company will repay in advance part of the Shareholder's Loan in the amount of RMB18,000,000 (instead of RMB30,000,000 previously agreed under the Second Supplemental Debt Repayment Agreement) to Guizhou Yongli, which will be settled by the internal resources of the Company; (ii) upon receipt of the payment of RMB18,000,000 from the Company, Guizhou Yongli agreed (a) to waive part of the Shareholder's Loan in the amount of RMB18,000,000; (b) the Shareholder's Loan be set off against the equivalent amount of the Loan Interest on dollar-for-dollar basis and upon which the Loan Interest of RMB1,144,756 will be repaid in full; (iii) upon completion of the above repayment in advance, waiver of part of the Shareholder's Loan and the set off of Shareholder's Loan against the Loan Interest, the Company will be indebted to Guizhou Yongli the Shareholder's Loan in the total outstanding amount of RMB181,330,134.06, which will be settled by the Company in accordance with the Settlement Arrangement agreed by the parties under the Third Supplemental Debt Repayment Agreement.

During the six months ended 30 June 2022 and the year ended 31 December 2021, the Group did not repay any principal.

14. CONNECTED AND RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in this document, the Group had the following related party transactions and continuing connected party transaction during the periods:

- (a) During the six months ended 30 June 2022, the Group had paid approximately RMB5,502,000 (2021: approximately RMB4,624,000) 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 six months ended 30 June 2022, the Group had paid approximately RMB556,000 (2021: approximately RMB80,000) to 浙江紹興永利印染有限公司 (Zhejiang Yongli Printing & Dyeing Co., Ltd.*), a fellow subsidiary of the Company for providing dyeing services to the Group.
- (c) During the six months ended 30 June 2022, the Group had received approximate RMB154,000 (2021: approximately RMB154,000) from 紹興虹利化纖有限公司 (Shaoxing Hongli Fiber Co., Ltd.*), a related Company of the Company for leasing of certain property, plant and equipment to it.
- (d) During the six months ended 30 June 2022, the Group had received approximately RMB3,000 (2021: approximately RMB1,000) from 浙江永利經編股份有限公司 (Zhejiang Yongli Warp Knitting Co., Ltd.), a fellow subsidiary of the Company for its purchase of woven fabrics from the Group.

The aforesaid transactions were in the ordinary course of business of the Group.

- (e) During the period for the six months ended 30 June 2022, the Group provided revolving loan to Zhejiang Yongli, detail of which was disclosed in the announcement of the Company dated 31 March 2022. In this regard, during the period for the six months ended 30 June 2022, the aggregated cash advanced by the Group to Zhejiang Yongli was approximately RMB84,634,000 and the aggregated cash repaid to the Group from Zhejiang Yongli was approximately RMB84,634,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

Revenue and gross (loss) profit

During the period for the six months ended 30 June 2022 (the “**Current Period**”), the Group recorded a revenue of approximately RMB39.27 million, representing a decrease of 30.49% when compared to the same period in 2021. The gross loss was approximately RMB2.02 million. It was mainly due to the significant increase in the cost of raw materials, labour cost and electricity etc. In addition, the outbreak of the novel coronavirus (“**COVID-19**”) epidemic (the “**Epidemic**”) since 2020 caused the decline in demand of the product of the Group from both local and overseas customers. Furthermore, the COVID-19 epidemic in overseas countries also caused the logistic problems such as delay of transportation time and rise of freight cost.

Other income and gains

During the Current Period, the other income and gains decreased by approximately RMB181,000 or approximately 24.33% when compared to the same period in 2021 as there was no dividend from financial asset at FVTPL and the amount of refund of retirement benefit scheme contribution decreased during the Current Period.

Selling and distribution costs

During the Current Period, the selling and distribution costs increased sharply by approximately RMB783,000 or approximately 102.22% mainly due to the increase of the transportation and freight charges which was in line with the increase of export sales.

Administrative expenses

During the Current Period, administrative expenses decreased sharply by approximately RMB6.17 million or approximately 73.67% mainly due to reversal of impairment loss on trade receivable overprovided in 2021.

Share of result of an associate

Share of result of an associate of approximately RMB159,000 represents share of loss from the consolidated result of the associate, 北京太比雅科技股份有限公司 (Beijing Tepia Technology Co., Ltd.*) (“**Tepia**”) and its subsidiaries (“**Tepia Group**”). Tepia 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. During the Current Period, there was no significant change to the consolidated revenue of Tepia when compared to the same period in 2021. Other revenue increased by approximately RMB1.03 million or approximately 224.91% during the Current Period mainly contributed by the return of investment from the idle cash of the Tepia Group placed at the bank. During Current Period, selling expenses decreased by approximately RMB2.29 million or 38.49% when compared to the same period in 2021 mainly due to a decrease in staff salary and advertising expenses. Administrative expenses decreased by approximately RMB4.25 million or approximately 95.38% when compared to the same period in 2021 mainly due to reversal of impairment loss on trade receivables overprovided in 2021 and decrease of staff salary.

Finance cost

Finance cost of approximately RMB1.10 million for the Current Period represents approximately RMB1.09 million of imputed interest on interest free loan due to immediate holding company, Guizhou Yongli and approximately RMB0.01 million of interest on discounted bills.

Loss for the period

Loss for the Current Period was approximately RMB7.12 million, decreased by approximately RMB5.37 million or 42.99% when compared to the same period in 2021 mainly due to improvement of the financial result of the associate and decrease of administrative expenses during the Current Period.

Loss per share

The respective loss per share for the Current Period and 2021 were approximately RMB0.67 cents and approximately RMB1.17 cents respectively.

Interest in an associate

Interest in an associate of approximately RMB40.51 million represents 41.67% of interest in Tepia as at 30 June 2022, decreased by approximately RMB159,000 when compared with the balance as at 31 December 2021 mainly due to share of loss of associate of approximately RMB159,000 for the six months ended 30 June 2022, details of which were discussed under the previous paragraph “share of interest in an associate”.

Inventories

As at 30 June 2022 inventories was approximately RMB29.81 million (31 December 2021: approximately RMB27.97 million) which representing aggregation of inventories in various status being raw materials, working-in-progress and finished good of woven fabrics. Raw materials as at 30 June 2022 increased by approximately RMB547,000 or approximately 40.89% when compared with that at as 31 December 2021. Finished good of woven fabrics as at 30 June 2022 increased by approximately RMB5.72 million or approximately 38.29% when compared with that as at 31 December 2021 mainly due to increase of both domestic and export sales in the second quarter of 2022. Work-in-progress as at 30 June 2022 decreased by approximately RMB4.43 million or approximately 37.89% when compared with that as at 31 December 2021.

Trade and other receivables

As at 30 June 2022, trade and other receivables was approximately RMB26.69 million (31 December 2021: approximately RMB33.23 million) decreased by approximately RMB6.54 million or approximately 19.69% when compared with that as at 31 December 2021 mainly due to trade receivables decreased by approximately RMB7.41 million or approximately 32.21% as domestic sales and subcontracting fee income decreased during the Current Period when with that of 2021.

Bank balances and cash

At as 30 June 2022, bank balances and cash was approximately RMB44.48 million (31 December 2021: approximately RMB30.97 million), representing an increase of approximately RMB13.51 million when compared with that as at 31 December 2021 mainly due to partial financial assets at FVTPL of approximately RMB18.16 million was redempted during the Current Period.

Trade and other payables

As at 30 June 2022, trade and other payables was approximately RMB16.53 million (31 December 2021: approximately RMB20.55 million), representing a decrease of approximately RMB4.03 million or approximately 19.59% mainly due to decrease of accrued expenses and other payables.

Contract liabilities

As at 30 June 2022, contract liabilities represents receipt in advance from customers was approximately RMB3.50 million (31 December 2021: approximately RMB7.95 million), representing a decrease of approximately RMB4.45 million or approximately 55.95%.

Deferred income

As at 30 June 2022, deferred income of approximately RMB1.11 million (31 December 2021: approximately RMB1.19 million) represents part of the government subsidy of approximately RMB1,589,000 which was received by the Group in 2020 for encouraging replacement of low productivity machinery and equipment. 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 in the Current Period of approximately RMB79,000 (2021: RMB79,000).

Amount due to immediate holding company

As at 30 June 2022, amount due to immediate holding company, Guizhou Yongli was approximately RMB19.34 million (31 December 2021: approximately RMB18.25 million), representing an increase of approximately RM1.09 million or 5.98% mainly due to effect of imputed interest during the six months ended 30 June 2022.

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. Due to the on and off outbreak of COVID-19 in China during the Current Period, domestic sales of woven fabrics decreased by approximately RMB21.58 million or approximately 48.44% and subcontracting fee income also decreased by approximately RMB4.96 million or approximately 71.76%. Since late 2021 to early 2022, the sporadic outbreaks of COVID-19 in different city in China has temporary affect the domestic sales of the Group. In addition, 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. The rise of raw material cost, electricity and labour cost continues to impact the Group and the peer manufacturers. In this regard, the Group has continued to implement various measures and actions including the development of new sales channels for increasing the exposure of the Group's product to potential customers and research and development of the new and high-quality products so as to attract high profile customers, etc.. 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 and 2022 has further improved somewhat from the previous year. In 2021, Tepia expanded its business area to the field of industrial circulating water treatment (the “**New Business**”). Through equipment based on electrochemical and electromagnetic mixing physical technology, it solves the problems of industrial circulating water fouling, corrosion, bacteria and algae breeding, and can help customers achieve water saving, energy saving and consumption reduction. The business is mainly aimed at enterprise customers in electric power, chemical industry, iron and steel and machinery manufacturing industries. During the Current Period, certain revenue from the New Business has been recognised and confirmed.

Product research and development

During the six months ended 30 June 2022, 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 six months ended 30 June 2022, the Group actively prepared for participating in various trade fairs to be held in PRC so as to gain exposure in the fabrics market and to popularise the Group’s new products.

OUTLOOK

The global economy was clouded by the continued impact from the COVID-19 epidemic which was far beyond expectation, leading to an obvious decrease in the demand. Despite an increase in the sales order during the Current Period, the directors expect that there will be still huge market fluctuations in woven fabrics for high-end women’s wear. The Group is committed to maximizing capital return for the shareholders of the Company, providing customers across the world with quality products, and releasing the goal of the long-term sustainable development of the Group. The Group will take effective measures to increase sales, reduce costs, increase its liquidity, and make capital expenditure based on its main business. The Board is confident that it can overcome the difficulties ahead and create long-term value for our shareholders and deliver the objective to achieve sustainable growth.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During six months ended 30 June 2022, the Group financed its operations mainly by internally generated cash and financial support from Guizhou Yongli, the immediate holding company of the Company.

As at 30 June 2022, the Group's current assets and net current assets were approximately RMB100.98 million (31 December 2021: approximately RMB92.17 million) and approximately RMB80.79 million (31 December 2021: approximately RMB63.18 million) respectively. The Group's gearing ratio, represented by the ratio of the interest free loan due to immediate holding company over shareholders' equity, was approximately 9.04% (31 December 2021: 8.25%).

CAPITAL COMMITMENTS AND SIGNIFICANT INVESTMENTS

As at 30 June 2022, the Group did not have any capital commitments (31 December 2021: nil) and significant investments held (31 December 2021: nil).

CONTINGENT LIABILITIES

As at 30 June 2022, the Group did not have any significant contingent liabilities (31 December 2021: nil).

CHARGES ON GROUP ASSETS

As at 30 June 2022, the Group has no charges on Group assets (31 December 2021: nil).

MATERIAL DISPOSALS

During the six months ended 30 June 2022, the Group did not have any material disposal. (31 December 2021: nil.)

SEGMENTAL INFORMATION

Segmental information of the Group is set out in note 4.

EMPLOYEE AND EMOLUMENT POLICIES

As at 30 June 2022, the Company had 276 employees (31 December 2021: 281), comprising 3 (31 December 2021: 3) in research and development, 9 (31 December 2021: 9) in sales and marketing, 210 (31 December 2021: 218) in production, 31 (31 December 2021: 30) in quality control, 5 (31 December 2021: 5) in management, and 18 (31 December 2021: 16) in finance and administration. Remuneration is determined by reference to market terms and the performance, qualification and experience of individual employee. Discretionary bonuses on individual performance will be paid to employees as recognition of and reward for their contribution. Other benefits include contributions to retirement scheme and medical scheme.

FOREIGN EXCHANGE EXPOSURE

The Group operates in the PRC with most of the transactions denominated and settled in RMB. However, foreign currencies, mainly United States Dollars, Euro and Hong Kong Dollars, are required to settle the Group's expenses and additions on plant and equipment. RMB is not freely convertible into other foreign currencies and conversion of RMB into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC government, if necessary, the Group will use forward contracts, foreign currency borrowings or other means to hedge its foreign currency exposure. The Group considers it has no material foreign exchange risk.

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

As at 30 June 2022, 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. Ms. Wang Ai Yu, a supervisor of the Company ("**Supervisor**"), is a manager of the internal audit department of Zhejiang Yongli. Zhejiang Yongli and Guizhou Yongli 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. Mr. Xia Zhenbo ("**Mr. Xia**"), a non-executive Director is beneficially interested in 640,000 H Shares of the Company.

Save as disclosed above, as at 30 June 2022, 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 30 June 2022, so far as it is known to the Directors or chief executive or Supervisors of the Company, 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 in total issued share capital as at | Approximate percentage of interests in total issued share capital as at |
|----------------------|--|--------------------------------|--|---|
| | | | 30 June 2022 | 30 June 2022 |
| Guizhou Yongli | 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:

- On 8 April 2021, the Company received a notice from Guizhou Yongli 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. As at the date of this document, the 588,000,000 Domestic Shares still have been pledged to CZBank for security of the bank loan granted to Zhejiang Yongli.
- 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 Yongli. 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 Yongli, 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 as at | Approximate percentage of interests in total issued share capital as at |
|--|------------------|----------------------------|---|--|
| | | | 30 June 2022 | 30 June 2022 |
| Wing Hing Holdings (HK) Investment Limited | Beneficial owner | 208,540,000 | 43.86% | 19.61% |

Saved as disclosed above, at 30 June 2022, 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) 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

None of the Directors or the management shareholders (as defined under the GEM Listing Rules) of the Company and their respective 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 the 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 Corporate Governance (“**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. At the date of this document, the Audit Committee has three members comprising the three independent non-executive Directors, Mr. Yu Weidong, Mr. Yuan Lingfeng and Mr. Zhang Jianyong. Mr. Zhang Jianyong was appointed as independent non-executive Directors and member of Audit Committee of the Company on 6 January 2022 for taking up the position of Mr. Zhu Weizhou due to his resignation on 6 January 2022. Mr. Yu Weidong is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited first quarterly results and interim results of the Group for the three months ended 31 March 2022 and the six months ended 30 June 2022 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.

CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2022, the Company has complied with all the code provisions of the Code on Corporate Governance Practices (the “**Code Provision**”) as set out in Appendix 15 of the GEM Listing Rules except for the failure by the Company to comply with the full disclosure and independent shareholders’ approval requirements under the GEM Listing Rules in respect of the provision of a revolving loan in the principal amount of up to RMB35 million for Zhejiang Yongli during the period from 1 January 2021 to 31 March 2022, which were due to the oversight of the Company. The revolving loan advanced by the Company to Zhejiang Yongli constituted connected transactions under Chapter 20 of the GEM Listing Rules and should have been disclosed by way of announcement and circular and should have been approved by independent shareholders of the Company. The Company entered into a revolving loan agreement with Zhejiang Yongli on 31 March 2022 to confirm the revolving loan advanced by the Company to Zhejiang Youngli and would arrange for it to be approved by the independent shareholders of the Company. Details of the transactions of the revolving loan between the Company and Zhejiang Yongli were disclosed in the announcement of the Company dated 31 March 2022 and the circular of the Company dated 26 May 2022. All resolutions including approval of the revolving loan was passed by the independent shareholders of the Company at the EGM held on 22 July 2022, details of which were disclosed in the poll result announcement of the Company dated 22 July 2022.

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 Group.

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 six months ended 30 June 2022.

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

Zhejiang, the PRC, 12 August, 2022

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

This document will remain on the "Latest Listed Company Information" page of the GEM website at <http://www.bkgem.com> for at least 7 days from the date of its publication and on the Company's website at <http://www.zj-yongan.com>.

* *For identification purpose only*