



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

Third Quarterly Report

CHARACTERISTICS OF THE 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 nine months ended 30 September 2022

- revenue of the Group decreased from approximately RMB68.61 million to approximately RMB60.36 million, representing a drop of approximately 12.01% when compared to the corresponding period in 2021; and
- net loss was approximately RMB14.62 million.

The Directors do not recommend the payment of an interim dividend for the nine months ended 30 September 2022.

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

For the three months and nine months ended 30 September 2022

The board (the “Board”) of directors (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” together with its subsidiaries, the “Group”), is pleased to announce the unaudited consolidated results of the Group for the three months and nine months ended 30 September 2022 together with the comparative results for the corresponding period in 2021 as follows:

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2022 RMB'000	2021 RMB'000 (Restated)	2022 RMB'000	2021 RMB'000 (Restated)
Revenue	3	21,093	12,109	60,364	68,605
Cost of sales		(21,913)	(13,398)	(63,207)	(69,668)
Gross loss		(820)	(1,289)	(2,843)	(1,063)
Other income and gains	3	353	247	916	991
Selling and distribution costs		(812)	(326)	(2,361)	(1,092)
Administrative expenses		(5,402)	(3,335)	(7,605)	(11,703)
Share of result of an associate		(665)	(629)	(824)	(4,002)
Finance costs	4	(579)	(515)	(1,676)	(1,486)
Loss before taxation		(7,925)	(5,847)	(14,393)	(18,355)
Income tax credit (expenses)	5	433	2	(223)	12
Loss and total comprehensive expense for the period	6	(7,492)	(5,845)	(14,616)	(18,343)
		RMB	RMB	RMB	RMB
Loss per share					
— basic and diluted	8	0.70 cents	0.55 cents	1.37 cents	1.72 cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Paid-up capital RMB'000	Share premium RMB'000 <i>(Note a)</i>	Other reserve RMB'000	Assets revaluation reserve RMB'000 <i>(Note b)</i>	Statutory surplus reserve RMB'000 <i>(Note c)</i>	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2021	106,350	69,637	349,487	43,535	12,496	(343,249)	238,256
Total comprehensive expenses for the period	-	-	-	-	-	(18,343)	(18,343)
Balance at 30 September 2021	106,350	69,637	349,487	43,535	12,496	(361,592)	219,913
Balance at 1 January 2022	106,350	69,637	349,487	45,270	12,496	(362,069)	221,171
Total comprehensive expense for the period	-	-	-	-	-	(14,616)	(14,616)
Balance at 30 September 2022	106,350	69,637	349,487	45,270	12,496	(376,685)	206,555

Notes:

- (a) Other reserve represents 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 a 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 September 2022 and 2021, no reserves were available for distribution as the Group incurred accumulated losses.

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, research and development and sale of woven fabrics; (ii) the provision of 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 statement 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 2021. The unaudited consolidated results 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 HKFRSs

The consolidated financial statements have been prepared in accordance with the new and amendments to HKFRSs 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 September		Nine months ended 30 September	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15				
Disaggregation by major products or services lines				
Manufacture and sales of woven fabrics	20,557	12,826	57,876	62,411
Subcontracting fee income	536	(717)	2,488	6,194
	21,093	12,109	60,364	68,605
Disaggregation of revenue by timing of recognition				
Timing of revenue recognition				
At a point in time	20,557	12,826	57,876	62,411
Over time	536	(717)	2,488	6,194
	21,093	12,109	60,364	68,605
Total revenue from contract with customers	21,093	12,109	60,364	68,605
Other income and gains				
Interest income	77	3	158	21
Dividend from financial asset at FVTPL	–	–	–	115
Sundry income (note 2)	179	97	285	251
Foreign exchange (loss) gains, net	(53)	(6)	12	8
Sales of scrap materials	134	104	342	300
Compensation income	–	13	–	13
Government subsidies (note 1)	40	40	119	203
Refund of retirement benefit scheme contribution	–	–	76	126
Loss from change in fair value of financial asset at fair value through profit or loss (“FVTPL”)	(24)	(4)	(76)	(46)
	353	247	916	991

Notes:

- (1) Government subsidies of approximately RMB119,000 (2021: RMB203,000) was awarded to the Group during the nine months ended 30 September 2022 (2021: RMB203,000 included RMB84,000 that was 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 RMB119,000 (2021: RMB119,000). As at 30 September 2022, an amount of approximately RMB1,072,000 (2021: RMB1,231,000) remains to be amortised.

- (2) Rental income of approximately RMB231,000 (2021: RMB231,000) 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 30 September		Nine months ended 30 September	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Imputed interest on non-current interest-free amount due to immediate holding company	579	515	1,670	1,486
Interest on discounted bills	–	–	6	–
	579	515	1,676	1,486

5. INCOME TAX CREDIT (EXPENSES)

	Three months ended 30 September		Nine months ended 30 September	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
PRC Enterprise Income Tax				
— Current taxation	–	–	–	–
— Prior year over-provided (under-provided)	–	2	318	12
	–	2	318	12
Deferred taxation				
— Current period	433	–	(541)	–
	433	2	(223)	12

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.

6. LOSS FOR THE PERIOD

	Three months ended 30 September		Nine months ended 30 September	
	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	8,386	3,671	16,053	16,537
Retirement benefit scheme contributions	309	355	1,215	1,073
Total staff costs	8,695	4,026	17,268	17,610
Depreciation of right-of-use assets	47	47	141	141
Cost of inventories recognized as an expenses	21,219	13,475	59,898	62,609
Depreciation of property, plant and equipment	2,167	2,275	6,508	6,859
Research and development costs recognised as an expenses (<i>note</i>)	–	424	212	1,154
Loss from change on fair value of financial asset at fair value through profit and loss	24	4	76	46
Impairment loss recognised (reversed) in respect of trade receivables	1,710	732	(3,033)	3,283

Note: Research and development costs includes staff costs of approximately RMB212,000 (2021: approximately RMB1,154,000) which have been included in the staff costs as disclosed above.

7. DIVIDEND

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

8. LOSS PER SHARE

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

	Three months ended 30 September		Nine months ended 30 September	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Loss for the purpose of calculating basic loss per share	7,492	5,845	14,616	18,343
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 of 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 nine months ended 30 September 2022 and 2021 as there was no diluting events existed during these periods.

9. CONNECTED AND RELATED PARTY TRANSACTIONS

During the periods, the Group had the following related party transactions and continuing connected party transactions with the related parties:

- (a) During the period for the nine months ended 30 September 2022, the Group had paid approximately RMB8,710,000 (2021: RMB8,000,000) 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 nine months ended 30 September 2022, the Group had paid approximately RMB556,000 (2021: approximately RMB246,000) to 浙江紹興永利印染有限公司 (Zhejiang Shaoxing Yongli Printing & Dyeing Co., Ltd.*), a fellow subsidiary of the Company for providing dyeing services to the Group.
- (c) During the nine months ended 30 September 2022, the Group had the follow transactions with 紹興虹利化纖有限公司 (Shaoxing Hongli Fiber Co., Ltd.*) (“Shaoxing Hongli”), a fellow subsidiary of the Company:
 - (i) leasing of certain property, plant and equipment to Shaoxing Hongli in the amount of approximately RMB231,000 (2021: approximately RMB231,000);
 - (ii) sales of raw materials to Shaoxing Hongli in the amount of approximately RMB562,000 (2021: Nil).
- (d) During the nine months ended 30 September 2022, the Group had received approximately RMB3,000 (2021: 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 sales of woven fabrics to it.
- (e) During the nine months ended 30 September 2021, the Group had received approximately RMB16,000 from 浙江永和建材有限公司 (Zhejiang Yonghe Building Materials Co., Ltd.*), a fellow subsidiary of the Company for sales of woven fabrics to it.

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

- (f) During the period for the nine months ended 30 September 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 nine months ended 30 September 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

During the period for the nine months ended 30 September 2022 (the “Current Period”), the Group recorded a revenue of approximately RMB60.36 million, representing a decrease of 12.01% when compared to the same period in 2021. The gross loss was approximately RMB2.84 million. It was mainly due to the significant increase in the cost of raw materials, labour cost and dyeing cost 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 RMB75,000 or approximately 7.57% 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 RMB1.27 million or approximately 116.21% 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 by approximately RMB4.10 million or approximately 35.02% 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 RMB824,000 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 revenue of Tepia decreased by approximately RMB2.23 million or approximately 10.51% compared to the same period in 2021 while due to the contribution of higher gross profit margin on certain projects, the gross profit increased by approximately RMB344,000 or approximately 9.71% when compared to the same period in 2021. Other revenue increased by approximately RMB426,000 or approximately 28.34% during the Current Period represents return of investment from the idle cash of the Tepia Group placed at the bank. During Current Period, selling expenses decreased by approximately RMB3.18 million or 38.49% when compared to the same period in 2021 mainly due to decrease in staff salary and staff related expenses, travelling expenses and advertising expenses. Administrative expenses decreased by approximately RMB3.87 million or approximately 64.09% when compared to the same period in 2021 mainly due to reversal of impairment loss on trade receivables overprovided in 2021, decrease in research and development expenses and decrease of staff salary and staff related expenses.

Finance cost

Finance cost of approximately RMB1.68 million for the Current Period represents approximately RMB1.67 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 RMB14.62 million, decreased by approximately RMB3.73 million or 20.32% 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 RMB1.37 cents and approximately RMB1.72 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. 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 28.16% and subcontracting fee income also decreased by approximately RMB3.71 million or approximately 59.83%. 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. On the other hand, due to the gradually unlock of the Epidemic prevention control in most of the overseas countries, during the Current Period, export sales of woven fabrics increased by approximately RMB11,412,000 or approximately 197.47%. 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.

Production facilities

During the nine months ended 30 September 2021, the Group spent approximately RMB85,000 for renovation of factory buildings and additions of office equipments.

Product research and development

During the nine months ended 30 September 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 nine months ended 30 September 2022, the Group actively prepared for participated in various trade fairs to be held in PRC so as to gain the Group's exposure in the fabrics market and to popularise the Group's new products.

OUTLOOK

In order to rescue the economy and considered that the increasing of vaccination, most of the overseas countries are gradually unlocking of the Epidemic prevention control. The Directors expect that the export sales of woven fabrics will gradually return to the norm before the Epidemic in the near future. However, it is still expected that there will have a 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.

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

As at 30 September 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 Future Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO") by virtue of being an ultimate holding company and 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 September 2022, none of the Directors, Supervisors or chief executive of the Company had an interest or a short position in the shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required, (i) 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 under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) 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 September 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 issue as at 30 September 2022	Approximate percentage of interests in total issued shares as at 30 September 2022
Guizhou Yongli	Beneficial owner	588,000,000	100%	55.29%
Zhejiang Yongli	Interest in controlled corporation (<i>note</i>)	588,000,000	100%	55.29%
Mr. Zhou Yongli	Interest in controlled corporation (<i>note</i>)	588,000,000	100%	55.29%
Ms. Xia Wanmei	Interest of spouse (<i>note</i>)	588,000,000	100%	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 of the Company.

H shares of RMB0.1 each of the Company (“H Shares”)

Name of shareholders	Capacity	Number of H Shares held	Approximate	Approximate
			percentage of interests in H Shares in issue as at 30 September 2022	percentage of interests in total issued share as at 30 September 2022
Wing Hing Holdings (HK) Investment Limited	Beneficial owner	208,530,000	43.85%	19.61%

As at 30 September 2022, save as disclosed above, 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) had an interest or short position in the shares or underlying shares which would fall to be disclosed under Division 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, Supervisors or the controlling shareholders (as defined under the GEM Listing Rules) of the Company and their respective close 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 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 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. As 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 an independent non-executive Director and a member of Audit Committee of the Company on 6 January 2022 for taking up the position of Mr. Zhu Weizhou due to his resignations on 6 January 2022. Mr. Yu Weidong is the chairman of the Audit Committee.

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

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, 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 had purchased, sold or redeemed any of the Company's listed securities during the nine months ended 30 September 2022.

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

Zhejiang, the PRC, 14 November 2022

As at the date of this document, 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); the independent non-executive Directors are Mr. Yu Weidong, Mr. Yuan Lingfeng and Mr. Zhang Jianyong.

This document will remain on the "Latest Company Announcements" page of the website of the GEM at <http://www.hkgem.com> for at least 7 days from the date of its posting and on the website of the Company at <http://www.zj-yongan.com>.

* For identification purpose only