



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*



**2023**  
**Third Quarterly Report**

*\* For identification purpose only*

## 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 2023*

- revenue of the Group decreased from approximately RMB60.36 million to approximately RMB44 million, representing a drop of approximately 27.11% when compared to the corresponding period in 2022; and
- net loss was approximately RMB19.31 million.

The Directors do not recommend the payment of an interim dividend for the nine months ended 30 September 2023.

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

For the three months and nine months ended 30 September 2023

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 2023 together with the comparative results for the corresponding period in 2022 as follows:

|   | Notes | Three months ended<br>30 September |                 | Nine months ended<br>30 September |                 |
|---|-------|------------------------------------|-----------------|-----------------------------------|-----------------|
|   |       | 2023<br>RMB'000                    | 2022<br>RMB'000 | 2023<br>RMB'000                   | 2022<br>RMB'000 |
| Revenue   | 3     | 14,418                             | 21,093          | 43,997                            | 60,364          |
| Cost of sales                                       |       | (16,148)                           | (21,913)        | (45,842)                          | (63,207)        |
| Gross loss  |       | (1,730)                            | (820)           | (1,845)                           | (2,843)         |
| Other income and gains                              | 3     | 450                                | (1,359)         | 1,684                             | 3,949           |
| Selling and distribution costs                      |       | (622)                              | (812)           | (2,214)                           | (2,361)         |
| Administrative expenses                             |       | (3,093)                            | (3,690)         | (10,492)                          | (10,638)        |
| Share of result of an associate                     |       | (3,872)                            | (665)           | (4,558)                           | (824)           |
| Finance costs                                       | 4     | (603)                              | (579)           | (1,759)                           | (1,676)         |
| Loss before taxation                                |       | (9,470)                            | (7,925)         | (19,184)                          | (14,393)        |
| Income tax credit (expenses)                        | 5     | (8)                                | 433             | (121)                             | (223)           |
| Loss and total comprehensive expense for the period | 6     | (9,478)                            | (7,492)         | (19,305)                          | (14,616)        |
|   |       | RMB                                | RMB             | RMB                               | RMB             |
| <b>Loss per share</b>                               |       |                                    |                 |                                   |                 |
| – basic and diluted                                 | 8     | 0.89 cents                         | 0.70 cents      | 1.82 cents                        | 1.37 cents      |

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

|  | Paid-up<br>capital<br>RMB'000 | Share<br>premium<br>RMB'000<br><i>(Note a)</i> | Other<br>reserve<br>RMB'000 | Assets<br>revaluation<br>reserve<br>RMB'000<br><i>(Note b)</i> | Statutory<br>surplus<br>reserve<br>RMB'000<br><i>(Note c)</i> | Accumulated<br>losses<br>RMB'000 | Total<br>RMB'000 |
|--|-------------------------------|--|-----------------------------|--|---|----------------------------------|------------------|
| Balance at 1 January 2022                      | 106,350                       | 69,637   | 349,487                     | 45,270   | 12,496  | (362,069)                        | 221,171          |
| Total comprehensive<br>expenses for the period | -                             | -  | -                           | -  | -   | (14,616)                         | (14,616)         |
| Balance at 30 September<br>2022                | 106,350                       | 69,637   | 349,487                     | 45,270   | 12,496  | (376,685)                        | 206,555          |
| Balance at 1 January 2023                      | 106,350                       | 69,637   | 335,136                     | 47,059   | 12,496  | (397,645)                        | 173,033          |
| Total comprehensive<br>expense for the period  | -                             | -  | -                           | -  | -   | (19,305)                         | (19,305)         |
| Balance at 30 September<br>2023                | 106,350                       | 69,637   | 335,136                     | 47,059   | 12,496  | (416,950)                        | 153,728          |

### 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 2023 and 2022, 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; and (ii) the provision of subcontracting 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 2022. 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.

|                                    |  |
|------------------------------------|--|
| Amendments to HKFRS 16             | Lease Liability in a Sale and Leaseback <sup>1</sup>   |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup> |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>2</sup> 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<br>30 September |                 | Nine months ended<br>30 September |                 |
|--|------------------------------------|-----------------|-----------------------------------|-----------------|
|  | 2023<br>RMB'000                    | 2022<br>RMB'000 | 2023<br>RMB'000                   | 2022<br>RMB'000 |
| <b>Revenue from contracts with customers within the scope of HKFRS 15</b>                        |                                    |                 |                                   |                 |
| Disaggregation by major products or services lines   |                                    |                 |                                   |                 |
| Manufacture and sales of woven fabrics   | 13,674                             | 20,557          | 41,940                            | 57,876          |
| Subcontracting fee income  | 744                                | 536             | 2,057                             | 2,488           |
|  | 14,418                             | 21,093          | 43,997                            | 60,364          |
| <b>Disaggregation of revenue by timing of recognition</b>  |                                    |                 |                                   |                 |
| <b>Timing of revenue recognition</b>   |                                    |                 |                                   |                 |
| At a point in time   | 13,674                             | 20,557          | 41,940                            | 57,876          |
| Over time  | 744                                | 536             | 2,057                             | 2,488           |
|  | 14,418                             | 21,093          | 43,997                            | 60,364          |
| Total revenue from contract with customers   | 14,418                             | 21,093          | 43,997                            | 60,364          |
| <b>Other income and gains</b>  |                                    |                 |                                   |                 |
| Rental income (note 2)   | 383                                | 77              | 1,005                             | 231             |
| Interest income  | 95                                 | 77              | 277                               | 158             |
| Sundry income  | 92                                 | 102             | 164                               | 54              |
| Foreign exchange (loss) gains, net   | 28                                 | (53)            | 28                                | 12              |
| Net gain (loss) on sales of scrap materials  | (221)                              | 134             | (394)                             | 342             |
| Government subsidies (note 1)  | 40                                 | 40              | 119                               | 119             |
| Refund of retirement benefit scheme contribution   | –                                  | –               | –                                 | 76              |
| Loss from change in fair value of financial asset at fair value through profit or loss (“FVTPL”) | –                                  | (24)            | –                                 | (76)            |
| Impairment loss reversed (recognised) in respect of trade receivables                            | 33                                 | (1,712)         | 485                               | 3,033           |
|  | 450                                | (1,359)         | 1,684                             | 3,949           |

*Notes:*

- (1) Government subsidies of approximately RMB119,000 (2022: RMB119,000) was awarded to the Group during the nine months ended 30 September 2023.

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 (2022: RMB119,000). As at 30 September 2023, an amount of approximately RMB913,000 (2022: RMB1,072,000) remains to be amortised.

- (2) Rental income of approximately RMB1,005,000 (2022: RMB231,000) is recognised. The Group leases out buildings under operating leases. The leases typically run for an initial period of 1 to 5 years. None of the leases includes variable lease payments.

**4. FINANCE COSTS**

|   | Three months ended<br>30 September |                 | Nine months ended<br>30 September |                 |
|---|------------------------------------|-----------------|-----------------------------------|-----------------|
|   | 2023<br>RMB'000                    | 2022<br>RMB'000 | 2023<br>RMB'000                   | 2022<br>RMB'000 |
| Imputed interest on non-current interest-free amount due to immediate holding company | 603                                | 579             | 1,759                             | 1,670           |
| Interest on discounted bills  | –                                  | –               | –                                 | 6               |
|   | <b>603</b>                         | <b>579</b>      | <b>1,759</b>                      | <b>1,676</b>    |

**5. INCOME TAX CREDIT (EXPENSES)**

|   | Three months ended<br>30 September |                 | Nine months ended<br>30 September |                 |
|---|------------------------------------|-----------------|-----------------------------------|-----------------|
|   | 2023<br>RMB'000                    | 2022<br>RMB'000 | 2023<br>RMB'000                   | 2022<br>RMB'000 |
| PRC Enterprise Income Tax                   |                                    |                 |                                   |                 |
| – Current taxation                          | –                                  | –               | –                                 | –               |
| – Prior year over-provided (under-provided) | –                                  | –               | –                                 | 318             |
|   | –                                  | –               | –                                 | 318             |
| Deferred taxation                           |                                    |                 |                                   |                 |
| – Current period                            | (8)                                | 433             | (121)                             | (541)           |
|   | <b>(8)</b>                         | <b>433</b>      | <b>(121)</b>                      | <b>(223)</b>    |

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<br>30 September |                 | Nine months ended<br>30 September |                 |
|---|------------------------------------|-----------------|-----------------------------------|-----------------|
|   | 2023<br>RMB'000                    | 2022<br>RMB'000 | 2023<br>RMB'000                   | 2022<br>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  | 2,882                              | 8,386           | 11,942                            | 16,053          |
| Retirement benefit scheme contributions   | 557                                | 309             | 1,576                             | 1,215           |
| <b>Total staff costs</b>  | <b>3,439</b>                       | <b>8,695</b>    | <b>13,518</b>                     | <b>17,268</b>   |
| Depreciation of right-of-use assets   | 47                                 | 47              | 141                               | 141             |
| Cost of inventories recognized as an expenses   | 15,315                             | 21,219          | 42,456                            | 59,898          |
| Depreciation of property, plant and equipment   | 2,123                              | 2,167           | 6,377                             | 6,508           |
| Research and development costs recognised as an expenses <i>(note)</i>                  | –                                  | –               | –                                 | 212             |
| Loss from change on fair value of financial asset at fair value through profit and loss | –                                  | 24              | –                                 | 76              |
| Impairment loss recognised (reversed) in respect of trade receivables                   | (33)                               | 1,712           | (485)                             | (3,033)         |

*Note:* Research and development costs includes staff costs of approximately RMB212,000 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 2023 and 2022.

## 8. LOSS PER SHARE

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

|   | Three months ended<br>30 September |                 | Nine months ended<br>30 September |                 |
|---|------------------------------------|-----------------|-----------------------------------|-----------------|
|   | 2023<br>RMB'000                    | 2022<br>RMB'000 | 2023<br>RMB'000                   | 2022<br>RMB'000 |
| Loss for the purpose of calculating<br>basic loss per share                           | 9,478                              | 7,492           | 19,305                            | 14,616          |
| Number of shares for the purpose<br>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<br>shares for the purpose of<br>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 2023 and 2022 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 2023, the Group had paid approximately RMB9,394,000 (2022: RMB8,710,000) 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 2023, the Group had paid approximately RMB2,500 (2022: approximately RMB556,000) 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 2023, the Group had received approximately RMB32,000 (2022: RMB3,000) 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.
- (d) During the nine months ended 30 September 2022, 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.

- (e) 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 2023 (the “Current Period”), the Group recorded a revenue of approximately RMB44 million, representing a decrease of approximately 27.11% when compared to the same period in 2022. The gross loss for the Current Period was approximately RMB1.85 million while there was gross loss of approximately RMB2.84 million in 2022 which mainly due to decrease of cost of raw materials.

#### *Other income and gains*

During the Current Period, the other income and gains decreased by approximately RMB2.27 million or approximately 57.36% when compared to the same period in 2022 mainly due to significant amount of impairment loss in respect of trade receivables reversed in 2022.

#### *Selling and distribution costs*

During the Current Period, the selling and distribution costs decreased slightly by approximately RMB0.147 million or approximately 6.23% mainly due to decrease of sales commission which is in line with decrease of sales revenue.

#### *Administrative expenses*

During the Current Period, there was no significant changes of administrative expenses.

### ***Share of result of an associate***

Share of result of an associate of approximately RMB4.56 million represents share of loss from the consolidated result of an associate, 北京太比雅科技股份有限公司 (Beijing Tepia Technology Co., Ltd.\*) (“Tepia”) and its subsidiary (“Tepia Group”). Tepia incorporated in the PRC and is listed on the NEEQ (Stock Code: 838941) of which the Group has acquired the interest of 41.67% since 20 August 2019. During the Current Period, the revenue of Tepia decreased by approximately RMB3.74 million or approximately 19.35% when compared to the same period in 2022 mainly due to decrease of revenue from provision of maintenance and management services of reservoirs. In late 2022, the outbreak of COVID-19 epidemic in China and the Chinese New Year Holidays during late January 2023 caused the delay of completion of certain projects and the delay of signing of certain project contracts led to decrease of revenue in the Current Period when compared to the same period in 2022. Gross profit decreased by approximately RMB876,000 or approximately 22.56% when compared to the same period in 2022 was in line with decrease of revenue. Other revenue decreased by approximately RMB1.41 million or approximately 72.94% during the Current Period mainly due to decrease of bank interest income. During Current Period, selling expenses decreased by approximately RMB670,000 or 13.18% when compared to the same period in 2022 mainly due to decrease in staff salary and staff related expenses and advertising expenses. Administrative expenses increased by approximately RMB7.52 million or approximately 346.92% when compared to the same period in 2022 mainly due to increase of expected credit loss recognised in respect of trade receivables.

### ***Finance costs***

Finance costs of approximately RMB1.76 million for the Current Period represents imputed interest on interest free loan due to immediate holding company, Guizhou Yongli.

### ***Loss for the period***

Loss for the Current Period was approximately RMB19.31 million, increased by approximately RMB4.69 million or 32.08% when compared to the same period in 2022.

### ***Loss per share***

The respective loss per share for the Current Period and 2022 were approximately RMB1.82 cents and approximately RMB1.37 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. Although China has successfully controlled the outbreak of COVID-19 epidemic and gradually released the COVID-19 pandemic prevention control in late 2022 and early 2023, the textile industry still needs time to recover. During the Current Period, both domestic and export sales of woven fabrics of the Group decreased by approximately 19.62% and approximately 46.26% respectively. In addition, the rise of electricity and labour cost continue to impact the Group and the peer manufacturers. 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***

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. In 2021, Tepia further expanded its business area to the field of industrial circulating water treatment. 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, due to the outbreak of COVID-19 epidemic in China in late 2022 and the Chinese New Year Holidays during late January 2023, the completion of certain projects has been delayed and the delay of signing of certain project contracts also lead to the delay in commencement of certain projects, hence the revenue decreased in the Current Period when compared to the same period in 2022. In addition, Tepia has concentrated in the business of industrial circulating water treatment, during the Current Period, the revenue on this part of business increased sharply.

### **Production facilities**

During the nine months ended 30 September 2022, the Group spent approximately RMB356,000 for renovation of factory buildings, additions of office equipments and plant and machinery.

### **Product research and development**

During the nine months ended 30 September 2023, 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 2023, 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**

The impact of the COVID-19 pandemic will eventually pass, and the past three years have been the most difficult period for the Group. The Board believes that there will be a favourable external environment in the post-pandemic era. The management of the Group will continue to uphold the principle of maximising shareholder interests, saving costs, increasing revenue, providing high-quality products, and earning greater profits. We strive to create greater value for the shareholders of the Company in the new fiscal year, provide better products for people around the world, and continue to work hard for the sustainable development of our Group.

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

As at 30 September 2023, 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 2023, 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 2023, 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 2023 | Approximate percentage of interests in total issued shares as at 30 September 2023 |
|----------------------|--|--------------------------------|---|--|
| 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<br>H Shares held | Approximate<br>percentage of<br>interests in<br>H Shares in<br>issue as at | Approximate<br>percentage of<br>interests in<br>total issued<br>share as at |
|---|------------------|----------------------------|--|---|
|   |                  |                            | 30 September<br>2023   | 30 September<br>2023  |
| Wing Hing Holdings (HK)<br>Investment Limited | Beneficial owner | 208,530,000                | 43.85%   | 19.61%  |

As at 30 September 2023, 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. 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 2023, the six months ended 30 June 2023 and the nine months ended 30 September 2023 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 2023.

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

Zhejiang, the PRC, 14 November, 2023

*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