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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and midsized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This document, for which the directors of 浙江永安融通控股股份有限公司 (Zhejiang Yongan Rongtong Holdings Co., Ltd.) (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.*

* *For identification purpose only*

HIGHLIGHTS

For the year ended 31 December 2023,

- revenue of the Group decreased from approximately RMB79.00 million in year 2022 to approximately RMB55.11 million in year 2023, representing a decrease of approximately 30.24% when compared to the year ended 31 December 2022;

- loss for the year was approximately RMB26.74 million; and

- the Directors do not recommend the payment of a final dividend for the year ended 31 December 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 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 audited results of the Group for the year ended 31 December 2023, together with the comparative results for the corresponding period in 2022 as follows:

	Notes	**2023** *RMB'000*	2022 *RMB'000*
Revenue	*3*	**55,107**	78,998
Cost of sales		**(61,293)**	(91,067)
Gross loss		**(6,186)**	(12,069)
Other income, gains and losses, net	*3*	**2,206**	2,960
Selling and distribution costs		**(3,041)**	(3,327)
Administrative expenses		**(14,816)**	(15,131)
Share of result of an associate		**(5,916)**	(2,086)
Impairment loss reversed in respect of trade receivables		**1,045**	7,224
Impairment loss recognised in respect of interest in an associate		**–**	(5,491)
Finance costs	*5*	**–**	(2,273)
Loss before taxation		**(26,708)**	(30,193)
Income tax expense	*6*	**(28)**	(5,383)
Loss for the year	*7*	**(26,736)**	(35,576)
Other comprehensive income (expense) for the year			
Items that will not be reclassified to profit or loss:			
Gain on revaluation of properties		**160,606**	2,386
Income tax relating to items that will not be reclassified to profit or loss		**(40,151)**	(597)
Other comprehensive income for the year, net of tax		**120,455**	1,789
Total comprehensive income (expense) for the year		**93,719**	(33,787)
		RMB	*RMB*
Loss per share			
Basic and diluted	*8*	**(2.51) cents**	(3.35) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Non-current assets			
Property, plant and equipment		**18,796**	106,358
Right-of-use assets		**7,606**	5,516
Interest in an associate		**–**	33,088
		26,402	144,962
Current assets			
Inventories		**12,398**	19,044
Trade and other receivables	*11*	**25,302**	25,955
Financial asset at fair value through profit or loss	*12*	**–**	8,949
Bank balances and cash		**103,746**	46,981
		141,446	100,929
Assets classified as held for sale	*10*	**272,510**	–
		413,956	100,929
Current liabilities			
Trade and other payables	*13*	**14,686**	21,268
Receipt in advance for disposal transaction	*14*	**176,636**	–
Contract liabilities		**3,926**	3,093
Amount due to immediate holding company		**81,565**	18,775
Deferred income		**159**	159
		276,972	43,295
Net current assets		**136,984**	57,634
Total assets less current liabilities		**163,386**	202,596
Non-current liabilities			
Lease liabilities		**7,606**	–
Deferred tax liabilities		**53,918**	13,739
Amount due to immediate holding company		**–**	14,951
Deferred income		**714**	873
		62,238	29,563
		101,148	173,033
Capital and reserves			
Share capital		**106,350**	106,350
Share premium and reserves		**(5,202)**	66,683
		101,148	173,033

NOTES:

1. GENERAL

Zhejiang Yongan Rongtong Holdings Co., Ltd. (the "**Company**") is a joint stock limited company established in the People's Republic of China (the "**PRC**") and the H Shares of the Company are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its immediate parent is 貴州永利企業管理有限公司 (Guizhou Yongli Enterprise Management Co., Ltd.*) ("**Guizhou Yongli**"), an enterprise established in the PRC, and its ultimate parent and ultimate controlling party of the Company is 浙江永利實業集團有限公司 (Zhejiang Yongli Industry Group Co., Ltd.*) ("**Zhejiang Yongli**"), which is established in the PRC.

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the "**Group**") are (i) the manufacture and sale of woven fabrics; and (ii) the provision of woven fabrics subcontracting services. The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Company.

* *English name is for identification only.*

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for its first time, the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") which are effective for the Group's financial year beginning 1 January 2023:

HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two Model Rules

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

Impact on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 — Disclosure of Accounting Policies

The amendments to HKAS 1 and HKFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The application of the amendments has had no material impact on the Group's financial performance and positions, but has affected the disclosures of accounting policies.

Impact on application of Amendments to HKAS 8 — Definition of Accounting Estimates

The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the consolidated financial statements of the Group.

Impact on application of Amendments to HKAS 12 — Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments to HKAS 12 narrow the scope of the initial recognition exemption of deferred tax liabilities and deferred tax assets so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences, such as leases and decommissioning liabilities. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained earnings at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

The amendments had no material impact on the consolidated financial statements of the Group.

Amendments to HKFRSs issued but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5(2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKAS 21	Lack of Exchangeability[2]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025
3 Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of other amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

3. REVENUE AND OTHER INCOME, GAINS AND LOSSES, NET

Revenue represents the amounts received and receivable for goods sold and services rendered by the Group to external customers net of sales related taxes. An analysis of the Group's revenue and other income and gains for the year are as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or services lines		
Manufacture and sale of woven fabrics	**52,660**	76,165
Subcontracting fee income	**2,447**	2,833
	55,107	78,998

	2023	2022
	RMB'000	*RMB'000*
Other income, gains and losses, net:		
Foreign exchange gains, net	**59**	–
Gain from change in fair value of financial asset at FVTPL	**–**	1,177
Gain on disposal of property, plant and equipment	**747**	320
Government subsidies	**210**	382
Interest income	**372**	1,383
Refund of retirement benefit scheme contributions	**–**	18
Sales of scrap materials	**(683)**	(733)
Others	**1,501**	413
	2,206	2,960

4. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker ("**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on the types of goods sold or services delivered or provided.

Specifically, the Group's reportable segments are as follows:

Woven fabrics	—	Manufacture and sale of woven fabrics
Subcontracting services	—	Provision of woven fabrics subcontracting services

(a) Segment revenue and loss

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

	Woven fabrics		Subcontracting services		Total	
	2023	2022	**2023**	2022	**2023**	2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Segment revenue	**52,660**	76,165	**2,447**	2,833	**55,107**	78,998
Segment loss	**(6,738)**	(8,410)	**(2,189)**	(889)	**(8,927)**	(9,299)
Unallocated corporate income					**2,142**	3,370
Unallocated corporate expenses					**(14,007)**	(14,414)
Share of result of an associate					**(5,916)**	(2,086)
Impairment loss recognised in respect of interest in an associate					**–**	(5,491)
Finance costs					**–**	(2,273)
Loss before taxation					**(26,708)**	(30,193)

Segment loss represents the loss from each segment without allocation of certain other income, directors' remuneration, central administration costs, share of result of an associate, impairment loss recognised in respect of interest in an associate and finance costs. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

(b) Geographical information

Information about the Group's revenue from external customers is presented based on the location of the operation.

	Revenue from contracts with external customers	
	2023	2022
	RMB'000	*RMB'000*
The PRC (country of domicile)	**43,814**	58,238
Europe	**7,185**	15,107
South America	**3,122**	4,660
Middle East	**–**	284
Other overseas	**986**	709
	55,107	78,998

(c) Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2023	2022
	RMB'000	*RMB'000*
Customer A (derived from sale of woven fabrics and subcontracting fee income)	**6,717**	N/A[1]

[1] The corresponding revenue did not contribute over 10% of the total revenue of the Group.

5. FINANCE COSTS

	2023	2022
	RMB'000	*RMB'000*
Imputed interest expense on interest-free loan due to immediate holding company	**–**	2,267
Interest expense	**–**	6
	–	2,273

6. INCOME TAX EXPENSE

	2023	2022
	RMB'000	*RMB'000*
Current taxation		
– Over-provision for prior years	**–**	318
Deferred taxation		
– Current year	**(28)**	(5,701)
	(28)	(5,383)

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the Group is 25% for both years.

7. LOSS FOR THE YEAR

	2023	2022
	RMB'000	*RMB'000*
Loss for the year has been arrived at after charging (crediting):		
Staff cost (including supervisors', directors' and chief executive's emoluments):		
Salaries and wages	**18,917**	25,875
Retirement benefit scheme contributions	**1,911**	2,244
Total staff costs	**20,828**	28,119
Auditor's remuneration		
— Audit service	**684**	768
Cost of inventories recognised as an expense	**57,422**	85,088
Reversal of write-down of inventories (included in cost of sales)	**(1,025)**	–
Depreciation of property, plant and equipment	**8,499**	8,670
Depreciation of right-of-use assets	**188**	188
Impairment loss reversed in respect of trade receivables	**(1,045)**	(7,224)
Impairment loss recognised in respect of interest in an associate	**–**	5,491
Research and development costs recognised as an expense *(Note)*	**–**	212
Net foreign exchange (gain) loss	**(59)**	121
Gain from change in fair value of financial asset at FVTPL	**–**	(1,177)

Note: Research and development costs represent staff costs which have been included in the staff costs as disclosed above.

8. LOSS PER SHARE

Basic and diluted loss per share for the year is calculated on the loss for the year of approximately RMB26,736,000 (2022: RMB35,576,000) and the weighted average of 1,063,500,000 (2022: 1,063,500,000) ordinary shares in issue during the year ended 31 December 2023.

There is no difference between basic and diluted loss per share as there were no potentially dilutive shares outstanding during the year ended 31 December 2023 and 2022.

9. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2023, nor has any dividend been proposed since the end of reporting period (2022: Nil).

10. ASSETS CLASSIFIED AS HELD FOR SALE

	2023
	RMB'000
Property, plant and equipment and right-of-use assets *(Notes (i))*	**245,337**
Assets of a disposal group reclassified as held for sale *(Notes (ii))*	**27,173**
Assets classified as held for sale	**272,510**

Notes:

(i) On 20 December 2023, the Company entered into a land resumption agreement ("**Land Resumption Agreement**") with the subdistrict office of Yangxun Qiao Town in Keqiao District, Shaoxing City ("**Subdistrict Office**") that Subdistrict Office would resume a piece of land owned by the Company which was located at Keqiao District of Shaoxing, Zhejiang ("**Shaoxing Land**"). The corresponding right-of-use assets and property, plant and equipment, which are expected to be disposed within twelve months, have been classified as assets classified as held for sale and presented separately in the consolidated statement of financial position (see below). The net compensation of the land resumption is expected to exceed the net carrying amount of the relevant assets and accordingly, no impairment loss has been recognised during the year ended 31 December 2023.

The non-current assets classified as held for sale are as follows:

	2023
	RMB'000
Property, plant and equipment	**240,009**
Right-of-use assets	**5,328**
Total assets classified as held for sales	**245,337**

Cumulative amount of approximately RMB167,514,000 relating to the above assets classified as held for sale has been recognised in other comprehensive income and included in equity.

(ii) On 22 December 2023, the Company entered into an equity transfer agreement ("**Equity Transfer Agreement**") with a related party to dispose the Group's equity interest in a subsidiary, which is an investment holding company of an associate. The asset attributable to the subsidiary, which is expected to be sold within twelve months, have been classified as assets classified as held for sale and is presented separately in the consolidated statement of financial position (see below). The net proceeds of disposal are expected to exceed the net carrying amount of the relevant asset and accordingly, no impairment loss has been recognised during the year ended 31 December 2023.

The assets of the subsidiary classified as held for sale are as follows:

	2023
	RMB'000
Investment in an associate classified as held for sale	**27,172**
Cash and bank balance	**1**
Assets of a disposal group reclassified as held for sale	**27,173**

11. TRADE AND OTHER RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**10,845**	19,880
Less: Allowance for impairment of trade receivables	**(1,062)**	(2,107)
	9,783	17,773
Other receivables		
Prepayments to suppliers	**14,345**	6,901
Other receivables	**1,174**	1,281
	15,519	8,182
Total trade and other receivables	**25,302**	25,955

Notes:

(i) The Group allows an average credit period of 60 days to 180 days (2022: 60 days to 180 days) to its trade customers. The Group does not hold any collateral or other credit enhancements over its trade and other receivables.

(ii) An aged analysis of trade receivables, net of allowance for impairment of trade receivables and presented based on the revenue recognition dates, at the end of the reporting period is as follows:

	2023	2022
	RMB'000	*RMB'000*
0–60 days	**8,828**	14,581
61–90 days	**134**	965
91–120 days	**2**	102
121–365 days	**819**	2,125
	9,783	17,773

12. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	RMB'000	*RMB'000*
Financial asset at FVTPL comprise:		
Unlisted fund investment in the PRC	**–**	8,949
Analysed for reporting purpose as:		
Current asset	**–**	8,949

	RMB'000
At 1 January 2022	25,881
Gain from change in fair value of financial asset at FVTPL	1,177
Proceeds from redemption of unlisted fund investment *(Note)*	(18,109)
At 31 December 2022 and 1 January 2023	8,949
Proceeds from redemption of unlisted fund investment *(Note)*	(8,949)
At 31 December 2023	–

Note:

Due to the impact of the COVID-19 epidemic, the Limited Partnership decided not to extend the investment period and planned to return the initial investment fund to the limited partners. On 28 March 2022, the Company received approximately RMB18 million of the initial investment fund from the Limited Partnership.

On 30 December 2022, the Group entered into a sale agreement to dispose of 深圳南山金融科技雙創股權投資基金合夥企業(有限合夥), which was an unlisted fund investment in the PRC at FVTPL. The disposal had not completed as at 31 December 2022. The unlisted fund of approximately RMB8,949,000 was classified as financial asset at FVTPL on the consolidated statement of financial position as at 31 December 2022. The details of which were set out in the Company's announcement dated 30 December 2022. The transaction was subsequently completed on 21 February 2023 and the consideration of RMB8,949,114 was settled on the same date.

13. TRADE AND OTHER PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade payables *(notes i & ii)*	**9,372**	14,895
Other tax payables	**1,868**	2,345
Accrued expenses and other payables	**3,446**	4,028
	14,686	21,268

Notes:

(i) The Group normally receives credit periods from suppliers ranging from 30 days to 90 days (2022: 30 days to 90 days). The Group has in place financial risk management policies to ensure that all payables are settled within the credit timeframe.

(ii) An aged analysis of trade payables at the end of the reporting period based on the invoice dates is as follows:

	2023	2022
	RMB'000	*RMB'000*
0–60 days	**3,686**	8,686
61–90 days	**1,406**	1,982
91–365 days	**1,274**	1,645
Over 365 days	**3,006**	2,582
	9,372	14,895

14. RECEIPT IN ADVANCE FOR DISPOSAL TRANSACTION

	2023	2022
	RMB'000	*RMB'000*
Receipt in advance for disposal transaction	**176,636**	–

As at 31 December 2023, the balance of the land resumption compensation received in advance is approximately RMB176,636,000. Approximately RMB56,798,000, RMB2,081,000 and RMB58,879,000 land resumption compensations were received subsequently in January, February and March 2024 respectively. All the land resumption compensation has been received as of the date in which the consolidated financial statements are being approved by the directors.

15. EVENTS AFTER THE REPORTING PERIOD

(i) In March 2024, the land resumption mentioned in note 10(i) has been completed. The details of the land resumption were set out in the Company's announcement dated 3 January 2024. All consideration was received as of the date of the consolidated financial statements being approved by the directors.

(ii) In March 2024, shareholders' approval for the disposal of equity interest in Zhejiang Shaoxing Huiju (as disclosed in note 10(ii)) has been obtained in the EGM. The details of which were set out in the Company's announcement dated 22 March 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue and gross loss

During the year ended 31 December 2023 (the "**Current Period**"), the Group recorded a revenue of approximately RMB55.11 million, representing a decrease of approximately 30.24% when compared to the same period in 2022. The gross loss for the Current Period was approximately RMB6.19 million while there was gross loss of approximately RMB12.07 million in 2022 which mainly due to decrease of cost of raw materials and wages.

Other income and gains

During the Current Period, the other income and gains decreased by approximately RMB0.75 million or approximately 25.47% when compared to the same period in 2022 mainly due to gain from change in fair value of financial asset at FVTPL incurred in 2022.

Selling and distribution costs

During the Current Period, the selling and distribution costs decreased slightly by approximately RMB0.29 million or approximately 8.60% mainly due to decrease of sales commission which was in line with decrease of sales revenue.

Administrative expenses

During the Current Period, there was no material changes in administrative expenses.

Share of result of an associate

Share of result of an associate of approximately RMB5.92 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 RMB5.25 million or approximately 21.98% 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 RMB1.13 million or approximately 23.57% when compared to the same period in 2022 was in line with decrease of revenue. Other revenue decreased by approximately RMB1.30 million or approximately 66.83% during the Current Period mainly due to decrease of bank interest income. During Current Period, selling expenses decreased by approximately RMB0.88 million or 13.16% 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 RMB7.89 million or approximately 170.78% when compared to the same period in 2022 mainly due to increase of rental expenses and impairment loss recognised in respect of accounts receivables and other receivables.

Finance costs/Amount due to immediate holding company

On 22 December 2023, the Company, Guizhou Yongli and Zhejiang Yongli entered into the Fourth Supplemental Debt Repayment Agreement, pursuant to which, (i) as at the date of the Fourth Supplemental Debt Repayment Agreement, the Company is indebted to Guizhou Yongli in the total outstanding amount of approximately RMB218,475,000 and Guizhou Yongli agreed to waive part of the debt in the amount of RMB18,000,000; upon the waiver of part of the amount due to immediate holding company, the Company will be indebted to Guizhou Yongli in the total outstanding amount of approximately RMB199,330,000, which would be settled by the Company in accordance with the Fourth Supplemental Debt Repayment Agreement. The Fourth Supplemental Debt Repayment Agreement will take effect after all the following conditions are fulfilled:

(a) the Land Resumption Agreement entered into by the Company on 20 December 2023 is completed and all the compensation has been received; details of which were disclosed in the announcement of the Company dated 3 January 2024;

(b) the Fourth Supplemental Debt Repayment Agreement is approved by the shareholders on an extraordinary general meeting in accordance with the request of the GEM Listing Rule;

(c) approval from the relevant parties is obtained according to the GEM Listing Rule; and

(d) conditions (i) to (iii) are fulfilled on or before 5:00 p.m. on 30 April 2024.

On 31 December 2023, the carrying amount of the amount due to the immediate holding company immediately before the modification were approximately RMB33,726,000. According to the Fourth Supplemental Debt Repayment Agreement, the fair value of the liability immediately following the modification are approximately RMB199,330,000. These caused a decrease of approximately RMB165,604,000 in other reserve in the consolidated statement of changes in equity during the year ended 31 December 2023.

During the year ended 31 December 2023, the Group has repaid the principal of approximately RMB117,765,000 (2022: RMB1,145,000).

During the year ended 31 December 2023, no impute interest was estimated for the interest free loan due to immediate holding company as all the outstanding amount due to immediate holding company was expected to be settled in 2024 according to the Fourth Supplemental Debt Repayment Agreement.

Loss for the year

Loss for the Current Period was approximately RMB26.74 million, decreased by approximately RMB8.84 million or 24.85% when compared to the same period in 2022.

Loss per share

The respective loss per share for the Current Period and 2022 were approximately RMB2.51 cents and approximately RMB3.35 cents respectively.

Interest in an associate

On 22 December 2023, the Company entered into the Equity Transfer Agreement with a related party to dispose the Group's equity interest in a subsidiary, which is an investment holding company of an associate. The asset attributable to the subsidiary, which is expected to be sold within twelve months, have been classified as assets classified as held for sale and is presented separately in the consolidated statement of financial position (see below). The net proceeds of disposal are expected to exceed the net carrying amount of the relevant asset and accordingly, no impairment loss has been recognised.

The asset of the subsidiary classified as assets classified as held for sale is as follows:

	2023
	RMB'000
Investment in an associate classified as held for sale	**27,172**
Cash and bank balance	**1**
Assets of a disposal group reclassified as held for sale	**27,173**

Inventories

As at 31 December 2023 inventories was approximately RMB12.40 million (31 December 2022: approximately RMB19.04 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 31 December 2023 decreased by approximately RMB210,000 or approximately 20.88% when compared with that at as 31 December 2022. Finished good of woven fabrics as at 31 December 2023 decreased by approximately RMB5.71 million or approximately 41.14% when compared with that as at 31 December 2022. Work-in-progress as at 31 December 2023 decreased by approximately RMB1.73 million or approximately 41.48% when compared with that at 31 December 2022. During the Current Period, the decrease of inventories was in line with the decrease of sales of woven fabrics.

Trade and other receivables

As at 31 December 2023, trade and other receivables was approximately RMB25.30 million (31 December 2022: approximately RMB25.96 million) decreased by approximately RMB0.65 million or approximately 2.52% when compared with that as at 31 December 2022 mainly due to trade receivables decreased by approximately RMB8.00 million or approximately 44.96% which was in line with that of decrease of sales of woven fabrics and subcontracting fee income during the Current Period.

Bank balances and cash

At as 31 December 2023, bank balances and cash was approximately RMB103.75 million (31 December 2022: approximately RMB46.98 million), representing an increase of approximately RMB56.77 million when compared with that as at 31 December 2022 mainly due to certain of land resumption compensation received from the local government authorities according to the Land Resumption Agreement entered into between Company and the government authority on 20 December 2023, details of which were disclosed in the announcement of the Company dated 3 January 2024.

Assets classified as held for sale

As at 31 December 2023, assets classified as held for sales represents transactions made in December 2023 under the Land Resumption Agreement entered into on 20 December 2023 and the Equity Transfer Agreement entered into on 22 December 2023, details of which were disclosed in note 10 and the announcement the Company dated 3 January 2024.

Trade and other payables

As at 31 December 2023, trade and other payables was approximately RMB14.69 million (31 December 2022: approximately RMB21.27 million), representing a decrease of approximately RMB6.58 million or approximately 30.95% which was in line with decrease of purchase of raw materials due to dropping of revenue.

Contract liabilities

As at 31 December 2023, contract liabilities represents receipt in advance from customers was approximately RMB3.93 million (31 December 2022: approximately RMB3.09 million), representing an increase of approximately RMB0.83 million or approximately 26.93% mainly due to sales orders placed by customers during the latest few months ended 31 December 2023.

Deferred income

As at 31 December 2023, deferred income of approximately RMB0.87 million (31 December 2022: approximately RMB1.03 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 RMB158,000 (2022: approximately RMB158,000).

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 25.34% and approximately 45.60% 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.

The Group has been accounting for the share of results from the Tepia and its subsidiaries ("**Tepia Group**") since its acquisition was completed in August 2019. However, since then, the Tepia Group has experienced a decline in revenue and has been consistently incurring losses. Consequently, the return on the Group's investment in the Tepia Group has been unsatisfactory. Additionally, the slow recovery of the PRC economy and the tightened budgets of local governments, who were previously major customers of the Tepia Group, have adversely affected the demand for its services and the timely payment progress. These challenging operating conditions have also resulted in intense price competition during the project tendering process for the Tepia Group, leading to fewer large-scale and profitable projects in the pipeline.

Based on the abovementioned, the Directors are of the view that the water management business of the Tepia Group is facing weak demand and a challenging operating environment. Therefore, on 22 December 2023, The Company entered into the Equity Transfer Agreement to dispose the equity interest on Zhejiang Shaoxing Huiju in order to dispose of the Tepia Group ("**the Disposal**"). The Directors are of the view that the Disposal presents a favorable opportunity for the Group to realise its investment in the Tepia Group and redirect its resources towards its core business.

Production facilities

During the year ended 31 December 2023, the Group spent approximately RMB28,000 (2022: RMB136,000) for renovation of factory buildings and approximately RMB327,000 for additions of plant and machinery (2022: RMB37,000).

Product research and development

During the year ended 31 December 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 year ended 31 December 2023, the Group actively participated in various trade fairs 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 Group is principally engaged in the manufacture and sales of woven fabrics. Tepia, being the main investment of the Group, is principally engaged in providing information planning and design, software development, system integration and project-based systems operation and maintenance services for water management systems. The relevant systems and services are used in waterworks planning and management, water resources conservation and utilization, flood prevention and drought control, water environment management and aquatic ecological restoration. It is listed on the NEEQ (Stock Code: 838941) and based in Beijing, the PRC.

As discussed in the above paragraph headed "Business and Operation Review — Water management-related business by associates" in respect of the reasons of the Disposal, the Company has continued to carry out measures to increase efficiency, reduce cost and improve liquidity as the Company is principally engaged in the textile industry in the PRC which still needs time to recover. The Directors are of the view that the water management business of the Tepia Group is facing weak demand and a challenging operating environment. Therefore, the Disposal presents a favorable opportunity for the Group to realise its investment in the Target Group and redirect its resources towards its core business. The net proceeds from the Disposal will be utilised as general working capital of the Group.

Further, due to land resumption implemented by the local authorities, the Group's operations were recently relocated on 5 January 2024. For more details about the land resumption, please refer to the announcement and the circular of the Company dated 3 January 2024 and 5 February 2024 respectively. As part of the relocation process, the Company has disposed certain production machines and equipments that were over 20 years old. This presents an opportunity for the Company to upgrade its product offerings and increase efficiency in production process. By utilizing the compensation proceeds to purchase new machines that are more efficient in producing high-value products, the Company can improve the market competitiveness of its product offerings and enhance profitability.

The Directors considers the Disposal aligns with the Group's business strategies of concentrating resources on its core business in the PRC textile industry. The Directors expect that by utilising the proceeds as mentioned above, the Group will be able to deliver improved financial results to its Shareholders. 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.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the year ended 31 December 2023, the Group financed its operations mainly by internally generated cash and financial support from the immediate holding company, Guizhou Yongli.

As at 31 December 2023, the Group's current assets and net current assets were approximately RMB414.87 million (31 December 2022: approximately RMB100.93 million) and approximately RMB137.90 million (31 December 2022: approximately RMB57.63 million) respectively. The liquidity ratio of the Group, represented by the ratio of current assets over current liabilities, was approximately 1.50 (31 December 2022: approximately 2.33). The Group's gearing ratio, represented by the ratio of the interest free loan due to immediate holding company over shareholders' equity, was approximately 0.8% (2022: 19.49%).

CAPITAL COMMITMENTS AND SIGNIFICANT INVESTMENTS

As at 31 December 2023, the Group did not have capital commitments (2022: nil) and significant investments held (2022: nil).

MATERIAL DISPOSALS

With reference to note 10 in respect of assets classified as held for sale of notes to the financial statement, (i) on 20 December 2023, the Company entered into the Land Resumption Agreement with the Local Authorities, pursuant to which the Local Authorities have agreed to resume, and the Company has agreed to surrender, the Resumed Land, Construction and Fixtures at a total Compensation of approximately RMB294.4 million payable by the Local Authorities to the Company ; and (ii) on 22 December 2023, the Company entered into the Equity Transfer Agreement to sell the equity interest on Zhejiang Shaoxing Huiju, a wholly owned subsidiary of the Company and the investment holding company of Beijing Tepia, an associate of the Group at a consideration of approximately RMB32,500,000. On 22 March 2024, an extraordinary general meeting ("**EGM**") was held to approve the transactions under the Equity Transfer Agreement. The resolutions set out in the notice of the EGM were duly passed by the independent shareholders of the Company by way of poll at the EGM held on 22 March 2024. Details of the above two transactions were disclosed in the announcement and the circular of the Company dated 3 January 2024 and 5 February 2024 respectively.

SEGMENT INFORMATION

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

CONTINGENT LIABILITIES

As at 31 December 2023 and 2022, the Group did not have any material contingent liabilities.

CHARGES ON ASSETS

As at 31 December 2023 and 2022, the Group did not have any charges on its assets.

EMPLOYEE AND EMOLUMENT POLICIES

As at 31 December 2023, the Group had 154 employees (31 December 2022: 241), comprising 5 (31 December 2022: 3) in research and development, 9 (31 December 2022: 8) in sales and marketing, 118 (31 December 2022: 186) in production, 10 (31 December 2022: 26) in quality control, 5 (31 December 2022: 5) in management, and 7 (31 December 2022: 13) 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 Renminbi ("**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 and other means to hedge its foreign currency exposure. The Group considers it has no material foreign exchange risk.

COMPETING INTERESTS

During the year ended 31 December 2023 none of the Directors, Supervisors, the controlling shareholders of the Company and their respective close associates (as defined in the GEM Listing Rules) had any interest in any business which competes or is likely to complete, directly or indirectly, with the business of the Group or any other conflicts of interest with the Group.

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with Rule 5.28 and 5.29 of the GEM Listing Rules and code provision C3.3 of the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group and provide advice and comments to the Board. 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 annual results of the Group for the year ended 31 December 2023 have been reviewed by the Audit Committee.

SCOPE OF WORK OF SHINEWING (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditors, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's audited financial statements for the year. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on the preliminary announcement.

CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2023, the Company has complied with all the code provisions of the Code on Corporate Governance Practices (the "**Code Provision**") as set out in the Appendix 15 of the GEM Listing Rules.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted a code of conduct regarding securities transactions by directors and supervisors 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.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors of the Company as at the date of this document, the Company has maintained the prescribed public float under the GEM Listing Rules.

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 year ended 31 December 2023.

PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the GEM website of Hong Kong Exchanges and Clearing Limited ("HKEx") at http://www.hkgem.com and the Company's website at http://www.zj-yongan.com. The 2023 annual report will be dispatched to the shareholders and will be published on the websites of HKEx and the Company in due course.

ANNUAL GENERAL MEETING

Annual general meeting ("**AGM**") of the Company for the year 2023 will be held on 14 June 2024. A notice convening the annual general meeting will be published in due course.

CLOSURE OF H SHARE REGISTER

The H Share register of shareholders of the Company will be closed from 15 May 2024 to 14 June 2024 (both days inclusive), during which period no transfer of H Shares will be affected. The shareholders of H Shares whose names appeared on the register of shareholders of the Company at 4:00 p.m. on Friday, 14 May 2024 will be entitled to attend and vote at the AGM.

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

Zhejiang, the PRC, 28 March 2024

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

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