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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)

**SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO
THE DISCLOSEABLE TRANSACTION ON
THE PURCHASE OF MACHINERY**

Reference is made to the announcement of 浙江永安融通控股股份有限公司 (Zhejiang Yongan Rongtong Holdings Co., Ltd.*) (the “**Company**”) dated 8 June 2018 (the “**Announcement**”), in relation to the contract (the “**Purchase Contract**”) for the sale and purchase of 80 sets of rapier weaving machine (the “**Purchase**”) entered into between the Company as the purchaser, CNBM General Technology Co., Ltd. (the “**Agent**”) as the Company’s agent and Picanol N.V. (the “**Seller**”) as the seller on 8 June 2018. Unless otherwise stated, terms used in this announcement shall have the same meanings as those defined in the Announcement.

The purpose of this announcement is to provide further information in relation to the Purchase.

FURTHER INFORMATION RELATING TO THE PURCHASE

As disclosed in the Announcement, the total consideration for the Purchase was ECU4,108,000 (equivalent to approximately RMB31,014,000 and HK\$38,017,000) (the “**Consideration**”) which shall be settled by issuance of the letter of credit (the “**LC**”) for 100% of the total purchase price in favour of the Seller. Pursuant to the Purchase Contract, a down payment of RMB1,000,000 shall be made by the Company (the “**Down Payment**”) to the Seller on or before the date of the Purchase Contract and it shall be refunded to the Company after receipt of the LC by the Seller.

(A) Import Agent Contract

To regulate the business relationships between the Company and the Agent, on 6 June 2018, the Company entered into an import agent agreement (the “**Import Agent Contract**”) with the Agent, pursuant to which the Company agreed to appoint the Agent and the Agent agreed to act as the agent of the Company in relation to the Purchase.

The principal terms of the Import Agent Contract are as follows:

Date:	6 June 2018
Parties:	(1) the Company (2) the Agent
Principal duties of the Agent	The principal duties of the Agent include but not limited to the following: (i) assist the Company to engage in business negotiation in relation to import contracts; (ii) enter into import contracts with other foreign business entities; and (iii) arrange for the issuance of the LC and the relevant payment procedures for the Company.
Principal obligations of the Company:	The Company shall be responsible for the total purchase price, the applicable taxes and import expenses in relation to the Purchase. The Company shall, within 3 business days prior to the issuance date of the LC, pay an amount equivalent to 30% of the total purchase price (the “ Guaranteed Amount ”) to the Agent as guarantee for the issuance of the LC which shall constitute part of the payment of the purchase price in the absence of unpaid costs and expenses or default payment. The Agent may request for an increase in the Guaranteed Amount in the event of change of exchange rate, reduction in value of imported goods or drastic change in the Company’s credibility.
Handling fee:	The Agent shall be entitled to receive a handling fee equivalent to approximately 0.3% of the total purchase price under the import contract with the Seller. In the event that the validity period of the LC was extended due to reasons other than those caused by the Agent, the handling fee shall be increased by an amount equivalent to 0.1% of the total purchase price for each extended month.
Default:	In the event that the Company fails to make any payment pursuant to the Import Agent Contract, the Agent shall be entitled to increase the handling fee and the Company shall pay default sum equivalent to 0.05% of the outstanding amount for each day during the period of default. The Agent shall be entitled to forfeit the Guaranteed Amount and/or dispose of the goods of the Company (as the case may be) if the Company failed to pay the outstanding sum within the prescribed period.

In June 2018, the Company has paid the Down Payment to the Seller and RMB9,370,000 (being the sum of 30% of the Consideration (the “**Deposit**”), as guarantee for the issuance of the LC) to the Agent. The Agent has applied for and the LC in the amount of ECU4,108,000 was issued on 2 July 2018. Subsequent to receiving the LC, the Seller has returned the Down Payment to the Company on 4 July 2018.

(B) Supplemental Agreements

Prior to purchasing the rapier weaving machines, the Company has been exploring whether the Purchase could be exempted from import tax. After various enquiries made to the relevant authorities and tax agents, the Company was advised that qualified foreign invested enterprises are exempt from import tax duties for import of self-use machineries which could not be manufactured in the PRC or could not satisfy the production capacity of such enterprise. According to the relevant PRC custom regulations, one of the conditions to be qualified for import tax-free was that the purchase of the machineries shall be made by internal resources (other than registered capital) of the Company. In view of the above, the Company has established a wholly owned subsidiary to import these rapier weaving machines.

As such, the Company entered into a supplemental agreement to the Purchase Contract on 6 December 2018 with 浙江永譽紡織有限責任公司 (Zhejiang Yongyu Textile Co., Ltd.*) (“Yongyu”), a wholly owned subsidiary of the Company, the Seller and the Agent, pursuant to which the parties thereto confirmed that Yongyu shall replace the Company as the purchaser to the Purchase Contract. The Company assigned and transferred absolutely all its rights, benefits, obligations and responsibilities under the Import Agent Contract to Yongyu pursuant to a novation agreement dated 6 December 2018. On the same day, Yongyu and the Agent entered into an import agent contract in relation to the Purchase on substantially the same terms as the Import Agent Contract.

(C) Funding of the Purchase

Pursuant to the “Notice relating to the issuance of certain opinion on usage of financial specific project incentive fund for stimulating real economy (traditional industrial reform) in Keqiao Qu in 2018” (關於印發2018年度柯橋區振興實體經濟(傳統產業改造)財政專項激勵資金使用若干意見的通知) issued by the district office and people’s government office of Keqiao District, enterprises may be entitled to government subsidies for completion of elimination of outdated production capacity based on the approved production capacity or actual invoice for purchase of equipment (the “**Government Subsidies**”). The Board understands that the Government Subsidies are not applicable for financial leasing (other than pledged loan financing).

As disclosed in the Announcement, it was the intention of the Company to fund the Purchase as to 70% by way of bank loan and as to 30% by way of internal resources. Pursuant to the Purchase Contract, 50 sets of the rapier weaving machines would be delivered by the Seller from Belgian seaport by 28 February 2019. As such, on 1 March 2019, Yongyu has paid approximately RMB14 million, being the balance of the purchase price of 50 sets of the rapier weaving machines by way of internal resources with a view to obtain bank loan after being granted the Government Subsidies.

On 17 March 2019, Yongyu was granted an exemption of import tax for the import of 50 sets of the rapier weaving machines. After obtaining such exemption, the Company liaised with the financial institution for loan financing, however, the Company was advised that import tax-free machineries shall not be pledged to the bank for financing purpose within 3 years from the date of import unless the Company has obtained the permission of the General Administration of Customs of the PRC. As such, the Company intends to finance the Purchase by way of internal resources in full.

Given that the Agent facilitates the payment of the Consideration by the Group and the exemption of the import tax will lower the cost of the Group, the Directors consider that the entering into of the Import Agent Contract and those contracts referred to in the section headed “Supplemental Agreements” above are in the interests of the Company and its shareholders as a whole. Save as disclosed herein, all other terms of the Purchase as disclosed in the Announcement remain unchanged.

By order of the Board
Zhejiang Yongan Rongtong Holdings Co., Ltd.*
Jiang Ning
Chairman

Zhejiang, the PRC, 11 April 2019

As at the date of this announcement, the executive Directors are Mr. Jiang Ning (chairman), Mr. He Weifeng (deputy chairman), Ms. He Lianfeng (Chief Executive Officer) and Mr. Hu Hua Jun; and the independent non-executive Directors are Mr. Song Ke, Mr. Wang Hui and Mr. Wang Zhong.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement 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 announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company’s website at www.zj-yongan.com.

** For identification purpose only*