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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)

DISCLOSEABLE TRANSACTION ON THE PURCHASE OF EQUIPMENT

SALE AND PURCHASE AGREEMENT

On 26 December 2018, the Company entered into the Sale and Purchase Agreement with the Seller, pursuant to which the Company agreed to purchase and the Seller agreed to sell the Equipment at the Consideration of RMB16,000,000 (equivalent to approximately HK\$18,202,710).

As the Seller did not have sufficient financial resources to manufacture the Equipment and would not be able to fulfil its obligations under the Sale and Purchase Agreement, on 2 February 2019, the Company and the Seller entered into the Termination Agreement, pursuant to which the Company and the Seller agreed to terminate the Sale and Purchase Agreement and it ceased to be binding upon them with effect from 28 January 2019.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios for the transactions contemplated under the Sale and Purchase Agreement exceeds 5% but all of the applicable percentage ratios are less than 25%, the entering into of the Sale and Purchase Agreement and the transactions contemplated thereunder constitute a discloseable transaction for the Company and are subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules but is exempt from shareholders' approval requirement.

On 26 December 2018, the Company entered into the Sale and Purchase Agreement with the Seller, pursuant to which the Company agreed to purchase and the Seller agreed to sell the Equipment at the Consideration of RMB16,000,000 (equivalent to approximately HK\$18,202,710).

The principal terms of the Sale and Purchase Agreement are set out as follows:

THE SALE AND PURCHASE AGREEMENT

Date:	26 December 2018
Parties:	(1) the Company; and (2) the Seller
Subject Matter:	80 units of high-speed intelligent large package double twisting machine (高速智能大卷裝倍捻機) (the “ Equipment ”)
Consideration:	The Consideration shall be RMB16,000,000 (equivalent to approximately HK\$18,202,710) which shall be settled by the Company to the Vendor in the following manner: (i) a sum of RMB10,000,000 (equivalent to approximately HK\$11,376,694) (the “Deposit”) as prepayment upon the execution of the Sale and Purchase Agreement; (ii) a further sum of RMB1,000,000 (equivalent to approximately HK\$1,137,669) upon the receipt of the delivery notice by the Company; and (iii) the balance of RMB5,000,000 (equivalent to approximately HK\$5,688,347) upon the acceptance of the Equipment by the Company. The Consideration was determined with arm’s length negotiations between the Company and the Seller with reference to the then prevailing market price of the Equipment. The Consideration was expected to be funded by internal resources of the Company.
Other terms:	If the Seller is in breach of certain terms of the Sale and Purchase Agreement (including but not limited to its failure to deliver the Equipment to the Company in accordance therewith), it shall pay liquidated damages to the Company equivalent to 5% of the Consideration.

INFORMATION ON THE GROUP AND THE SELLER

The Company is a joint stock limited company established in the PRC and the H Shares of which are listed on the GEM. The Group is principally engaged in (i) the manufacture and sale of woven fabrics, (ii) the provision of subcontracting services; (iii) the asset management services; and (iv) investment advisory services.

To the knowledge of the Directors, the Seller is principally engaged in production, processing of textile machinery and accessories; wholesale, retail of textile machinery and accessories, needle textiles and raw materials, clothing, construction and decoration materials (except dangerous chemicals, precursor chemicals), motorcycles, bicycles and accessories, construction machinery, steel, instrumentation, rubber products, household appliances; and import and export of goods.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Seller and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE PURCHASE

As disclosed above, the Group is principally engaged in, among others, the manufacture and sale of woven fabrics and the provision of subcontracting services.

It is in the ordinary and usual course of business of the Group to use the Equipment in the preliminary production process for twisting the raw materials, i.e. warp yarn and weft yarn for the use in the further production processing for the manufacturing of woven fabrics and provision of subcontracting services.

The Directors considered that the terms and conditions of the Sale and Purchase Agreement (including the Consideration) were on normal commercial terms and were fair and reasonable and that the entering into of the Sale and Purchase Agreement was in the interests of the Company and its Shareholders as a whole.

TERMINATION

As the Seller did not have sufficient financial resources to manufacture the Equipment and would not be able to fulfil its obligations under the Sale and Purchase Agreement, on 2 February 2019, the Company and the Seller entered into the Termination Agreement, pursuant to which the Company and the Seller agreed to terminate the Sale and Purchase Agreement and it ceased to be binding upon them with effect from 28 January 2019.

As a result, the Seller refunded the Deposit to the Company on 29 January 2019 and as agreed between the Company and the Seller under the Termination Agreement, paid an interest in the sum of RMB36,250 (equivalent to approximately HK\$41,241) to the Company on 21 March 2019 as interest for occupying the Deposit for the period from 29 December 2018 to 29 January 2019.

As the Seller was unable to perform its obligations under the Sale and Purchase Agreement and in view of the interest paid by the Seller to the Company, the Directors considered that the entering into of the Termination Agreement was in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios for the transactions contemplated under the Sale and Purchase Agreement exceeds 5% but all of the applicable percentage ratios are less than 25%, the entering into of the Sale and Purchase Agreement and the transactions contemplated thereunder constitute a discloseable transaction for the Company and are subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules but is exempt from shareholders' approval requirement.

Due to an inadvertent oversight, the Company did not announce the Sale and Purchase Agreement in a timely manner in accordance with the GEM Listing Rules. Pursuant to Rule 19.34 of the GEM Listing Rules, as soon as possible after the terms of a discloseable transaction have been finalised, the Company must publish an announcement as soon as possible. As such, the Company regrets that there was a delay in compliance with Rule 19.34 of the GEM Listing Rules and that this announcement should have been issued earlier.

The Company would like to stress that such non-compliance was unintentional and in order to prevent the occurrence of similar incidents in the future, the Board will adopt the following measures to strengthen the relevant internal control procedures of the Company:

- (i) the Company will review, strengthen and continue to monitor the relevant internal control measures of the Group including but not limited to engaging external professionals to review the internal control to identify any weakness in the internal control system so as to ensure that the transactions to be conducted by the Group will comply with the applicable requirements of the GEM Listing Rules and other rules and regulations;
- (ii) the Company will remind its management and person-in-charge of the Group's business units to report those transactions which may constitute potential notifiable transactions to the Board for approval and assessment of the disclosure obligations prior to the entering into of those transactions; and
- (iii) the Company will enhance the training provided to its Directors, senior management and staff of the business units of the Group, so as to reinforce their understanding of the relevant requirements of the GEM Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Board”	board of Directors
“Company”	浙江永安融通控股股份有限公司 Zhejiang Yongan Rongtong Holdings Co., Ltd.* (stock code: 8211), a joint stock limited company incorporated in the PRC, the issued H Shares of which are listed on the GEM of the Stock Exchange

“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	consideration for the Purchase, amounting to RMB16,000,000 (equivalent to approximately HK\$18,202,710)
“Directors”	director(s) of the Company
“Domestic Share(s)”	domestic share(s) of nominal value of RMB0.1 each in the ordinary share capital of the Company
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“H Shares”	overseas listed foreign shares in the ordinary share capital of the Company, with a nominal value of RMB0.1 each, which are listed on the Stock Exchange and traded in HK\$
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“percentage ratios”	the applicable percentage ratios calculated pursuant to Rule 19.07 of the GEM Listing Rules
“PRC”	The People’s Republic of China, for the purposes of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Purchase”	the purchase of the Equipment by the Company pursuant to the Sale and Purchase Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 26 December 2018 entered into between the Company as the purchaser and the Seller as the seller in relation to the Purchase
“Seller”	紹興柯橋南馬機械製造有限公司 (Shaoxing Keqiao Nanma Machinery Manufacturing Co., Limited*), a company established in the PRC
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	the Domestic Shares and the H Shares

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Termination Agreement”	the termination agreement dated 2 February 2019 entered into between the Company and the Seller
%	per cent.

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

Zhejiang, the PRC, 12 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.

Translation of RMB into HK\$ is based on the exchange rate of HK\$1.00 = RMB0.87899. The conversion is for illustration purpose only and should not be taken as a representation that RMB could actually be converted into HK\$ at that rate or at other rates or at all.

** For identification purpose only*