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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: 08211)

INSIDE INFORMATION — NON-COMPLIANCE WITH GEM LISTING RULES

This announcement is made by Zhejiang Yongan Rongtong Holdings Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (“**GEM Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

BACKGROUND OF THE INCIDENT

The board of directors (the “**Board**”) of the Company wishes to inform shareholders and potential investors of the Company that during the course of the audit of the financial results of the Group for the financial year ended 31 December 2024, the company secretary of the Company identified certain loan transactions between the Company as lender and Zhejiang Yongli Industrial Group Co., Ltd. (“**Zhejiang Yongli**”) and its subsidiary, Guizhou Yongli Enterprise Management Co., Ltd. (“**Guizhou Yongli**”), which had not been conducted in compliance with the applicable requirements under Chapter 20 of the GEM Listing Rules. The incident was subsequently reported to the supervisory committee of the Company (the “**Supervisory Committee**”) for further review.

Based on the internal review by the Supervisory Committee, it was found that on 31 December 2024, three payments totaling RMB111,726,664 were advanced from the Company to Guizhou Yongli, and on 2 January 2025, one payment of RMB56,000,000 was advanced from the Company to Zhejiang Yongli for working capital purposes. These transactions were executed via online banking under the authorization of Mr. Zhang Fahui, the Company’s legal representative, chairman and executive director, but without compliance with the disclosure and approval procedures required under Chapter 20 of the GEM Listing Rules (the “**Non-compliance Advance Payments**”).

GEM LISTING RULES IMPLICATIONS

The Non-compliance Advance Payments constituted provision of financial assistance by the Company to Zhejiang Yongli and Guizhou Yongli. As one or more of the applicable percentage ratios calculated pursuant to Rule 19.07 of the GEM Listing Rules in respect of the Non-compliance Advance Payments exceeds 25%, the Non-compliance Advance Payments constituted a major transaction of the Company under Rule 19.06 of the GEM Listing Rules.

As at the date of this announcement, Zhejiang Yongli holds 65% equity interest in Guizhou Yongli, which in turn owns approximately 55.29% of the total issued share capital of the Company. As a result, both Zhejiang Yongli and Guizhou Yongli are connected persons of the Company under the GEM Listing Rules. Accordingly, the Non-compliance Advance Payments constitute connected transactions under Chapter 20 of the GEM Listing Rules. Further, as one or more of the applicable percentage ratios (other than the profits ratio) calculated pursuant to Rule 19.07 of the GEM Listing Rules in respect of the Non-compliance Advance Payments exceeds 5%, the Non-compliance Advance Payments constituted a non-exempt connected transaction of the Company and was therefore subject to the reporting, announcement, circular and independent financial advice and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

REMEDIAL ACTIONS

The Board, upon identifying the issue, has taken/will take the following remedial measures:

1. **Engagement of Professional Advisers:** The Company has appointed Hong Kong legal and financial advisers to assist in assessing the regulatory implications and rectifying the non-compliance.
2. **Regulatory Compliance Actions:** The Company will make an announcement and issue a circular setting out the details of the Non-compliance Advance Payments in accordance with requirements under the GEM Listing Rules. Additionally, the Company will enter into formal agreement(s) with Zhejiang Yongli and/or Guizhou Yongli to govern the terms and conditions of repayment of the Non-compliance Advance Payments.
3. **Independent Financial Adviser:** The Company will appoint an independent financial adviser to provide independent advice as to the fairness and reasonableness of the terms and conditions of repayment of the Non-compliance Advance Payments.
4. **Internal Control Review:** The Company will engage an independent internal control adviser to conduct a review of its internal control system, with a focus on loan transactions and corporate governance and to make recommendation(s) to enhance the internal control system in light of this incident of Non-compliance Advance Payments. A review report will be prepared, and key findings along with remedial actions will be disclosed in due course.

5. **Review of advances made:** The Company had reviewed other advances made by the Company and checked whether it is necessary for the Company to comply with any requirements under the GEM Listing Rules. Save as disclosed in this announcement, the Company did not discover other advances which would be required to comply with the requirements under the GEM Listing Rules.
6. **The Internal Memorandum:** the Company will issue a memorandum to the Board and senior management of the Company to report the incident of non-compliance of GEM Listing Rules in relation to the Non-compliance Advance Payments and to reiterate the importance to strictly follow the internal control measures adopted by the Company to ensure that the Company will be able to comply with the applicable requirements under the GEM Listing Rules, and in case of any doubt, the Company will consult external legal advisers, financial advisers and/or the Stock Exchange in advance.
7. **Training:** the relevant personnel(s) of the Group involved in the Non-compliance Advance Payments will attend a training in relation to the requirements under Chapters 19 and 20 of the GEM Listing Rules to get himself/herself familiar with the requirements under the GEM Listing Rules and to ensure that he/she will procure the Company to comply with the requirements under the GEM Listing Rules in the future.

While the Non-compliance Advance Payments represent almost all of the Group's reported cash balance as at 30 June 2024, the operations of the Group remain normal. As at the date of this announcement, the Group has sufficient resources to continue its business activities. The management of the Company is actively engaged in discussions with the auditors, namely Shinewing (HK) CPA Limited, to assess the financial implications particularly regarding working capital. The Board is closely monitoring the situation and will make further announcements as necessary.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Zhejiang Yongan Rongtong Holdings Co., Ltd.*
Zhou Youqin
Executive Director

Zhejiang, the PRC, 19 February 2025

As at the date of this announcement, the executive Directors are Mr. Zhan Fahui (Chairman), Ms. Zhou Youqin (Chief Executive Officer) and Mr. Jin Lei; the non-executive Director is Mr. Xia Zhenbo (Deputy Chairman); and the independent non-executive Directors are Mr. Yu Weidong, Mr. Yuan Lingfeng and Mr. Zhang Jianyong.

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 notice misleading. This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at <http://www.hkexnews.hk> for at least 7 days from the date of its posting and on the Company’s website at <http://www.zj-yongan.com>.

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