



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)

**(i) DELAY IN PUBLICATION OF AUDITED ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2024;
(ii) PUBLICATION OF UNAUDITED ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024;
AND
(iii) CONTINUED SUSPENSION OF TRADING**

This announcement is made by 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**”) 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).

(i) DELAY IN PUBLICATION OF THE 2024 ANNUAL RESULTS

The Board wishes to inform the shareholders of the Company (the “**Shareholders**”) that there will be a delay in publication of the Company’s audited annual results for the year ended 31 December 2024 (the “**2024 Annual Results**”) as the Company is still in the process of addressing outstanding items required by the Group’s auditor, SHINEWING (HK) CPA Limited (“**Auditor**”) including:

- (1) the completion of the independent forensic investigation as stated in the announcement of the Company dated 19 March 2025; and
- (2) obtaining supporting evidence for evaluating the recoverability of outstanding balances from Zhejiang Yongli Industry Group Co., Ltd. (“**Zhejiang Yongli**”).

* For identification purpose only

Accordingly, additional time is required for the Company to prepare the 2024 Annual Results. Discussions with the Auditor are ongoing, and the Board, Audit Committee, and management of the Company are doing their utmost to assist and cooperate with the Auditor to ensure that the annual results for the year ended 31 December 2024 will be available as soon as practicable.

In light of the above, the Auditor is unable to commit to a definite timeline for the completion of their audit and the issuance of their audit opinion. Accordingly, as of the date of this announcement, the Board cannot determine the expected date for the publication of the audited annual results for the year ended 31 December 2024, nor the expected date for the despatch of the annual report for the same period.

Pursuant to Rule 18.49 of the GEM Listing Rules, the Company is required to publish the 2024 Annual Results not later than three months after the end of the financial year (i.e. on or before 31 March 2025). In light of the aforementioned circumstances, it is expected that the Company is unable to publish the 2024 Annual Results on or before 31 March 2025, as required by the GEM Listing Rules.

**(ii) PUBLICATION OF UNAUDITED ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024**

In order to keep the shareholders and potential investors of the Company informed of the Group's business operation and financial position, the Board would like to provide the shareholders and potential investors of the Company with the preliminary unaudited financial information of the Group for the year ended 31 December 2024 which was extracted from the management accounts of the Group for the year ended 31 December 2024 together with the audited comparative figures 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 mid-sized 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.

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*This document, for which the directors of 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 year ended 31 December 2024,

- revenue of the Group decreased from approximately RMB55.11 million in year 2023 to approximately RMB34.78 million in year 2024, representing a decrease of approximately 36.90% when compared to the year ended 31 December 2023;
- profit for the year was approximately RMB34.43 million; and
- the Directors do not recommend the payment of a final dividend for the year ended 31 December 2024.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

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 results of the Group for the year ended 31 December 2024, together with the comparative results for the corresponding period in 2023 as follows:

	Notes	2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
Revenue	3	34,775	55,107
Cost of sales		(33,668)	(61,293)
Gross profit (loss)		1,107	(6,186)
Other income, gains and losses, net	3	58,244	2,206
Selling and distribution costs		(1,039)	(3,041)
Administrative expenses		(15,219)	(14,816)
Share of result of an associate		(1,382)	(5,916)
Impairment loss (recognised) reversed in respect of trade receivables		(51)	1,045
Finance costs	5	(1,013)	–
Profit (loss) before taxation		40,647	(26,708)
Income tax expense	6	(6,215)	(28)
Profit (loss) for the year	7	34,432	(26,736)
Other comprehensive income (expense) for the year			
Items that will not be reclassified to profit or loss:			
Gain on revaluation of properties		–	160,606
Income tax relating to items that will not be reclassified to profit or loss		–	(40,151)
Release of deferred taxation upon disposal of properties		60,178	–
Other comprehensive income for the year, net of tax		60,178	120,455
Total comprehensive income for the year		94,610	93,719
		RMB	RMB
Earnings (losses) per share			
Basic and diluted	8	3.24 cents	(2.51) cents

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		14,929	18,796
Right-of-use assets		6,655	7,606
Deferred tax assets		45	–
		<u>21,629</u>	<u>26,402</u>
Current assets			
Inventories		5,270	12,398
Trade and other receivables	11	23,245	25,302
Amount due from ultimate holding company	12	112,543	–
Bank balances and cash		56,472	103,746
		<u>197,530</u>	<u>141,446</u>
Assets classified as held for sale	10	–	272,510
		<u>197,530</u>	<u>413,956</u>
Current liabilities			
Trade and other payables	13	11,330	14,686
Receipt in advance for disposal transaction	14	–	176,636
Contract liabilities		1,013	3,926
Amount due to immediate holding company		1,725	81,565
Deferred income		159	159
		<u>14,227</u>	<u>276,972</u>
Net current assets		<u>183,303</u>	<u>136,984</u>
Total assets less current liabilities		<u>204,932</u>	<u>163,386</u>
Non-current liabilities			
Lease liabilities		8,619	7,606
Deferred tax liabilities		–	53,918
Deferred income		555	714
		<u>9,174</u>	<u>62,238</u>
		<u>195,758</u>	<u>101,148</u>
Capital and reserves			
Share capital		106,350	106,350
Share premium and reserves		89,408	(5,202)
		<u>195,758</u>	<u>101,148</u>

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 issued H Shares of the Company are listed on the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its immediate holding 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 its ultimate holding company and controlling party 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 AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

In the current year, the Group has applied, for its first time, the following 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 2024:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
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
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except as described below, the application of the 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 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”); and Amendments to HKAS 1 – Non-current Liabilities with Covenants (the “2022 Amendments”)

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

Upon adoption of the amendments, the Group has reassessed the terms and conditions of its loan arrangements. The application of the amendments has no material impact on the classification of the Group's liabilities.

New and 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:

HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to HKAS 21	Lack of Exchangeability ¹
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

⁴ Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of the new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group except that the adoption of HKFRS 18 may have impact on the presentation of the Group's consolidated financial statements.

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:

	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Audited)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or services lines		
Manufacture and sale of woven fabrics	32,437	52,660
Subcontracting fee income	2,338	2,447
	<u>34,775</u>	<u>55,107</u>
	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Audited)
Other income, gains and losses, net:		
Foreign exchange gains, net	566	59
Gain on disposal of property, plant and equipment	3,950	747
Government subsidies	240	210
Loss on written off of property, plant and equipment	(918)	–
Interest income	483	372
Gain on disposal of assets classified as held for sale	54,810	–
Sales of scrap materials	(959)	(683)
Others	72	1,501
	<u>58,244</u>	<u>2,206</u>

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	
	2024	2023	2024	2023	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Segment revenue	<u>32,437</u>	<u>52,660</u>	<u>2,338</u>	<u>2,447</u>	<u>34,775</u>	<u>55,107</u>
Segment profit (loss)	<u>5,299</u>	<u>(6,738)</u>	<u>(2,149)</u>	<u>(2,189)</u>	<u>3,150</u>	<u>(8,927)</u>
Unallocated corporate income					56,071	2,142
Unallocated corporate expenses					(16,179)	(14,007)
Share of result of an associate					(1,382)	(5,916)
Finance costs					<u>(1,013)</u>	<u>–</u>
Profit (loss) before taxation					<u>40,647</u>	<u>(26,708)</u>

Segment profit (loss) represents the profit (loss) from each segment without allocation of certain other income, directors' remuneration, central administration costs, share of result of 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	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
The PRC (country of domicile)	31,078	43,814
Europe	1,291	7,185
South America	2,375	3,122
Other overseas	<u>31</u>	<u>986</u>
	<u>34,775</u>	<u>55,107</u>

(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:

	2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
Customer A (<i>Note</i>)	<u>4,837</u>	<u>6,717</u>

Note: Revenue derived from sale of woven fabrics and subcontracting fee income.

5. FINANCE COST

	2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
Interest expense on lease liabilities	<u>1,013</u>	<u>—</u>

6. INCOME TAX EXPENSE

	2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
Current taxation	—	—
Deferred taxation	<u>(6,215)</u>	<u>(28)</u>
	<u>(6,215)</u>	<u>(28)</u>

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. PROFIT (LOSS) FOR THE YEAR

	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Audited)
Profit (loss) for the year has been arrived at after charging (crediting):		
Staff cost (including supervisors', directors' and chief executive's emoluments):		
Salaries and wages	13,136	18,917
Retirement benefit scheme contributions	1,652	1,911
	<hr/>	<hr/>
Total staff costs	14,788	20,828
	<hr/>	<hr/>
Auditor's remuneration		
— Audit service	554	684
Cost of inventories recognised as an expense	31,606	57,422
Reversal of write-down of inventories (included in cost of sales)	(1,115)	(1,025)
Depreciation of property, plant and equipment	3,285	8,499
Depreciation of right-of-use assets	951	188
Impairment loss recognised (reversed) in respect of trade receivables	51	(1,045)
Net foreign exchange gain	(566)	(59)
	<hr/> <hr/>	<hr/> <hr/>

8. EARNINGS (LOSSES) PER SHARE

Basic and diluted earnings (losses) per share for the year is calculated on the profit for the year of approximately RMB34,432,000 (2023: loss for the year of approximately RMB26,736,000) and the weighted average of 1,063,500,000 (2023: 1,063,500,000) ordinary shares in issue during the year ended 31 December 2024.

There is no difference between basic and diluted profit (loss) per share as there were no potentially dilutive shares outstanding during the year ended 31 December 2024 and 2023.

9. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2024, nor has any dividend been proposed since the end of reporting period (2023: Nil).

10. ASSETS CLASSIFIED AS HELD FOR SALE

	2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
Property, plant and equipment and right-of-use assets (<i>Note (i)</i>)	–	245,337
Assets of a disposal group reclassified as held for sale (<i>Note (ii)</i>)	–	27,173
	<hr/>	<hr/>
Assets classified as held for sale	<hr/> <hr/> –	<hr/> <hr/> 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**”) and that the 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 were expected to be disposed within twelve months, had been classified as assets classified as held for sale and were presented separately in the consolidated statement of financial position (see below). The net compensation of the land resumption was 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:

	2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
Property, plant and equipment	–	240,009
Right-of-use assets	–	5,328
	<hr/>	<hr/>
Total assets classified as held for sales	<hr/> <hr/> –	<hr/> <hr/> 245,337

The disposal was completed on 18 January 2024, on which date ownership of Shaoxing Land passed to Subdistrict Office, and cost to sell of approximately RMB962,000 was incurred during the year ended 31 December 2024. As a result, gain on disposal of property, plant and equipment and right-of-use assets reclassified as held for sale of approximately RMB48,095,000 was earned during the year ended 31 December 2024.

During the year ended 31 December 2023, cumulative amount of approximately RMB167,514,000 (2024: nil) 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 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 was expected to be sold within twelve months, had been classified as assets classified as held for sale and was presented separately in the consolidated statement of financial position (see below). The net proceeds of disposal were expected to exceed the net carrying amount of the relevant asset and accordingly, no impairment loss had been recognised during the year ended 31 December 2023. The disposal was completed on 6 May 2024, on which date control of the subsidiary passed to the acquirer.

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

	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Audited)
Investment in an associate classified as held for sale	–	27,172
Cash and bank balance	–	1
	<u>–</u>	<u>1</u>
Assets of a disposal group reclassified as held for sale	<u>–</u>	<u>27,173</u>

11. TRADE AND OTHER RECEIVABLES

	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Audited)
Trade receivables	9,970	10,845
Less: Allowance for impairment of trade receivables	(1,113)	(1,062)
	<u>8,857</u>	<u>9,783</u>
Other receivables		
Prepayments to suppliers	12,529	14,345
Other receivables	1,859	1,174
	<u>14,388</u>	<u>15,519</u>
Total trade and other receivables	<u>23,245</u>	<u>25,302</u>

Notes:

- (i) The Group allows an average credit period of 60 days to 180 days (2023: 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:

	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Audited)
0–60 days	8,358	8,828
61–90 days	145	134
91–120 days	153	2
121–365 days	201	819
	<u>8,857</u>	<u>9,783</u>

12. AMOUNT DUE FROM ULTIMATE HOLDING COMPANY

The amount due from ultimate holding company, Zhejiang Yongli, is non-trade related, unsecured, interest-free and repayable on demand.

13. TRADE AND OTHER PAYABLES

	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Audited)
Trade payables (<i>notes i & ii</i>)	7,543	9,372
Other tax payables	1,217	1,868
Accrued expenses and other payables	2,570	3,446
	<u>11,330</u>	<u>14,686</u>

Notes:

- (i) The Group normally receives credit periods from suppliers ranging from 30 days to 90 days (2023: 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:

	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Audited)
0–60 days	1,980	3,686
61–90 days	352	1,406
91–365 days	3,040	1,274
Over 365 days	2,171	3,006
	<u>7,543</u>	<u>9,372</u>

14. RECEIPT IN ADVANCE FOR DISPOSAL TRANSACTION

	2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
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. All the land resumption compensation has been received during the year ended 31 December 2024.

15. EVENTS AFTER THE REPORTING PERIOD

Reference is made to the announcement of the Company dated 19 February 2025. As disclosed in the announcement, on 31 December 2024, three payments totaling RMB111,726,664 were advanced from the Company to Guizhou Yongli Enterprise Management Co., Ltd. (“**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 authorisation of Mr. Zhan 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**”).

On 24 March 2025, the Company received RMB10,000,000 from Zhejiang Yongli for the repayment of part of the Non-Compliance Advance Payments. The Company will arrange further to enter into a loan agreement to formalise the terms and repayment of the Non-Compliance Advance Payments.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue and gross profit

During the year ended 31 December 2024 (the “**Current Period**”), the Group recorded a revenue of approximately RMB34.78 million, representing a decrease of approximately 36.90% when compared to the same period in 2023. The gross profit for the Current Period was approximately RMB1.11 million while there was a gross loss of approximately RMB6.19 million in 2023 which is mainly due to decrease of depreciation, cost of raw materials, wages and water and electricity during the Current Period.

Other income, gains and losses, net

During the Current Period, the other income, gains and losses, net increased significantly by approximately RMB56.04 million or approximately 2,540.48% when compared to the same period in 2023 mainly due to (i) gain on disposal of assets classified as held for sale which represents the transactions of land resumption and disposal of a subsidiary, details of which were disclosed in note 3 to the financial statements; and (ii) gain on disposal of property, plant and equipment during the year ended 31 December 2024.

Selling and distribution costs

During the Current Period, the selling and distribution costs decreased by approximately RMB2 million or approximately 65.83% mainly due to decrease of salary and sales commission which was in line with decrease of sales revenue.

Share of result of an associate

Share of result of an associate, amounting to approximately RMB1.38 million represents share of loss from the consolidated result of an associate up to the date before the disposal of the Group’s interest in a subsidiary became effective.

Finance cost

During the Current Period, finance cost of approximately RMB1.01 million represents interest expenses on lease liabilities.

Profit (loss) for the period

Profit for the Current Period was approximately RMB34.43 million, while there was loss of approximately RMB26.74 million for the period in 2023, mainly attributable to: (i) the Group's turnaround from a gross loss of approximately RMB6.18 million in 2023 to a gross profit of approximately RMB1.11 million during the Current Period; (ii) gain on disposal of property, plant and equipment of approximately RMB3.95 million and (iii) gain on disposal of assets classified as held for sale of approximately of RMB54.81 million during the Current Period.

Earnings (losses) per share

The respective earnings and losses per share for the Current Period and 2023 were approximately RMB3.24 cents and approximately RMB2.51 cents respectively.

Inventories

As at 31 December 2024, inventories was approximately RMB5.27 million (31 December 2023: approximately RMB12.4 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 2024 decreased by approximately RMB0.27 million or approximately 34.05% when compared with that at as 31 December 2023. Finished good of woven fabrics as at 31 December 2024 decreased by approximately RMB5.58 million or approximately 60.9% when compared with that as at 31 December 2023. Work-in-progress as at 31 December 2024 decreased by approximately RMB1.27 million or approximately 52.32% when compared with that at 31 December 2023. During the Current Period, the decrease of inventories was in line with the decrease of sales of woven fabrics.

Bank balances and cash

At as 31 December 2024, bank balances and cash was approximately RMB56.47 million (31 December 2023: approximately RMB103.75 million), representing a decrease of approximately RMB47.27 million when compared with that as at 31 December 2023 mainly due Non-Compliance Advance Payments of approximately RMB111.73 million was made to immediate holding company, Zhejiang Yongli on 31 December 2024, details of which were disclosed in the announcement of the Company dated 19 February 2025.

Assets classified as held for sale

As at 31 December 2024, assets classified as held for sales decreased by approximately RMB272.51 million since the disposal transactions were completed during the year ended 31 December 2024, details of which were disclosed in note 10 to the financial statements.

Contract liabilities

As at 31 December 2024, contract liabilities represents receipt in advance from customers was approximately RMB1.01 million (31 December 2023: approximately RMB3.93 million), representing a decrease of approximately RMB2.91 million or approximately 74.2% was in line with decrease of sales turnover during the Current Period.

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. Due to the worldwide economic downturn, the textile industry requires time to recover. During the Current Period, both domestic and export sales of woven fabrics for the Group decreased by approximately 29.07% and 67.26% respectively. The challenging business environment may persist for at least the next few quarters; therefore, the Group understands the importance of preserving its financial strength. In this regard, measures will continue to be implemented to increase efficiency, reduce cost and improve liquidity.

Water management-related business by associates

On 22 December 2023, The Company entered into an Equity Transfer Agreement to dispose of its equity interest in Zhejiang Shaoxing Huiju in order to divest from the Tepia Group (“**the Disposal**”). The Directors believe 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. The Disposal was completed during the Current Period.

Production facilities

During the year ended 31 December 2024, the Group spent approximately RMB518,000 for additions of plant and machinery (2023: RMB327,000).

Product research and development

During the year ended 31 December 2024, the Group continued to innovate and develop new product to meet the customers' need and enhance sales orders.

Sales and marketing

During the year ended 31 December 2024, the Group actively participated in various trade fairs held in the PRC to increase its exposure in the fabrics market and promote its new products.

Outlook

The Group is principally engaged in the manufacture and sales of woven fabrics. The disposal of assets classified as held for sale was completed during the Current Period. The Group will then concentrate its resources on the Company's core business in the PRC textile industry. The challenging business environment may persist for at least the next few quarters; therefore, the Group understands the importance of preserving its financial strength. In this regard, measures will continue to be implemented to increase efficiency, reduce cost and improve liquidity. The management of the Group will uphold the principle of maximising shareholder interests by, saving costs, increasing revenue, providing high-quality products, and earning greater profits.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the year ended 31 December 2024, the Group financed its operations mainly by internally generated cash.

As at 31 December 2024, the Group's current assets and net current assets were approximately RMB197.53 million (31 December 2023: approximately RMB413.96 million) and approximately RMB183.3 million (31 December 2023: approximately RMB136.98 million) respectively. The liquidity ratio of the Group, represented by the ratio of current assets over current liabilities, was approximately 13.88 (31 December 2023: approximately 1.49). The Group's gearing ratio, represented by the ratio of the interest free loan due to immediate holding company over shareholders' equity, was approximately 0.88% (2023: 80.64%).

CAPITAL COMMITMENTS AND SIGNIFICANT INVESTMENTS

As at 31 December 2024, the Group did not have capital commitments (2023: nil) and significant investments held (2023: nil).

MATERIAL DISPOSALS

With reference to note 10 in respect of assets classified as held for sale in the notes to the financial statement, (i) on 20 December 2023, the Company entered into a 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 was paid by the Local Authorities to the Company during the year

ended 31 December 2024. The disposal was completed on 18 January 2024, on which date ownership of Shaoxing Land passed to Subdistrict Office; and (ii) on 22 December 2023, the Company entered into an Equity Transfer Agreement to sell the equity interest in Zhejiang Shaoxing Huiju, a wholly owned subsidiary of the Company and the investment holding company of Beijing Tepia, an associate of the Group, for a consideration of approximately RMB32,500,000. The disposal was completed on 6 May 2024, on which date control of the subsidiary passed to the acquirer.

SEGMENT INFORMATION

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

CONTINGENT LIABILITIES

As at 31 December 2024 and 2023, the Group did not have any material contingent liabilities.

CHARGES ON ASSETS

As at 31 December 2024 and 2023, the Group did not have any charges on its assets.

EMPLOYEE AND EMOLUMENT POLICIES

As at 31 December 2024, the Group had 98 employees (31 December 2023: 154), comprising 3 (31 December 2023: 5) in research and development, 6 (31 December 2023: 9) in sales and marketing, 69 (31 December 2023: 118) in production, 9 (31 December 2023: 10) in quality control, 5 (31 December 2023: 5) in management, and 6 (31 December 2023: 7) 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 2024 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 D3.3 of the Corporate Governance 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 announcement, 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 unaudited annual results of the Group for the year ended 31 December 2024 have been reviewed by the Audit Committee.

REVIEW OF UNAUDITED ANNUAL RESULTS

The unaudited annual results set out in this announcement have not been reviewed or verified by the Group’s auditor, SHINEWING (HK) CPA Limited (“**Auditor**”).

The relevant financial information is pending further audited or reviewed by the Auditor, and will be subject to changes resulting from, among others, further review by the Company and any adjustments that may be made by the Auditor subject to the completion of auditing process.

CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2024, the Company complied with all the code provisions of the Code on Corporate Governance Code (the “**Code Provision**”) as set out in Appendix C1 of the GEM Listing Rules, except for its failure to comply with the full disclosure and independent shareholders’ approval requirements under the GEM Listing Rules regarding certain loan transactions in the principal amount of up to RMB167,726,664 (the “**Non-Compliance Advance Payments**”) during the period from 31 December 2024 to 2 January 2025, between the Company as lender and Zhejiang Yongli and its subsidiary, Guizhou Yongli. This failure was primarily due to the misconduct of an executive Director and Chairman of the Company, Mr. Zhan Fahui (“**Mr. Zhan**”). The Non-Compliance Advance Payments made by the Company to Zhejiang Yongli and Guizhou Yongli constituted connected transactions under Chapter 20 of the GEM Listing Rules and should have been disclosed by way of announcement and circular, and approved by independent shareholders of the Company. The Company is in the process of entering into a formal loan agreement with Zhejiang Yongli and its associate to rectify the Non-Compliance Advance Payments that occurred during the period from 31 December 2024 to 2 January 2025. The agreement will formalise the loan terms and repayment, and the Company will seek independent shareholders’ approval in compliance with the GEM Listing Rules. Details of the Non-Compliance Advance Payments between the Company, Zhejiang Yongli and Guizhou Yongli were disclosed in the announcement of the Company dated 19 February 2025.

On 25 February 2025, the Board resolved to suspend all executive duties of Mr. Zhan. This decision was made due to concerns raised by the Board regarding Mr. Zhan’s involvement in and the procedures related to the approval of the Non-compliance Advance Payments, as well as the ongoing compliance with the GEM Listing Rules by the Company. The Board further resolved that another executive Director, Mr. Jin Lei, will temporarily assume Mr. Zhan’s executive duties until further notice.

On 25 February 2025, to strengthen governance and oversee compliance matters of the Company, the Board has established a compliance committee (the “**Compliance Committee**”). The Compliance Committee comprises three independent non-executive directors: Mr. Yu Weidong, Mr. Yuan Lingfeng, and Mr. Zhang Jianyong, along with a member of the supervisory committee of the Company, Mr. Xia Hanjian. Mr. Zhang Jianyong has been appointed as the chairman of the Compliance Committee. The Compliance Committee is responsible for overseeing the Company’s compliance with the GEM Listing Rules and advising the Board on regulatory and compliance matters.

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 announcement, 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 2024.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to:

- (i) the audited results for the year ended 31 December 2024 as agreed by the Company's auditors and the material differences (if any) as compared with the unaudited annual results contained herein;
- (ii) the proposed date on which the forthcoming annual general meeting ("AGM") will be held;
- (iii) the period during which the register of members holding H shares of the Company will be closed in order to ascertain shareholders' eligibility to attend and vote at the AGM.

In addition, the Company will issue further announcement(s) as and when necessary if there are other material developments in the completion of the auditing process.

The financial information contained herein in respect of the annual results of the Group has not been audited and has not been agreed with the auditors. Shareholders and potential investors of the Company are also cautioned not to unduly rely on the unaudited financial information disclosed above, and advised to exercise caution when dealing in the securities of the Company.

(iii) CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company has been suspended with effect from 9:00 a.m. on Friday, 21 February 2025 until the fulfillment of the resumption guidance. Notwithstanding the suspension of trading in the shares of the Company, the Group is carrying on its business operations as usual and will continue to closely monitor its financial position and business operations.

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.
Jin Lei
Executive Director

Zhejiang, the PRC, 28 March 2025

As at the date of this announcement, the executive Directors are Mr. Zhan Fahui (Chairman, duties suspended), 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. Zhang Jianyong and Mr. Yuan Lingfeng.

This announcement will appear 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 day of its posting thereon and the Company’s website at <http://www.zj-yongan.com>.