



**Yangzhou Guangling District Taihe Rural  
Micro-finance Company Limited**  
**揚州市廣陵區泰和農村小額貸款股份有限公司**

(A joint stock limited liability company incorporated in the People's Republic of China)

**Stock Code: 1915**

# 2022

## INTERIM REPORT



# Contents

2	Company Profile
4	Financial Highlights
5	Management Discussion and Analysis
16	Others
22	Independent Review Report
23	Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
24	Condensed Consolidated Statement of Financial Position
25	Condensed Consolidated Statement of Changes in Equity
26	Condensed Consolidated Statement of Cash Flows
27	Notes to the Interim Condensed Consolidated Financial Statements

# Company Profile

## DIRECTORS

### Executive Directors

Mr. Bo Wanlin (*Chairman*)  
Ms. Bai Li  
Ms. Zhou Yinqing

### Non-executive Directors

Mr. Bo Nianbin  
Mr. Zuo Yuchao

### Independent non-executive Directors

Mr. Bao Zhenqiang  
Mr. Wu Xiankun  
Mr. Chan So Kuen

### Supervisors

Ms. Wang Chunhong  
Mr. Zhang Yi  
Ms. Li Guoyan

## BOARD COMMITTEES

### Audit committee

Mr. Chan So Kuen (*Chairman*)  
Mr. Wu Xiankun  
Mr. Bao Zhenqiang

### Remuneration committee

Mr. Bao Zhenqiang (*Chairman*)  
Mr. Chan So Kuen  
Mr. Wu Xiankun

### Nomination committee

Mr. Bo Wanlin (*Chairman*)  
Mr. Wu Xiankun  
Mr. Bao Zhenqiang

### Company secretary

Mr. Lau Kwok Yin (*HKICPA, FCG FCS*)

### Authorised representatives for the Stock Exchange of Hong Kong Limited

Mr. Bo Wanlin  
Mr. Lau Kwok Yin (appointed on 28 June 2021)  
Ms. Ching Suet Fan (alternate authorised representative to Mr. Lau Kwok Yin) (appointed on 25 Mar 2022)

### Compliance officer

Ms. Bai Li

### Headquarters and registered office in the PRC

Beizhou Road, Lidian Town, Guangling District Yangzhou City, Jiangsu Province, the PRC

### Principal place of business in Hong Kong

40th Floor, Dah Sing Financial Centre  
No. 248 Queen's Road East  
Wanchai, Hong Kong

### Company website address

[www.gltaihe.com](http://www.gltaihe.com)

### Stock code

1915

### Auditors and reporting accountants

Ernst & Young  
Certified public accountant  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay, Hong Kong



## Company Profile

### Legal adviser as to Hong Kong law

Chungs Lawyers *in association with*  
*DeHeng Law Offices*  
28/F, Henley Building  
5 Queen's Road Central  
Central  
Hong Kong

### Legal adviser as to PRC law

Commerce & Finance Law Offices  
12-14/F, China World Office 2  
No.1 Jianguomenwai Avenue  
Beijing, the PRC

### H Share registrar

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

### Principal bankers

Agricultural Bank of China  
(Yangzhou Jiangwang Branch)  
Room B6, Wanduwujinjidiancheng  
Jiangwang Town  
Hanjiang District  
Yangzhou City  
Jiangsu Province  
The PRC

Bank of Communications Co., Ltd.  
Hong Kong Branch  
20 Pedder Street  
Central, Hong Kong



## Financial Highlights

- (1) For the six months ended 30 June 2022, Yangzhou Guangling District Taihe Rural Micro-finance Company Limited (the “**Company**”, together with its subsidiaries (the “**Group**”)) recorded interest income of approximately RMB26.3 million, representing a decrease of approximately 20.4% as compared to approximately RMB33.1 million in the corresponding period in 2021.
- (2) For the six months ended 30 June 2022, loss after tax of the Group amounted to approximately RMB2.9 million, as compared with the profit after tax of approximately RMB14.8 million for the six months ended 30 June 2021. The decrease in profit was primarily attributable to the ongoing impact of the novel coronavirus outbreak on the local economy in the first half of 2022, which resulted in the increase in loan impairment losses on the Company’s loan business, and the increase in expansion and promotion expenses of its subsidiaries businesses.
- (3) As at 30 June 2022, the balance of outstanding loans (before allowance for impairment losses) of the Group amounted to approximately RMB845.1 million, representing an increase of approximately 0.9% as compared to approximately RMB837.9 million as at 31 December 2021.

# Management Discussion and Analysis

## BUSINESS REVIEW

During the six months ended 30 June 2022, the Group continued to pursue business opportunities and strengthen its market position. For the six months ended 30 June 2022, the Group recorded interest income of approximately RMB26.3 million, representing a decrease of approximately 20.4% as compared to approximately RMB33.1 million in the corresponding period in 2021; and loss after tax of approximately RMB2.9 million, as compared with the profit after tax of approximately RMB14.8 million for the six months ended 30 June 2021. The decrease in profit was primarily attributable to the ongoing impact of the novel coronavirus outbreak on the local economy in the first half of 2022, which resulted in the increase in loan impairment losses on the Company's loan business, and the increase in expansion and promotion expenses of its subsidiaries businesses. As at 30 June 2022, the Group's balance of outstanding loans (before allowance for impairment losses) amounted to approximately RMB845.1 million, representing an increase of approximately 0.9% as compared to approximately RMB837.9 million as at 31 December 2021. The total assets of the Group as at 30 June 2022 were approximately RMB902.9 million, representing a decrease of approximately 0.2% as compared to approximately RMB904.5 million as at 31 December 2021, and net assets were approximately RMB884.8 million as at 30 June 2022, representing a decrease of approximately 0.3%, as compared to approximately RMB887.7 million as at 31 December 2021.

### The number of customers

Our customer base comprising primarily of individual proprietors in Yangzhou City. Our customers are engaged in a variety of industries, and a majority of which are also under the classification of AFR (三農) (i.e. agriculture, farmers and rural areas or, as the case may be, individuals or organizations engaged in agricultural businesses and/or rural development activities, and/or residing in rural areas) of the People's Bank of China. Meanwhile, we have launched a digital financial product to promote our inclusive finance business. We grant unsecured loans to qualified customers, with the help of digital technology applied in risk management. We consider that the diversity of industries and businesses of our customers, coupled with our relatively small individual loan size, can alleviate our risk of concentration and position ourselves to better withstand periodic business and economic cycles of different industries. For the six months ended 30 June 2021 and 2022, we granted loans to 161 and 131 customers, respectively.

# Management Discussion and Analysis

## Loan portfolio by size

The following table sets forth our outstanding loans by size as at the dates indicated:

	As at 30 June 2022		As at 31 December 2021	
	RMB'000	%	RMB'000	%
<b>Less than or equal to RMB0.5 million</b>				
– Guaranteed loans	46,410	5.5	43,285	5.2
– Collateralized loans	79	0.0	628	0.1
– Unsecured loans	452	0.1	1,622	0.2
	46,941	5.6	45,535	5.5
<b>Over RMB0.5 million but less than or equal to RMB1 million</b>				
– Guaranteed loans	80,901	9.6	78,472	9.4
– Collateralized loans	–	–	1,000	0.1
	80,901	9.6	79,472	9.5
<b>Over RMB1 million but less than or equal to RMB2 million</b>				
– Guaranteed loans	277,935	32.8	308,195	36.8
– Collateralized loans	3,050	0.4	3,056	0.4
	280,985	33.2	311,251	37.2
<b>Over RMB2 million but less than or equal to RMB3 million</b>				
– Guaranteed loans	436,298	51.6	401,635	47.8
– Collateralized loans	–	–	–	–
	436,298	51.6	401,635	47.8
<b>Total</b>	<b>845,125</b>	<b>100.0</b>	<b>837,893</b>	<b>100.0</b>

## Management Discussion and Analysis

### Loan portfolio by security

We accept (i) loans backed by guarantees, (ii) loans secured by collaterals, (iii) loans backed and secured by both guarantees and collaterals or (iv) unsecured loans. The following table sets forth the balance of our outstanding loans by security as at the dates indicated:

	As at 30 June 2022		As at 31 December 2021	
	RMB'000	%	RMB'000	%
Guaranteed loans	841,544	99.5	831,587	99.2
Collateralized loans	3,129	0.4	4,684	0.6
Unsecured loans	452	0.1	1,622	0.2
<b>Total</b>	<b>845,125</b>	<b>100.0</b>	<b>837,893</b>	<b>100.0</b>

The following table sets forth details of the number of loans granted for the periods indicated by security:

	Six months ended 30 June	
	2022	2021
Guaranteed loans	132	139
Collateralized loans	—	6
included: Guaranteed and collateralized loans	—	5
Unsecured loans	9	83
<b>Total</b>	<b>141</b>	<b>228</b>



# Management Discussion and Analysis

## Asset quality

With the aim of addressing credit risks that the Group is exposed to, we have put in place a standardized and centralized risk management system, and implemented the “separation of due diligence and approval (審貸分離)” policy.

We adopt a loan classification approach to manage our loan portfolio. We categorize our loans by reference to the “Five-Tier Principle” set forth in the Guideline for Loan Credit Risk Classification (貸款風險分類指引) issued by the China Banking and Insurance Regulatory Commission. According to the “Five-Tier Principle”, our loans are categorized as “normal”, “special-mention”, “substandard”, “doubtful” or “loss” according to their levels of risk. The following table sets forth our outstanding loans by the “Five-Tier Principle” category as at the dates indicated:

	As at 30 June 2022		As at 31 December 2021	
	RMB'000	%	RMB'000	%
Normal	798,541	94.6	792,502	94.5
Special-Mention	11,941	1.4	12,477	1.5
Substandard	16,300	1.9	28,413	3.4
Doubtful	16,311	1.9	2,251	0.3
Loss	2,032	0.2	2,250	0.3
<b>Total</b>	<b>845,125</b>	<b>100.0</b>	<b>837,893</b>	<b>100.0</b>

Certain borrowers of the Company defaulted in repayment of loans due to the impact of the COVID-19 pandemic on local economy in the first half of 2022. For details, please refer to the paragraph headed “Overview of loans impairment losses recognized” in this section.

The following table sets forth our loan quality analysis as at the dates indicated:

	As at 30 June 2022	As at 31 December 2021
Impaired loan ratio <sup>(1)</sup>	4.1%	3.9%
Balance of impaired loans (RMB'000)	34,643	32,914
Total amount of loans receivable (RMB'000)	845,125	837,893

	As at 30 June 2022	As at 31 December 2021
Allowance coverage ratio <sup>(2)</sup>	114.7%	105.9%
Allowance for impairment losses (RMB'000) <sup>(3)</sup>	39,730	34,848
Balance of impaired loans (RMB'000)	34,643	32,914
Provisions for impairment losses ratio <sup>(4)</sup>	4.7%	4.2%

# Management Discussion and Analysis

## Asset quality (continued)

	As at 30 June 2022	As at 31 December 2021
Balance of overdue loans (RMB'000)	43,972	45,191
Total amount of loans receivable (RMB'000)	845,125	837,893
Overdue loan ratio <sup>(5)</sup>	5.2%	5.4%

Notes:

- (1) Represents the balance of impaired loans divided by the total amount of loans receivable.
- (2) Represents the allowance for impairment losses on all loans divided by the balance of impaired loans. The allowance for impairment losses on all loans includes provisions provided for loans which are assessed collectively and provisions provided for impaired loans which are assessed individually. Allowance coverage ratio indicates the level of allowance we set aside to cover the probable loss in our loan portfolio.
- (3) Allowance for impairment losses reflects our management's estimate of the probable loss in our loan portfolio.
- (4) Represents the allowance for impairment losses divided by the total amount of loans receivable. Provisions for impairment losses ratio measures the cumulative level of provisions.
- (5) Represents the overdue loans, being loans with whole or part of the principal and/or interest that was overdue for one day or more, divided by the total amount of loans receivable.

## FINANCIAL REVIEW

### Interest income

Our interest income decreased by approximately 20.4% from approximately RMB33.1 million for the six months ended 30 June 2021 to approximately RMB26.3 million for the six months ended 30 June 2022. The Group's interest income on loans receivable is mainly affected by two factors: the daily balance of loans receivable and the effective interest rates that the Group charges to its customers. The Group's average daily balance of loans receivable decreased from approximately RMB868.3 million for the six months ended 30 June 2021 to approximately RMB832.3 million for the six months ended 30 June 2022, mainly attributable to the fact that the Company invested in the establishment of an associate during the reporting period of last year, which appropriately reduced the scale of the Group's loan business. Meanwhile, the effective interest rate per annum decreased from 7.6% for the six months ended 30 June 2021 to 6.3% for the six months ended 30 June 2022.

### Interest expense

Our interest expense was RMB97,369 and RMB68,346 for the six months ended 30 June 2021 and 2022, respectively. Interest expense for the six months ended 30 June 2022 was from recognized lease liabilities related to the lease contracts in respect of our office, and the interest expense for the same period includes, in addition to the lease liabilities related with the lease contract, the instalment loan arrangement for the purchase of vehicles entered into at the end of 2018, which ended at the end of 2021.

# Management Discussion and Analysis

## FINANCIAL REVIEW (continued)

### Accrual of provision for impairment losses

We had accrual of provision for impairment losses of approximately RMB9.4 million and RMB22.0 million for the six months ended 30 June 2021 and 2022, respectively. Such increase in accrual of provision for impairment losses was mainly due to the fact that the local impact of COVID-19 pandemic in the first half of 2022, the breakage of the capital chain of some borrowers due to their poor operations and the default occurred in the downturn of real estate market, which resulted in an increase in the Company's provision for non-performing loans and loan impairment losses.

### Overview of loans impairment losses recognized

The Company recorded impairments losses on loans receivable of RMB21.93 million for the six months ended 30 June 2022, the breakdown of the loan portfolio as at 30 June 2022 and impairments losses for the six months ended 30 June 2022 are as follows:

Item	Gross loan amount (RMB million)	Allowance for impairment losses at the end of 2021 (RMB million)	Net charge of the impairment for the six months ended 30 June 2022 (RMB million)	Net carrying amount of loans (RMB million)
Newly impaired loans incurred for the six months ended 30 June 2022	26.33	1.66	11.33	13.34
Loans impaired before 2022 <sup>(Note 1)</sup>	24.84	13.90	7.52	3.42
Loans were not impaired <sup>(Note 2)</sup>	810.48	18.77	3.08	788.63
<b>Total</b>	<b>861.65</b>	<b>34.33</b>	<b>21.93</b>	<b>805.39</b>

Notes:

1. For loans impaired before 2022, the Company recognized impairment losses of RMB7.52 million in 2022 based on the latest status.
2. The Company collectively assessed the loans which were not impaired, and recorded impairment losses amounted to RMB3.08 million for such loans for the six months ended 30 June 2022.

# Management Discussion and Analysis

## FINANCIAL REVIEW (continued)

Overdue days	Number of borrowers	Number of loans	Gross loan amount (RMB million)	Net charge of the impairment for the six months ended 30 June 2022 (RMB million)	Interest rate range	Type of security
Overdue less than 3 months	1	1	2.40	0.97	8.4%	Guarantee
Overdue more than 3 months and less than 6 months	6	6	13.90	5.13	4.35%-9.6%	Guarantee
Overdue more than 6 months and less than 12 months	4	4	10.00	5.19	6%-9%	Guarantee
Overdue more than 3 months and less than 6 months	1	5	0.03	0.03	15.31%	Unsecured
<b>Total</b>	12	16	26.33	11.33		

When entering into the relevant loan and repayment agreements, the Company strictly implemented a standardized process, which is set out on page 34 of 2021 annual report. The Company tracked loan status by monitoring loan repayments and routine post-loan inspection, and first became aware of the factors, events and circumstances leading to the impairments when the event of loan defaults had occurred or post-loan inspection indicated any abnormality.

In summary, the main reason leading to the increase in loan impairment losses on the Company's loan business is the ongoing impact of the novel coronavirus outbreak on the local economy in the first half of 2022, which resulted in default in payment by certain borrowers of the Company.

Based on the analysis of the financial position of the borrowers, the method and priority of the recourse, credit enhancements (e.g., collaterals and financial guarantees), etc., the management assessed the credit risk of the borrowers and the expected credit losses, and considered that the above assessment of the provision ratio is reasonable. The Company has taken into account the expected net realizable value of these collateral in measurement of expected credit loss.

The Board also concluded that the impairment charges on impaired loans were fair and reasonable after considering supportable information that is available without undue cost or effort as at 30 June 2022 mainly by reviewing:

- the method of determining the amount of the impairments;
- the results of the loan five categories;
- the ratios of loan quality including provisions for impairment losses ratio and allowance coverage ratio; and
- the analysis of changes in the local market environment and the main reasons for borrowers' defaults, as well as their ability to repay.

Except for the above-mentioned impaired loans, there were RMB8.8 million loans overdue less than 90 days but were not impaired as at 30 June 2022. The detailed actions taken by the Company to ensure the recoverability of these overdue loans are as follows:

# Management Discussion and Analysis

## FINANCIAL REVIEW (continued)

In general, our customers are required to pay monthly interest on our loans and repay the principal amount of the loans upon maturity of the loan, and occasionally we may accept monthly instalments of part principal plus interest. To ensure timely payment, our account managers generally remind our customers of their payment obligations before the relevant due dates. We consider any loan with whole or part of principal and/or interest that was overdue for one day or more to be overdue.

When a loan principal is overdue; or any loan interest is not repaid by the relevant month-end, our account manager will pay an on-site visit to remind the customer of the overdue situation, assess the conditions and reasons for such overdue, make a preliminary assessment on the risk level, mitigation measures and the possibility of recovery of the loan, and report to the head of customer service department, the head of risk management department and our general manager.

If the overdue situation is not rectified after the visit and overdue continues for more than 20 days, our account manager together with a representative of our legal department will conduct another on-site visit to remind the default customer of his/her payment obligation.

If the overdue situation remains unresolved and continues for more than 45 days, we may arrange an on-site meeting with the default customer to negotiate a repayment plan for the overdue amount. If the customer persists in failing to follow through with the repayment plan, our risk management department and legal department will initiate the following steps to seek collection:

- having recourse to the guarantor: if repayment of a loan is guaranteed by a guarantor, we will demand the guarantor to repay the principal of the loan and any interests accrued thereon; or
- foreclosure of the collateral: for a loan secured by collateral, we will initiate foreclosure proceeding by applying to court to attach and preserve the collateral. Upon obtaining a favorable judgment, we will file an enforcement application with the court to realize the value of the collateral through auction or sale, and subsequently apply all or part of such value toward repayment of the loan.

## Administrative expenses

Our administrative expenses increased by approximately 69.8% from approximately RMB4.9 million for the six months ended 30 June 2021 to approximately RMB8.3 million for the six months ended 30 June 2022. Such increase was primarily due to the increase in business expansion and marketing expenses of the Group's subsidiaries.

## Other income, net

We had net other income of RMB1,054,584 and RMB584,089 for the six months ended 30 June 2021 and 2022 respectively. Such decrease was primarily due to the decrease in guarantee fee income as a result of the decrease in the scale of guarantee business.

## Income tax expense

Income tax expense decreased by approximately 92.6% from approximately RMB5.0 million for the six months ended 30 June 2021 to approximately RMB0.4 million for the six months ended 30 June 2022. Such decrease was mainly due to the decrease in the Company's profit before tax.

# Management Discussion and Analysis

## FINANCIAL REVIEW (continued)

### Loss/profit after tax and total comprehensive income

As a result of the foregoing and in particular the increase of the loan impairment losses, we recorded a loss after tax and total comprehensive income of approximately RMB2.9 million for the six months ended 30 June 2022 as compared to a profit after tax and total comprehensive income of approximately RMB14.8 million for the six months ended 30 June 2021.

### Significant investments

The Group has no significant investments during the six months ended 30 June 2022 and up to the date of this report.

### Material acquisitions or disposals of subsidiaries, affiliated companies and joint ventures

The Group has no material acquisitions or disposals of subsidiaries, affiliated companies and joint ventures during the six months ended 30 June 2022 and up to the date of this report.

### Future plans for material investments or capital assets and expected sources of funding

The Group has no specific future plans for material investments or capital assets during the six months ended 30 June 2022 and up to the date of this report.

### Foreign exchange risk

The Group operates principally in the Peoples's Republic of China (the "PRC") with only limited exposure to foreign exchange rate risk arising primarily from certain bank deposits denominated in Hong Kong dollars ("HKD"). The management will continue to monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises. As at 30 June 2022, the Group did not have any outstanding hedge instruments.

### Liquidity, financial resources and capital structure

As at 30 June 2022, the Group had cash and cash equivalents of approximately RMB0.5 million (31 December 2021: approximately RMB5.6 million). The gearing ratio, representing the ratio of total net debt divided by capital and net debt, was nil as at 30 June 2022 (31 December 2021: nil).

During the six months ended 30 June 2022, the Group did not use any financial instruments for hedging purposes.

### Treasury policy

The Company adopts a prudent financial management strategy in implementing the treasury policy and a sound liquidity position was maintained throughout the period. The Company assesses its customers' credit and financial positions on an ongoing basis so as to minimize the credit risks. In order to control the liquidity risks, the Company would closely monitor the liquidity position of the Group to ensure its assets, liabilities and liquidity structure would satisfy the funding needs from time to time.

# Management Discussion and Analysis

## FINANCIAL REVIEW (continued)

### Indebtedness and charges on assets

The Group had no instalment loan during the six months ended 30 June 2022. Meanwhile, the balance of lease liability was RMB1.4 million as at 30 June 2022.

### Contingent liabilities

Contingent liabilities not provided for in the financial statements were as follows:

	As at 30 June 2022	As at 31 December 2021
Financial guarantee contracts (RMB)	4,000,000	41,600,000

The Group provides financial guarantee services on an occasional basis.

### Off-balance sheet arrangements

The Group did not have any off-balance sheet arrangements during the six months ended 30 June 2022 and up to the date of this report.

## INTERIM DIVIDEND

The board of directors of the Company (the “**Board**”) does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (2021: nil).

## MATERIAL LITIGATION AND ARBITRATION

As at 30 June 2022, the Group was not involved in any material litigation or arbitration.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2022, the Group had 41 full-time employees (31 December 2021: 20 full-time employees). Such increase was primarily due to the business expansion of the Group’s subsidiaries. The quality of our employees is the most important factor in maintaining a sustained development and growth of the Group and to improve the profitability of the Group. We offer a base salary with bonuses based on our employees’ performance, as well as benefits and allowances to all of our employees as an incentive. The total employees remuneration of the Group for the six months ended 30 June 2022 was approximately RMB3.2 million (for the six months ended 30 June 2021: approximately RMB1.8 million).

The Company devotes adequate resources to staff training on professional skills, operation process, knowledge, corporate culture and morality in order to enhance our staff’s abilities and the social influence of the Company.

# Management Discussion and Analysis

## CORPORATE DEVELOPMENT STRATEGIES AND OUTLOOK

The objective of the Company is to become a leading regional microfinance company focusing on fulfilling the interim business financing needs of SMEs, micro-enterprises and individual proprietors.

Although the COVID-19 pandemic continues to affect the global market and poses a lot of uncertainties, the effective pandemic control measures adopted by the PRC Government, such as the targeted lockdowns, strategic reopening policies, leveraging digital technology, COVID-19 vaccines as well as fiscal support, have stimulated economy and put the pandemic under control. With the economic recovery, it is expected that our customers will have a lower risk of default in repayment of loans. The COVID-19 pandemic has accelerated the digitalization process of the credit industry. We will continue to monitor and improve our digitalized and intelligent retail credit platform to satisfy various credit needs of our customers, and to continuously provide convenient and intelligent credit solutions to our customers.

In light of the arrival of the 5G era, which allows higher connection speed with much lower latency, it is expected that the “internet plus” business model will gain more and more importance and become a revolutionary driving force leading to transformation of different industries. It is expected that the convergence of the emerging 5G networks with AI and IoT shall enable a wide application of AI and IoT in various industries, and the Board believes this will bring huge market potential. The Group will continue to explore opportunities to expand its business portfolio and diversify its revenue sources with an aim to bring valuable returns to its shareholders.

Looking ahead, the Board and our employees will make pioneering and innovative efforts and keep pace with the times to create greater values for our customers, shareholders and investors.



## Others

### DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2022, interests or short positions of the directors (the “**Directors**”), supervisors (the “**Supervisors**”) and the chief executive of the Company and their associates in any of the shares of the Company (the “**Shares**”), underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”), which were required to be notified to the Company and the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including circumstance of interests or short positions deemed or taken to have under such provisions of the SFO), or interests or short positions in the underlying shares and debt securities of the Company recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) were as follows:

#### Shares of the Company

Director/Supervisor	Nature of interest	Number of Shares held <sup>(1)</sup>	Approximate shareholding percentage in the relevant class of Shares <sup>(2)</sup>	Approximate percentage of shareholding in the total issued Shares <sup>(3)</sup>
Mr. Bo Wanlin	Interest in controlled corporation <sup>(4)(5)</sup>	322,100,000 Domestic Shares (L)	71.58%	53.68%
Ms. Bai Li	Beneficial owner	10,000,000 Domestic Shares (L)	2.22%	1.67%
Mr. Zuo Yuchao	Beneficial owner	2,600,000 Domestic Shares (L)	0.58%	0.43%
Ms. Zhou Yinqing	Beneficial owner	700,000 Domestic Shares (L)	0.16%	0.12%

Notes:

- (1) The letter “L” denotes a person’s long position (as defined under Part XV of the SFO) in the domestic shares of the Company (the “**Domestic Shares**”).
- (2) The calculation is based on the number of 450,000,000 Domestic Shares (namely, ordinary shares in the Company capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi by PRC nationals and/or PRC-incorporated entities) in issue as at 30 June 2022.
- (3) The calculation is based on the total number of 600,000,000 Shares in issue as at 30 June 2022.
- (4) As at 30 June 2022, Jiangsu Botai Group Co., Ltd.\* (江蘇柏泰集團有限公司) (“**Botai Group**”) is directly interested in 180,200,000 Domestic Shares, representing approximately 40.04% shareholding interest in the relevant class of Shares in the Company. The disclosed interest represents the interest in the Company held by Botai Group which is in turn held as to approximately 33.33% by Mr. Bo Wanlin, approximately 25.00% by Mr. Bo Nianbin, approximately 25.00% by Ms. Bai Li and approximately 16.67% by Ms. Wang Zhengru (spouse of Mr. Bo Wanlin). Mr. Bo Wanlin and Ms. Wang Zhengru control more than one-third of the voting rights of Botai Group and are deemed to be interested in its interest in the Company by virtue of the SFO.

\* For identification purpose only

- (5) As at 30 June 2022, Jiangsu Liantai Fashion Shopping Mall Real Estate Co., Ltd.\* (江蘇聯泰時尚購物廣場置業有限公司) (“**Liantai Guangchang**”) is directly interested in 141,900,000 Domestic Shares, representing approximately 31.53% shareholding interest in the relevant class of Shares in the Company. The disclosed interest represents the interest in the Company held by Liantai Guangchang, which is in turn held as to approximately 48.67% by Botai Group, approximately 26.33% by Mr. Bo Wanlin, approximately 20.00% by Mr. Bo Nianbin and 5.00% by Ms. Bai Li. Botai Group controls more than one-third of the voting rights of Liantai Guangchang and is deemed to be interested in its interest in the Company by virtue of the SFO, and Mr. Bo Wanlin and Ms. Wang Zhengru (spouse of Mr. Bo Wanlin), control more than one-third of the voting rights of Botai Group and are deemed to be interested in its interest in Liantai Guangchang and the Company by virtue of the SFO. On 24 February 2021, Botai Group and Liantai Guangchang, the controlling shareholders (as defined in the Listing Rules) of the Company, pledged 45,000,000 and 35,000,000 Domestic Shares in favour of an independent commercial bank in the PRC as securities for bank facilities in the amount of RMB30,000,000 and RMB30,000,000 respectively. On 26 March 2021, Botai Group pledged 30,000,000 Domestic Shares in favour of an independent commercial bank in the PRC as securities for bank facilities in the amount of RMB12,000,000.

### Associated Corporation

Director/Supervisor	Associated Corporation	Nature of interest	Approximate shareholding percentage in the relevant class of Shares in the Associated Corporation
Mr. Bo Wanlin	Botai Group	Beneficial owner <sup>(1)</sup>	33.33%
		Family interest of spouse <sup>(2)</sup>	16.67%
Ms. Bai Li	Botai Group	Beneficial owner <sup>(1)</sup>	25.00%
Mr. Bo Nianbin	Botai Group	Beneficial owner <sup>(1)</sup>	25.00%

Notes:

- (1) The disclosed interest represents the interests in Botai Group, the associated corporation which is owned as to approximately 33.33% by Mr. Bo Wanlin, approximately 25.00% by Mr. Bo Nianbin, approximately 25.00% by Ms. Bai Li and approximately 16.67% by Ms. Wang Zhengru (spouse of Mr. Bo Wanlin) as at 30 June 2022.
- (2) Mr. Bo Wanlin is the spouse of Ms. Wang Zhengru and is deemed to be interested in Ms. Wang Zhengru’s interest in Botai Group by virtue of the SFO.

Save as disclosed above, as at 30 June 2022, none of the Directors, Supervisors and chief executive of the Company nor their associates had any interests or short positions in any of the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions deemed or taken to have under such provisions of the SFO), or as recorded in the register required to be kept pursuant to section 352 of the SFO, or transactions of shares and debt securities otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in Appendix 10 to the Listing Rules.

\* For identification purpose only

## Others

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 30 June 2022, so far as the Directors are aware, each of the following persons has an interest or short position in the Shares or underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or were required to be entered into the register referred to in section 336 of the SFO:

Shareholders	Nature of interest	Number of Shares held <sup>(1)</sup>	Approximate shareholding percentage in the relevant class of Shares	Approximate percentage of shareholding in the total issued share capital of the Company <sup>(3)</sup>
Botai Group <sup>(8)</sup>	Beneficial owner	180,200,000 Domestic Shares(L)	40.04% <sup>(2)</sup>	30.03%
	Interest in controlled corporation <sup>(4)</sup>	141,900,000 Domestic Shares(L)	31.53% <sup>(2)</sup>	23.65%
Mr. Bo Wanlin	Interest in controlled corporation <sup>(4)(5)</sup>	322,100,000 Domestic Shares(L)	71.58% <sup>(2)</sup>	53.68%
Ms. Wang Zhengru <sup>(7)</sup>	Family interest of spouse <sup>(6)</sup>	322,100,000 Domestic Shares(L)	71.58% <sup>(2)</sup>	53.68%
Liantai Guangchang <sup>(8)</sup>	Beneficial owner	141,900,000 Domestic Shares(L)	31.53% <sup>(2)</sup>	23.65%
Shenzhen Gangfutang Financial Information Services Co., Ltd. ("Shenzhen Gangfutang")	Beneficial owner	48,000,000 Domestic Shares (L)	10.67% <sup>(2)</sup>	8.00%
Ms. Zheng Jingyue	Interest in controlled corporation <sup>(9)</sup>	48,000,000 Domestic Shares (L)	10.67% <sup>(2)</sup>	8.00%
	Beneficial owner	364,000 H Shares (L)	0.24% <sup>(7)</sup>	0.06%
Mr. Zhang Zhuo	Beneficial owner	30,000,000 Domestic Shares (L)	6.67% <sup>(2)</sup>	5.00%
	Beneficial owner	2,298,000 H Shares (L)	1.53% <sup>(7)</sup>	0.38%
Mr. Lu Qi	Beneficial owner	30,000,000 Domestic Shares (L)	6.67% <sup>(2)</sup>	5.00%

Notes:

- (1) The letter "L" denotes a person's long position (as defined under Part XV of the SFO) in the relevant class of Shares.
- (2) The calculation is based on the number of 450,000,000 Domestic Shares in issue as at 30 June 2022.
- (3) The calculation is based on the total number of 600,000,000 Shares in issue as at 30 June 2022.
- (4) As at 30 June 2022, Liantai Guangchang is held as to approximately 48.67% by Botai Group, approximately 26.33% by Mr. Bo Wanlin, approximately 20.00% by Mr. Bo Nianbin and approximately 5.00% by Ms. Bai Li. Botai Group controls more than one-third of the voting rights of Liantai Guangchang and is deemed to be interested in its interest in the Company by virtue of the SFO.

- (5) As at 30 June 2022, Botai Group is held as to approximately 33.33% by Mr. Bo Wanlin, approximately 25.00% by Mr. Bo Nianbin, approximately 25.00% by Ms. Bai Li and approximately 16.67% by Ms. Wang Zhengru (spouse of Mr. Bo Wanlin). Mr. Bo Wanlin and Ms. Wang Zhengru control more than one-third of the voting rights of Botai Group and are deemed to be interested in its interest in Liantai Guangchang and the Company by virtue of the SFO.
- (6) Ms. Wang Zhengru, the spouse of Mr. Bo Wanlin, is deemed to be interested in Mr. Bo Wanlin's interest in the Company by virtue of the SFO.
- (7) The calculation is based on the number of 150,000,000 H Shares in issue as at 30 June 2022.
- (8) On 24 February 2021, Botai Group and Liantai Guangchang, the controlling shareholders (as defined in the Listing Rules) of the Company, pledged 45,000,000 and 35,000,000 Domestic Shares in favour of an independent commercial bank in the PRC as securities for bank facilities in the amount of RMB30,000,000 and RMB30,000,000, respectively. On 26 March 2021, Botai Group pledged 30,000,000 Domestic Shares in favour of an independent commercial bank in the PRC as securities for bank facilities in the amount of RMB12,000,000.
- (9) Ms. Zheng Jingyue had a corporate interest in 48,000,000 Domestic Shares by virtue of the interest of the Domestic Shares held by Shenzhen Gangfutong, which is indirect and beneficially owned by Ms. Zheng Jingyue.

Save as disclosed above, as at 30 June 2022, so far as known to the Directors, no interests or short positions of substantial shareholders of the Company and other persons in any Shares and debentures or underlying Shares of the Company were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO, or were required to be entered into the register referred to in section 336 of the SFO.

### **PLEDGE OF SHARES BY CONTROLLING SHAREHOLDERS**

On 24 February 2021, Botai Group and Liantai Guangchang, the controlling shareholders (as defined in the Listing Rules), pledged 45,000,000 and 35,000,000 Domestic Shares in favour of an independent commercial bank in the PRC as securities for bank facilities in the amount of RMB30,000,000 and RMB30,000,000 respectively. On 26 March 2021, Botai Group pledged 30,000,000 Domestic Shares in favour of an independent commercial banks in the PRC as securities for bank facilities in the amount of RMB12,000,000. The pledged Domestic Shares represent approximately 34.2% of the aggregate Domestic Shares held by Botai Group and Liantai Guangchang, approximately 24.4% of the total number of Domestic Shares in issue, and approximately 18.3% of the total Shares in issue on 16 April 2021.

### **PUBLIC FLOAT**

According to the information disclosed publicly and as far as the Directors are aware, during the six months ended 30 June 2022 and up to the date of this report, at least 25% of the issued shares of the Company are held by public shareholders and the Company has maintained the prescribed public float required by the Listing Rules.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

The Group did not purchase, sell or redeem any of the Company's listed securities during the six months ended 30 June 2022.

## Others

### INTERESTS IN COMPETING BUSINESS

#### Directors' and Controlling Shareholders' Interest in Competing Business

As at the date of this report, Botai Group (a controlling shareholder of our Company (as defined in the Listing Rules)) held 8% interest in Yangzhou Guangling Zhongcheng Rural Bank Co., Ltd.\* (揚州廣陵中成村鎮銀行股份有限公司) ("**Zhongcheng Bank**").

Zhongcheng Bank principally engages in certain banking business such as taking public deposit; providing short term, medium term and long term loans; domestic exchange settlement; notes acceptance and discount; interbank borrowing; debit card issuing; issuing and cashing agency, undertaking governmental bond; accounts receivable and payable agency; and other business approved by China Banking Regulatory Commission ("**Banking Business**") in Guangling District of Yangzhou.

For further details on the general information of Zhongcheng Bank and the reasons that our Directors are of the view that the competition between the principal businesses of Zhongcheng Bank and the Company is limited and not extreme, please refer to the paragraph titled "Relationship with the Controlling Shareholders – other Businesses Invested by our Controlling Shareholders" in the Company's prospectus dated 24 April 2017.

Save as disclosed above, as at 30 June 2022, none of the controlling shareholders of the Company, Directors and their respective close associates has any interests in any business which directly or indirectly competes or is likely to compete with our principal business, which would require disclosure under Rule 8.10 of the Listing Rules.

### AUDIT COMMITTEE

The Company established an audit committee (the "**Audit Committee**") on 31 January 2015 in accordance with Rules 3.21 to 3.23 of the Listing Rules. The written terms of reference of the Audit Committee was adopted in compliance with paragraphs D.3.3 and D.3.7 of the Corporate Governance Code. The primary duties of the Audit Committee are to review and supervise the Group's financial reporting, risk management and internal control systems, oversee the audit process and provide advice and comments to the Board. The Audit Committee consists of three independent non-executive Directors, being Mr. Chan So Kuen, Mr. Bao Zhenqiang and Mr. Wu Xiankun. Mr. Chan So Kuen currently serves as the chairman of the Audit Committee. The Audit Committee had reviewed the 2022 interim report and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2022 and was of the opinion that the preparation of such statements complied with the applicable accounting standards and requirements of the Stock Exchange and legal requirements, and that adequate disclosures have been made.

\* *For identification purpose only*

## CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in Part 2 of the Corporate Governance Code in Appendix 14 to the Listing Rules during the six months ended 30 June 2022 and up to the date of this report.

## CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted a code of conduct regarding securities transactions by Directors and the Supervisors (the “**Code of Conduct**”) on terms no less exacting than the required standard of dealings as set out in the Model Code contained in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors and Supervisors, the Directors and Supervisors have confirmed that they have complied with such Code of Conduct and required standard of dealings during the six months ended 30 June 2022 and up to the date of this report. The Company continues and will continue to ensure compliance with the Code of Conduct.

## EVENT AFTER THE REPORTING PERIOD

Up to the date of this report, there has been no significant event relevant to the business or financial performance of the Group that comes to the attention of the Directors after the six months ended 30 June 2022.

By order of the Board  
**Yangzhou Guangling District Taihe Rural  
Micro-finance Company Limited**  
**Bo Wanlin**  
*Chairman*

Yangzhou, the PRC, 24 August 2022

*As at the date of this report, the Board comprises three executive Directors, namely Mr. Bo Wanlin, Ms. Bai Li and Ms. Zhou Yinqing; two non-executive Directors, namely Mr. Bo Nianbin and Mr. Zuo Yuchao and three independent non-executive Directors, namely Mr. Bao Zhenqiang, Mr. Wu Xiankun and Mr. Chan So Kuen.*

# Independent Review Report

## To the board of directors of Yangzhou Guangling District Taihe Rural Micro-finance Company Limited

(Incorporated in the People's Republic of China with limited liability)

### INTRODUCTION

We have reviewed the interim financial information set out on pages 23 to 42, which comprises the condensed consolidated statement of financial position of Yangzhou Guangling District Taihe Rural Micro-finance Company Limited (the "**Company**") and its subsidiaries (the "**Group**") as at 30 June 2022 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board ("**IASB**"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the IASB. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

*Ernst & Young*  
Certified Public Accountants  
Hong Kong

24 August 2022

## Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income

Six months ended 30 June 2022  
(Amounts expressed in RMB unless otherwise stated)

	Notes	Six months ended 30 June	
		2022 (unaudited)	2021 (unaudited)
Interest income	4	26,345,303	33,085,437
Interest expense	4	(68,346)	(97,369)
Interest income, net	4	26,276,957	32,988,068
Accrual of provision for impairment losses		(21,964,558)	(9,423,869)
Reversal of provision for guarantee losses		901,877	116,232
Administrative expenses		(8,317,373)	(4,898,467)
Other revenues and gains		888,760	1,084,292
Other expenses		(304,671)	(29,708)
<b>PROFIT/(LOSS) BEFORE TAX</b>	5	(2,519,008)	19,836,548
Income tax expense	6	(371,619)	(5,008,694)
<b>PROFIT/(LOSS) AFTER TAX AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>		(2,890,627)	14,827,854
ATTRIBUTABLE TO:			
Owners of the parent		(2,890,627)	14,827,854
Non-controlling interests		—	—
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic		(0.00)	0.02
Diluted		(0.00)	0.02



# Condensed Consolidated Statement of Financial Position

As at 30 June 2022

(Amounts expressed in RMB unless otherwise stated)

	Notes	As at 30 June 2022 (unaudited)	As at 31 December 2021 (audited)
<b>ASSETS</b>			
Cash and cash equivalents		526,850	5,608,151
Loans and accounts receivables	9	805,469,679	803,142,509
Investments in associates		79,916,885	79,916,885
Goodwill		2,059,114	2,059,114
Intangible assets		18,461	22,628
Property and equipment	10	3,176,331	5,258,416
Deferred tax		7,742,298	6,772,583
Other assets	11	3,978,135	1,696,112
<b>TOTAL ASSETS</b>		<b>902,887,753</b>	<b>904,476,398</b>
<b>LIABILITIES</b>			
Deferred income		11,996	307,729
Contract liabilities		87,013	—
Income tax payable		1,957,081	1,841,549
Liabilities from guarantees	12	102,685	1,004,562
Lease liabilities		1,374,847	2,555,624
Other liabilities	13	14,518,911	11,041,087
<b>TOTAL LIABILITIES</b>		<b>18,052,533</b>	<b>16,750,551</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	14	600,000,000	600,000,000
Reserves		113,204,683	113,204,683
Retained earnings		171,630,537	174,521,164
Equity attributable to owners of the parent		884,835,220	887,725,847
<b>TOTAL EQUITY</b>		<b>884,835,220</b>	<b>887,725,847</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>902,887,753</b>	<b>904,476,398</b>

**Bai Li**  
Director

**Zhou Yinqing**  
Director

# Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2022  
(Amounts expressed in RMB unless otherwise stated)

	Attributable to owners of the parent							Non-controlling interests	Total equity
	Reserves						Total		
	Paid in capital	Capital reserve	Surplus reserve	General reserve	Retained earnings				
Balance as at 1 January 2021	600,000,000	54,417,191	48,964,588	9,302,558	170,480,622	883,164,959	–	883,164,959	
Profit for the period and total comprehensive income	–	–	–	–	14,827,854	14,827,854	–	14,827,854	
Balance as at 30 June 2021 (unaudited)	600,000,000	54,417,191	48,964,588	9,302,558	185,308,476	897,992,813	–	897,992,813	
Balance as at 1 January 2022	600,000,000	54,417,191	49,484,934	9,302,558	174,521,164	887,725,847	–	887,725,847	
Loss for the period and total comprehensive loss	–	–	–	–	(2,890,627)	(2,890,627)	–	(2,890,627)	
Balance as at 30 June 2022 (unaudited)	600,000,000	54,417,191	49,484,934	9,302,558	171,630,537	884,835,220	–	884,835,220	

## Condensed Consolidated Statement of Cash Flows

Six months ended 30 June 2022

(Amounts expressed in RMB unless otherwise stated)

	Notes	Six months ended 30 June	
		2022 (unaudited)	2021 (unaudited)
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>			
Profit/(loss) before tax		(2,519,008)	19,836,548
Adjustments for:			
Depreciation and amortisation	10	947,707	980,429
Accrual of provision for impairment losses	9/11	21,964,558	9,423,869
Reversal of provision for guarantee losses	12	(901,877)	(116,232)
Accreted interest on impaired loans	4	(510,843)	(591,084)
Net gain on disposal of property and equipment and other assets		(6,773)	(490)
Interest expense	4	68,346	97,369
Foreign exchange loss/(gain), net		(11)	3
Decrease/(increase) in loans receivable		(23,764,774)	65,004,354
Increase in other assets		(2,775,734)	(712,373)
Increase/(decrease) in other liabilities		3,681,947	(427,919)
Net cash flows from/(used in) operating activities before tax		(3,816,462)	93,494,474
Income tax paid		(1,225,802)	(12,793,788)
Net cash flows from/(used in) operating activities		(5,042,264)	80,700,686
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>			
Purchases of property and equipment and other long-term assets		(39,048)	(782,842)
Payment for the investment in an associate		—	(80,000,000)
Proceeds from disposal of property and equipment		—	500
Net cash flows used in investing activities		(39,048)	(80,782,342)
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>			
Repayment of borrowings		—	(63,092)
Interest paid on borrowings		—	(2,188)
Net cash flows used in financing activities		—	(65,280)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of the period		5,608,151	803,738
Effect of foreign exchange rate changes, net		11	(3)
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>		<b>526,850</b>	<b>656,799</b>

# Notes to the Interim Condensed Consolidated Financial Statements

30 June 2022

(Amounts expressed in RMB unless otherwise stated)

## 1. CORPORATE AND GROUP INFORMATION

Yangzhou Guangling District Taihe Rural Micro-finance Company Limited ("**Taihe Micro-credit**" or the "**Company**") was established as a limited liability company in the People's Republic of China (the "**PRC**") on 12 November 2008 based on "Su Jin Rong Ban Fa [2008] No 47" issued by the Pilot Leading Group Office for Rural Micro-finance Organisations of Jiangsu province.

According to the resolution of the shareholders' meeting on 8 August 2012 and "Yang Fu Jin [2012] No 77" approved by the Yangzhou Municipal Government Financial Office, the Company was converted from a limited liability company to a joint stock company on 10 August 2012. Upon its conversion, the Company issued 260 million shares at a par value of RMB1 each to its shareholders, based on the asset appraisal result of RMB300.48 million in respect of its net assets in the financial statements as at 31 July 2012.

In May 2017, the Company conducted a public offering of overseas listed foreign shares ("**H shares**"). Upon the completion of the H share offering, the issued capital was increased to RMB600 million. The Company's H shares are listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited and trading of its H shares commenced on 8 May 2017. Upon the approval of the Hong Kong Stock Exchange, the Company's H shares were listed on the Main Board and delisted from the Growth Enterprise Market by way of Transfer of Listing since the last day of trading on 17 July 2019.

The Company obtained its business licence with Unified Social Credit No. 91321000682158920M. The legal representative of the Company is Bo Wanlin. Its registered office is located at Beizhou Road, Lidian Village, Guangling District, Yangzhou City.

The principal activities of the Company and its subsidiary (collectively referred to as the "**Group**") are the granting of loans to "**Agriculture, Rural Areas and Farmers**", provision of financial guarantees, acting as a financial institution agent and other financial businesses.

In the opinion of the directors, the holding company and the ultimate holding company of the Group is Jiangsu Botai Group Co., Ltd., which is incorporated in the People's Republic of China.

### Information about subsidiary

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation	Issued registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Hainan Luhang Lianche Technology Co., Ltd. (海南路航鏈車科技有限公司) *	PRC/Mainland China	RMB100,000,000	100%	—	Internet and related services
Hainan Jialan Information Technology Co., Ltd. (海南迦藍信息技術有限責任公司) **	PRC/Mainland China	RMB5,000,000	—	55%	Internet and related services
Shenzhen Qianhai Road Chain Car Technology Co., Ltd. (深圳前海路航鏈車科技有限公司) ***	PRC/Mainland China	RMB1,000,000	—	55%	Internet and related services

# Notes to the Interim Condensed Consolidated Financial Statements

30 June 2022

(Amounts expressed in RMB unless otherwise stated)

## 1. CORPORATE AND GROUP INFORMATION (continued)

### Information about subsidiary (continued)

- \* The subsidiary was established on 21 June 2021.
- \*\* The subsidiary is acquired by Hainan Luhang Lianche Technology Co., Ltd on 12 October 2021.
- \*\*\* The subsidiary is acquired by Hainan Jialan Information Technology Co., Ltd. on 7 June 2021.

## 2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

### 2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2021.

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended 31 December 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The newly adopted standards have no impact on the Group's financial statements.

Amendments to IFRS 3

Amendments to IAS 16

Amendments to IAS 37

Annual Improvements to IFRSs

2018-2020

*Reference to the Conceptual Framework*

*Property, Plant and Equipment: Proceeds before Intended Use*

*Onerous Contracts - Cost of Fulfilling a Contract*

Amendments to IFRS 1, IFRS 9, Illustrative

Examples accompanying IFRS 16, and IAS 41

- (a) Amendments to IFRS 3 replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting issued in June 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no business combination occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.

# Notes to the Interim Condensed Consolidated Financial Statements

30 June 2022

*(Amounts expressed in RMB unless otherwise stated)*

## 2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

- (b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since amount with the sale of items produced while making property, plant and equipment available for use on or after 1 January 2021 is not material, the amendments did not have material impact on the financial position or performance of the Group.
- (c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no material onerous contracts were identified. Therefore, the amendments did not have material impact on the financial position or performance of the Group.
- (d) Annual Improvements to IFRSs 2018-2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:
- IFRS 9 Financial Instruments: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.
  - IFRS 16 Leases: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

# Notes to the Interim Condensed Consolidated Financial Statements

30 June 2022

(Amounts expressed in RMB unless otherwise stated)

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The nature and assumptions related to the Group's accounting estimates are consistent with those adopted in the Group's consolidated financial statements for the year ended 31 December 2021.

## 4. INTEREST INCOME, NET

	Six months ended 30 June	
	2022	2021
Interest income on:		
Loans receivable	26,342,629	33,082,725
Cash at banks	2,674	2,712
Subtotal	26,345,303	33,085,437
Interest expense on:		
Lease liabilities	(68,346)	(95,181)
Borrowing from other institutions	—	(2,188)
Subtotal	(68,346)	(97,369)
Interest income, net	26,276,957	32,988,068
Included: Interest income on impaired loans	510,843	591,084

## 5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging:

	Six months ended 30 June	
	2022	2021
Impairment losses on loans and accounts receivables	21,964,558	9,423,869
Staff costs:		
Salaries, bonuses and allowances	2,724,047	1,320,000
Other social welfare	462,768	440,666
Depreciation of property, plant and equipment	647,189	704,812
Depreciation of right-of-use assets	296,351	275,617

# Notes to the Interim Condensed Consolidated Financial Statements

30 June 2022

(Amounts expressed in RMB unless otherwise stated)

## 6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
Current income tax	1,341,334	2,374,055
Deferred income tax	(969,715)	2,634,639
	371,619	5,008,694

A reconciliation of the tax expense applicable to profit/(loss) before tax using the statutory rate for the jurisdiction in which the Group and its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	Six months ended 30 June	
	2022	2021
Profit/(loss) before tax	(2,519,008)	19,836,548
Tax at the applicable tax rate	(629,752)	4,959,137
Expenses not deductible for tax	194,358	49,557
Deductible losses	807,013	—
Total tax expense for the period at the Group's effective tax rate	371,619	5,008,694

## 7. DIVIDENDS

No dividend was paid or proposed during the six months ended 30 June 2022 and 2021.



# Notes to the Interim Condensed Consolidated Financial Statements

30 June 2022

(Amounts expressed in RMB unless otherwise stated)

## 8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings/(loss) per share is based on the profit/(loss) attributable to ordinary equity shareholders of the parent, and the weighted average number of ordinary shares in issue for the period as follows:

	Six months ended 30 June	
	2022	2021
<u>Earnings/(loss)</u>		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings/(loss) per share calculation	(2,890,627)	14,827,854
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation (i)	600,000,000	600,000,000
Basic and diluted earnings/(loss) per share	(0.00)	0.02

### (i) Weighted average number of ordinary shares

	Six months ended 30 June	
	2022	2021
Issued ordinary shares at the beginning of the period	600,000,000	600,000,000
Weighted average number of ordinary shares at the end of the period	600,000,000	600,000,000

There were no dilutive potential ordinary shares during the reporting period, and therefore, the diluted earnings/(loss) per share amount is the same as the basic earnings/(loss) per share amount.

# Notes to the Interim Condensed Consolidated Financial Statements

30 June 2022

(Amounts expressed in RMB unless otherwise stated)

## 9. LOANS AND ACCOUNTS RECEIVABLES

	As at 30 June 2022	As at 31 December 2021
Guaranteed loans	841,543,562	831,587,137
Collateral-backed loans	3,128,810	4,683,565
Unsecured loans	452,431	1,621,979
Loans receivable	845,124,803	837,892,681
Less: Allowance for impairment losses	39,729,946	34,847,821
Net loans receivable	805,394,857	803,044,860
Accounts receivable	76,796	100,060
Less: Allowance for impairment losses	1,974	2,411
Net accounts receivable	74,822	97,649
Total of loans and accounts receivables	805,469,679	803,142,509

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system (Five-Tier Principle) and six months-end/year-end stage classification.

30 June 2022				
Internal rating grades	Stage 1	Stage 2	Stage 3	Total
Normal	798,540,433	—	—	798,540,433
Special mention	—	11,941,332	—	11,941,332
Sub-standard	—	—	16,300,000	16,300,000
Doubtful	—	—	16,310,565	16,310,565
Loss	—	—	2,032,473	2,032,473
Total	798,540,433	11,941,332	34,643,038	845,124,803

31 December 2021				
Internal rating grades	Stage 1	Stage 2	Stage 3	Total
Normal	792,501,256	—	—	792,501,256
Special mention	—	12,477,113	—	12,477,113
Sub-standard	—	—	28,413,437	28,413,437
Doubtful	—	—	2,251,019	2,251,019
Loss	—	—	2,249,856	2,249,856
Total	792,501,256	12,477,113	32,914,312	837,892,681

# Notes to the Interim Condensed Consolidated Financial Statements

30 June 2022

(Amounts expressed in RMB unless otherwise stated)

## 9. LOANS AND ACCOUNTS RECEIVABLES (continued)

An analysis of changes in the outstanding exposures is as follows:

	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL – impaired)	Total
Outstanding exposure as at 31 December 2021	792,501,256	12,477,113	32,914,312	837,892,681
New exposures	243,546,862	–	–	243,546,862
Exposure derecognised	(209,233,880)	(2,477,113)	(8,071,095)	(219,782,088)
Transfers to Stage 2	(11,941,332)	11,941,332	–	–
Transfers to Stage 3	(16,332,473)	(10,000,000)	26,332,473	–
Amounts written off	–	–	(16,532,652)	(16,532,652)
At 30 June 2022	798,540,433	11,941,332	34,643,038	845,124,803

	Stage 1 (12-month ECLs)	Stage 2 (Lifetime ECLs)	Stage 3 (Lifetime ECLs – impaired)	Total
Outstanding exposure as at 31 December 2020	905,290,855	–	27,387,697	932,678,552
New exposures	794,397,111	–	–	794,397,111
Exposure derecognised	(834,122,090)	–	(4,310,992)	(838,433,082)
Transfers to Stage 2	(14,500,318)	14,500,318	–	–
Transfers to Stage 3	(58,564,302)	(2,023,205)	60,587,507	–
Amounts written off	–	–	(50,749,900)	(50,749,900)
At 31 December 2021	792,501,256	12,477,113	32,914,312	837,892,681

# Notes to the Interim Condensed Consolidated Financial Statements

30 June 2022

(Amounts expressed in RMB unless otherwise stated)

## 9. LOANS AND ACCOUNTS RECEIVABLES (continued)

An analysis of changes of the corresponding expected credit losses (“ECLs”) is as follows:

	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL – impaired)	Total ECL allowance
ECLs as at 31 December 2021	19,137,422	1,312,561	14,397,838	34,847,821
Net charge of the impairment	2,044,882	1,032,592	18,848,146	21,925,620
Transfers to Stage 2	(288,375)	288,375	—	—
Transfers to Stage 3	(394,399)	(1,283,417)	1,677,816	—
Accreted interest on impaired loans (Note 4)	—	—	(510,843)	(510,843)
Amounts written off	—	—	(16,532,652)	(16,532,652)
At 30 June 2022	20,499,530	1,350,111	17,880,305	39,729,946

	Stage 1 (12-month ECLs)	Stage 2 (Lifetime ECLs)	Stage 3 (Lifetime ECLs – impaired)	Total ECL Allowance
ECLs as at 31 December 2020	20,589,922	—	18,756,359	39,346,281
Net charge of the impairment	212,121	1,192,761	45,543,668	46,948,550
Transfers to Stage 2	(332,636)	332,636	—	—
Transfers to Stage 3	(1,331,985)	(212,836)	1,544,821	—
Accreted interest on impaired loans (Note 4)	—	—	(697,110)	(697,110)
Amounts written off	—	—	(50,749,900)	(50,749,900)
At 31 December 2021	19,137,422	1,312,561	14,397,838	34,847,821

# Notes to the Interim Condensed Consolidated Financial Statements

30 June 2022

(Amounts expressed in RMB unless otherwise stated)

## 10. PROPERTY AND EQUIPMENT

	Motor vehicles	Fixtures and furniture	Leasehold improvements	Right-of-use asset	Total
Cost:					
At 1 January 2021	2,025,634	1,475,484	10,539,725	2,755,538	16,796,381
Additions	293,009	361,410	170,709	14,150	839,278
Acquisition of a subsidiary	—	67,241	—	1,367,408	1,434,649
Deductions	(113,757)	—	—	(181,406)	(295,163)
At 31 December 2021	2,204,886	1,904,135	10,710,434	3,955,690	18,775,145
Additions	—	—	39,048	—	39,048
Deductions	—	—	—	(1,367,408)	(1,367,408)
At 30 June 2022	2,204,886	1,904,135	10,749,482	2,588,282	17,446,785
Accumulated depreciation:					
At 1 January 2021	1,574,975	914,716	8,064,629	1,056,888	11,611,208
Depreciation charge for the year	347,545	236,996	789,728	622,846	1,997,115
Acquisition of a subsidiary	—	1,608	—	74,927	76,535
Deductions	(113,757)	—	—	(54,372)	(168,129)
At 31 December 2021	1,808,763	1,153,320	8,854,357	1,700,289	13,516,729
Depreciation charge for the period	135,551	131,341	380,297	296,351	943,540
Deductions	—	—	—	(189,815)	(189,815)
At 30 June 2022	1,944,314	1,284,661	9,234,654	1,806,825	14,270,454
Net carrying amount:					
At 31 December 2021	396,123	750,815	1,856,077	2,255,401	5,258,416
At 30 June 2022	260,572	619,474	1,514,828	781,457	3,176,331

# Notes to the Interim Condensed Consolidated Financial Statements

30 June 2022

(Amounts expressed in RMB unless otherwise stated)

## 11. OTHER ASSETS

		As at 30 June 2022	As at 31 December 2021
Prepayments	(i)	3,646,815	339,929
Other receivables		230,477	754,916
Inventory		146,095	174,544
Repossessed asset	(ii)	—	432,600
Less: Allowance for doubtful debt		45,252	5,877
		3,978,135	1,696,112

Notes:

- (i) Prepayments are mainly in respect of promotion fee and fuel recharge fee.
- (ii) Repossessed asset is a property located at Yangzhou City, Jiangsu Province in the PRC. The Group has disposed the repossessed assets at January 18, 2022 by auction.

Movements of allowance for doubtful debts are as follows:

	Six months ended 30 June 2022	Year ended 31 December 2021
At beginning of the period/year	5,877	113,638
Charge for the period/year	39,375	(6,501)
Amount written off as uncollectible	—	(101,260)
At end of the period/year	45,252	5,877

As comparable companies with credit ratings for most of the counterparties are hard to identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group based on an ageing analysis of other receivables. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

# Notes to the Interim Condensed Consolidated Financial Statements

30 June 2022

(Amounts expressed in RMB unless otherwise stated)

## 11. OTHER ASSETS (continued)

Set out below are the maximum exposure to credit risk and expected credit losses on other receivables based on the ageing analysis.

30 June 2022				
Ageing analysis	Gross carrying amount		Expected credit loss	
	Amount	Percentage	Amount	Expected credit loss rate
Up to 90 days	121,682	52.80%	15,097	12.41%
91 to 365 days	103,795	45.03%	30,155	29.05%
Over 365 days	5,000	2.17%	—	—
<b>Total</b>	<b>230,477</b>	<b>100%</b>	<b>45,252</b>	<b>19.63%</b>

31 December 2021				
Ageing analysis	Gross carrying amount		Expected credit loss	
	Amount	Percentage	Amount	Expected credit loss rate
Up to 90 days	749,039	99.22%	—	0.00%
91 to 365 days	—	—	—	0.00%
Over 365 days	5,877	0.78%	5,877	100.00%
<b>Total</b>	<b>754,916</b>	<b>100.00%</b>	<b>5,877</b>	<b>0.78%</b>

# Notes to the Interim Condensed Consolidated Financial Statements

30 June 2022

(Amounts expressed in RMB unless otherwise stated)

## 12. LIABILITIES FROM GUARANTEES

Liabilities from guarantees are provisions made for the guarantees. The table below shows the changes in the expected credit losses ("ECLs") for the outstanding exposure of guarantees.

	Stage 1 (12-month ECLs) Collectively assessed	Total
ECLs as at 31 December 2020	1,456,752	1,456,752
New exposure	1,004,562	1,004,562
Exposure derecognised	(1,456,752)	(1,456,752)
At 31 December 2021	1,004,562	1,004,562
New exposure	—	—
Exposure derecognised	(901,877)	(901,877)
At 30 June 2022	102,685	102,685

## 13. OTHER LIABILITIES

	As at 30 June 2022	As at 31 December 2021
Employee payables	7,323,113	3,100,000
Administrative expenses accruals	1,635,000	2,093,448
Payroll payables	747,892	978,075
Other tax payables	611,356	666,451
Others	4,201,550	4,203,113
	14,518,911	11,041,087

## 14. SHARE CAPITAL

	As at 30 June 2022	As at 31 December 2021
Issued and fully paid	600,000,000	600,000,000

No movement occurred during the period of six-months ended 30 June 2022. (2021: There were no movements).



# Notes to the Interim Condensed Consolidated Financial Statements

30 June 2022

(Amounts expressed in RMB unless otherwise stated)

## 15. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Changes in liabilities arising from financing activities are as follows:

	Borrowings from other institutions	Lease liabilities	Total
At 1 January 2021	127,296	1,959,236	2,086,532
New leases	—	—	—
Additions as a result of acquisition of a subsidiary	—	1,302,685	1,302,685
Adjustment of fixed payment amount	—	(122,244)	(122,244)
Repayment of the instalment loan	(127,296)	—	(127,296)
Repayment of lease liabilities	—	(542,316)	(542,316)
Interest expense	3,024	197,069	200,093
Repayment of interest expense	(3,024)	(238,806)	(241,830)
At 31 December 2021	—	2,555,624	2,555,624
New leases	—	—	—
Adjustment of fixed payment amount	—	(1,249,123)	(1,249,123)
Interest expense	—	68,346	68,346
At 30 June 2022	—	1,374,847	1,374,847

## 16. RELATED PARTY TRANSACTIONS

### (a) Leasing

	Notes	Six months ended 30 June	
		2022	2021
Depreciation of right-of-use asset	(i)	257,639	257,626
Interest expense on lease liabilities	(i)	56,381	86,620

Notes:

- (i) The Group entered into a lease contract in respect of the Group's office with an entity with significant influence over the Group. As at 28 November 2017, the Group agreed with the lessor and renewed the lease contract, the leasing period is from 1 January 2019 to 31 December 2020. In January 2021, the Group has agreed with the lessor and renewed the lease contract. The leasing period is from 1 January 2021 to 31 December 2023.

The interest expense on lease liabilities and depreciation of right-of-use asset for the period of six months ended 30 June 2022 were RMB56,381 and RMB257,639, respectively (six months ended 30 June 2021: RMB86,620 and RMB257,626).

# Notes to the Interim Condensed Consolidated Financial Statements

30 June 2022

(Amounts expressed in RMB unless otherwise stated)

## 16. RELATED PARTY TRANSACTIONS (continued)

### (b) Key management personnel's remuneration

	Six months ended 30 June	
	2022	2021
Key management personnel's remuneration	596,134	669,949

### (c) Outstanding balances with related parties

Amounts due to related parties	Notes	As at	As at
		30 June 2022	31 December 2021
Entity with significant influence over the Group: Liantai Guangchang	(i)	1,409,847	1,318,466
Total		1,409,847	1,318,466

Notes:

- (i) As at 30 June 2022 the Group had an outstanding balance of lease liability and other payables due to Jiangsu Liantai Fashion Shopping Mall Real Estate Co., Ltd ("**Liantai Guangchang**"), amounting to RMB1,409,847 (as at 31 December 2021: RMB1,318,466).

## 17. SEGMENT INFORMATION

Almost all of the Group's revenue was generated from the provision of loans to small and medium sized and micro enterprises ("**SMEs**") located at Yangzhou, Jiangsu Province in the PRC during the reporting period. There is no other main segment except the loan business.

## 18. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the consolidated financial statements were as follows:

	As at 30 June 2022	As at 31 December 2021
Financial guarantee contracts	4,000,000	41,600,000

# Notes to the Interim Condensed Consolidated Financial Statements

30 June 2022

*(Amounts expressed in RMB unless otherwise stated)*

## 19. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group's financial assets mainly include cash at banks and a third party and loans receivable.

The Group's financial liabilities mainly include lease liabilities and other payables.

The Group's financial assets and financial liabilities are measured at amortised cost.

Due to the short remaining period or periodical repricing to reflect the market price, the carrying amounts of these financial assets and liabilities approximate to their fair values.

## 20. EVENTS AFTER THE REPORTING PERIOD

Except for the above, there were no significant events after the reporting period.

## 21. APPROVAL OF THE FINANCIAL STATEMENTS

The interim condensed consolidated financial statements have been approved and authorised for issue by the Company's board of directors on 24 August 2022.