



**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**



**2024**  
INTERIM REPORT



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## Company Profile

### DIRECTORS

#### Executive Directors

Mr. Bo Wanlin (*Chairman*)  
Ms. Bai Li  
Ms. Zhou Yinqing (retired on 19 January 2024)  
Mr. Zhang Yi (appointed on 19 January 2024)

#### Non-executive Directors

Mr. Bo Nianbin  
Mr. Zuo Yuchao (retired on 19 January 2024)  
Mr. Zhang Zhuo (appointed on 19 January 2024)

#### Independent non-executive Directors

Mr. Bao Zhenqiang (retired on 19 January 2024)  
Mr. Wu Xiankun (retired on 19 January 2024)  
Mr. Chan So Kuen (retired on 19 January 2024)  
Mr. Xu Xuechuan (appointed on 19 January 2024)  
Ms. Zhang Lingling (appointed on 19 January 2024)  
Ms. Wang Chunhong (appointed on 19 January 2024)

#### Supervisors

Ms. Wang Chunhong (retired on 19 January 2024)  
Mr. Zhang Yi (retired on 19 January 2024)  
Ms. Li Guoyan  
Mr. Wu Xiankun (appointed on 19 January 2024)  
Ms. Lu Lu (appointed on 19 January 2024)

### BOARD COMMITTEES

#### Audit committee

Mr. Chan So Kuen (*Chairman*)  
(retired on 19 January 2024)  
Mr. Wu Xiankun (retired on 19 January 2024)  
Mr. Bao Zhenqiang (retired on 19 January 2024)  
Mr. Xu Xuechuan (*Chairman*)  
(appointed on 19 January 2024)  
Ms. Zhang Lingling (appointed on 19 January 2024)  
Ms. Wang Chunhong (appointed on 19 January 2024)

#### Remuneration committee

Mr. Bao Zhenqiang (*Chairman*)  
(retired on 19 January 2024)  
Mr. Chan So Kuen (retired on 19 January 2024)  
Mr. Wu Xiankun (retired on 19 January 2024)  
Ms. Zhang Lingling (*Chairman*)  
(appointed on 19 January 2024)  
Mr. Xu Xuechuan (appointed on 19 January 2024)  
Ms. Wang Chunhong (appointed on 19 January 2024)

#### Nomination committee

Mr. Bo Wanlin (*Chairman*)  
Mr. Wu Xiankun (retired on 19 January 2024)  
Mr. Bao Zhenqiang (retired on 19 January 2024)  
Ms. Zhang Lingling (appointed on 19 January 2024)  
Ms. Wang Chunhong (appointed on 19 January 2024)

#### Company secretary

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

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

Mr. Bo Wanlin  
Mr. Lau Kwok Yin

#### 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)

## Company Profile

### 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

### Legal adviser as to Hong Kong law

DeHeng Law Offices (Hong Kong) LLP  
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 2024, Yangzhou Guangling District Taihe Rural Micro-finance Company Limited (the “**Company**”, together with its subsidiaries (the “**Group**”)) recorded interest income of approximately RMB26.0 million, representing a decrease of approximately 0.4% as compared to approximately RMB26.1 million in the corresponding period in 2023.
- (2) For the six months ended 30 June 2024, loss after tax of the Group amounted to approximately RMB9.4 million, as compared with the loss after tax of approximately RMB12.8 million for the six months ended 30 June 2023. The decrease in loss was primarily attributable to the decrease in the loss of subsidiaries and decrease in impairment loss of goodwill and guarantees in the current period.
- (3) As at 30 June 2024, the balance of outstanding loans (before allowance for impairment losses) of the Group amounted to approximately RMB934.5 million, representing an increase of approximately 1.1% as compared to approximately RMB924.0 million as at 31 December 2023.

## Management Discussion and Analysis

### BUSINESS REVIEW

During the six months ended 30 June 2024, the Group continued to pursue business opportunities and strengthen its market position. For the six months ended 30 June 2024, the Group recorded interest income of approximately RMB26.0 million, representing a decrease of approximately 0.4% as compared to approximately RMB26.1 million in the corresponding period in 2023; and loss after tax of approximately RMB9.4 million, as compared with the loss after tax of approximately RMB12.8 million for the six months ended 30 June 2023. The decrease in loss was primarily attributable to the decrease in the loss of subsidiaries and decrease in impairment loss of goodwill and guarantees. As at 30 June 2024, the Group's balance of outstanding loans (before allowance for impairment losses) amounted to approximately RMB934.5 million, representing an increase of approximately 1.1% as compared to approximately RMB924.0 million as at 31 December 2023, which means no significant change in the loan scale. The total assets of the Group as at 30 June 2024 were approximately RMB882.3 million, representing a decrease of approximately 0.5% as compared to approximately RMB886.9 million as at 31 December 2023, and net assets were approximately RMB862.0 million as at 30 June 2024, representing a decrease of approximately 1.1%, as compared to approximately RMB871.7 million as at 31 December 2023.

### The number of customers

Our customer base comprises primarily of small and medium-sized enterprises and micro enterprises as well as individual proprietors in Yangzhou City. Our customers are engaged in a variety of industries, and a majority of which are 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. With high uncertainties in the economic environment and a sluggish real estate market, the operations of some customers of the Company involved in upstream and downstream real estate related industries are underperforming. Therefore, the Company remains its prudent business strategy, timely adjusts its customer base structure, reduces the credit granted to such customers with poor operating conditions and increases the credit limit to industrial supply chain customer base of related enterprises with lower risks. At the same time, the Company increased credit limits for some premium regular customers, resulting in continual increase in loan concentration for the first half of 2024, which also brought an ongoing improvement in the situation of new overdue loans in current period. The Company will keep balancing benefit and risk, and actively respond to changes of economic environment. For the six months ended 30 June 2023 and six months ended 30 June 2024, we granted loans to 137 and 135 customers, respectively.

## Management Discussion and Analysis

### BUSINESS REVIEW (continued)

#### Loan portfolio by size

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

|   | As at 30 June 2024 |      | As at 31 December 2023 |      |
|---|--------------------|------|------------------------|------|
|   | RMB'000            | %    | RMB'000                | %    |
| <b>Less than or equal to RMB0.5 million</b>                       |                    |      |                        |      |
| – Guaranteed loans  | 3,507              | 0.4  | 110                    | 0.0  |
| – Collateralized loans  | 67                 | 0.0  | 67                     | 0.0  |
| – Unsecured loans   | 150                | 0.0  | 174                    | 0.0  |
|   | 3,724              | 0.4  | 351                    | 0.0  |
| <b>Over RMB0.5 million but less than or equal to RMB1 million</b> |                    |      |                        |      |
| – Guaranteed loans  | 9,399              | 1.0  | 1,803                  | 0.2  |
| – Collateralized loans  | 0.0                | 0.0  | 0.0                    | 0.0  |
|   | 9,399              | 1.0  | 1,803                  | 0.2  |
| <b>Over RMB1 million but less than or equal to RMB2 million</b>   |                    |      |                        |      |
| – Guaranteed loans  | 12,815             | 1.4  | 48,212                 | 5.2  |
| – Collateralized loans  | 0.0                | 0.0  | 0.0                    | 0.0  |
|   | 12,815             | 1.4  | 48,212                 | 5.2  |
| <b>Over RMB2 million but less than or equal to RMB3 million</b>   |                    |      |                        |      |
| – Guaranteed loans  | 56,948             | 6.1  | 214,586                | 23.2 |
| – Collateralized loans  | 0.0                | 0.0  | 0.0                    | 0.0  |
|   | 56,948             | 6.1  | 214,586                | 23.2 |
| <b>Over RMB3 million but less than or equal to RMB4 million</b>   |                    |      |                        |      |
| – Guaranteed loans  | 125,251            | 13.4 | 105,604                | 11.4 |
| – Collateralized loans  | 0.0                | 0.0  | 0.0                    | 0.0  |
|   | 125,251            | 13.4 | 105,604                | 11.4 |

## Management Discussion and Analysis

### BUSINESS REVIEW (continued)

#### Loan portfolio by size (continued)

|  | As at 30 June 2024 |              | As at 31 December 2023 |              |
|--|--------------------|--------------|------------------------|--------------|
|  | RMB'000            | %            | RMB'000                | %            |
| <b>Over RMB4 million but less than or equal to RMB5 million</b>  |                    |              |                        |              |
| – Guaranteed loans   | 525,994            | 56.3         | 379,172                | 41.1         |
| – Collateralized loans   | 0.0                | 0.0          | 0.0                    | 0.0          |
|  | 525,994            | 56.3         | 379,172                | 41.1         |
| <b>Over RMB5 million but less than or equal to RMB8 million</b>  |                    |              |                        |              |
| – Guaranteed loans   | 0.0                | 0.0          | 125,147                | 13.6         |
| – Collateralized loans   | 0.0                | 0.0          | 0.0                    | 0.0          |
|  | 0.0                | 0.0          | 125,147                | 13.6         |
| <b>Over RMB8 million but less than or equal to RMB10 million</b> |                    |              |                        |              |
| – Guaranteed loans   | 200,325            | 21.4         | 49,090                 | 5.3          |
| – Collateralized loans   | 0.0                | 0.0          | 0.0                    | 0.0          |
|  | 200,325            | 21.4         | 49,090                 | 5.3          |
| <b>Total</b>   | <b>934,456</b>     | <b>100.0</b> | <b>923,965</b>         | <b>100.0</b> |

\* We started to grant loans over RMB3 million per client in 2023 based on “Su Jin Jian Fa [2022] No 40” issued by the Financial Supervision Administration of Jiangsu province.

#### 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, and (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 2024 |              | As at 31 December 2023 |              |
|----------------------|--------------------|--------------|------------------------|--------------|
|                      | RMB'000            | %            | RMB'000                | %            |
| Guaranteed loans     | 934,239            | 100.0        | 923,724                | 100.0        |
| Collateralized loans | 67                 | 0.0          | 67                     | 0.0          |
| Unsecured loans      | 150                | 0.0          | 174                    | 0.0          |
| <b>Total</b>         | <b>934,456</b>     | <b>100.0</b> | <b>923,965</b>         | <b>100.0</b> |



## Management Discussion and Analysis

### BUSINESS REVIEW (continued)

#### Loan portfolio by security (continued)

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

|   | Six months ended 30 June |            |
|---|--------------------------|------------|
|   | 2024                     | 2023       |
| Guaranteed loans                              | 146                      | 137        |
| Collateralized loans                          | —                        | —          |
| included: Guaranteed and collateralized loans | —                        | —          |
| Unsecured loans                               | —                        | —          |
| <b>Total</b>                                  | <b>146</b>               | <b>137</b> |

#### Table of top five borrowers

For the six months ended 30 June 2024, the range of annual interest rate that the Group charged for loans was 4.35% (inclusive) to 16.20% (inclusive), which was determined through negotiation with the borrowers based on the borrower's credit information, loan amount, loan term, type of guarantee, etc. As at 30 June 2024, the Group's total loan amount was approximately RMB934.5 million, and the loan balance of the five top customers accounted for approximately 10.70% of the total loan amount as at 30 June 2024. Their respective terms are as follows:

| Borrowers    | Loan amount<br>(RMB'000) | Loan balance<br>as at<br>30 June 2024<br>(RMB'000) | Interest rate<br>of the loan<br>(per annum, %) | Loan term   | Type of<br>guarantee  |
|--------------|--------------------------|--|--|---|-----------------------|
| Borrower 1   | 20,000                   | 20,000   | 5.4  | 31 May 2024 to 31 May 2025;<br>18 June 2024 to 18 June 2025 | Personal<br>Guarantee |
| Borrower 2   | 20,000                   | 20,000   | 5.4  | 21 May 2024 to 21 May 2025;<br>12 June 2024 to 12 June 2025 | Personal<br>Guarantee |
| Borrower 3   | 20,000                   | 20,000   | 5.4  | 27 May 2024 to 27 May 2025;<br>14 June 2024 to 14 June 2025 | Personal<br>Guarantee |
| Borrower 4   | 20,000                   | 20,000   | 5.4  | 29 May 2024 to 29 May 2025;<br>17 June 2024 to 17 June 2025 | Personal<br>Guarantee |
| Borrower 5   | 20,000                   | 20,000   | 5.4  | 23 May 2024 to 23 May 2025;<br>13 June 2024 to 13 June 2025 | Personal<br>Guarantee |
| <b>Total</b> | <b>100,000</b>           | <b>100,000</b>                                     |  |   |                       |

## Management Discussion and Analysis

### BUSINESS REVIEW (continued)

#### Table of top five borrowers (continued)

For the year ended 31 December 2023, the range of annual interest rate that the Group charged for loans was 4.35% (inclusive) to 16.20% (inclusive), which was determined through negotiation with the borrowers based on the borrower's credit information, loan amount, loan term, type of guarantee, etc. As at 31 December 2023, the Group's total loan amount was approximately RMB924.0 million, and the loan balance of the five top customers accounted for approximately 5.30% of the total loan amount as at 31 December 2023. Their respective terms are as follows:

| Borrowers    | Loan amount<br>(RMB'000) | Loan balance<br>as at<br>31 December<br>2023<br>(RMB'000) | Interest rate<br>of the loan<br>(per annum, %) | Loan term                     | Type of<br>guarantee  |
|--------------|--------------------------|---|--|-------------------------------|-----------------------|
| Borrower A   | 10,000                   | 10,000  | 6.60   | 26 May 2023 to<br>26 May 2024 | Personal<br>Guarantee |
| Borrower B   | 10,000                   | 10,000  | 6.60   | 2 June 2023 to<br>2 June 2024 | Personal<br>Guarantee |
| Borrower C   | 10,000                   | 10,000  | 6.00   | 10 May 2023 to<br>10 May 2024 | Personal<br>Guarantee |
| Borrower D   | 10,000                   | 10,000  | 4.35   | 25 May 2023 to<br>25 May 2024 | Personal<br>Guarantee |
| Borrower E   | 9,000                    | 9,000   | 6.60   | 6 June 2023 to<br>6 June 2024 | Personal<br>Guarantee |
| <b>Total</b> | <b>49,000</b>            | <b>49,000</b>   |  |                               |                       |

#### 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.

## Management Discussion and Analysis

### BUSINESS REVIEW (continued)

#### Asset quality (continued)

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 the levels of risk. The following table sets forth our outstanding loans by the “Five-Tier Principle” categories as at the dates indicated:

#### Provisioning policies and asset quality:

|                 | As at 30 June 2024 |              | As at 31 December 2023 |              |
|-----------------|--------------------|--------------|------------------------|--------------|
|                 | RMB'000            | %            | RMB'000                | %            |
| Normal          | 885,516            | 94.8         | 873,477                | 94.5         |
| Special-Mention | 5,423              | 0.6          | 19,437                 | 2.1          |
| Substandard     | 4,800              | 0.5          | 11,110                 | 1.2          |
| Doubtful        | 15,100             | 1.6          | 16,716                 | 1.8          |
| Loss            | 23,617             | 2.5          | 3,225                  | 0.4          |
| <b>Total</b>    | <b>934,456</b>     | <b>100.0</b> | <b>923,965</b>         | <b>100.0</b> |

There was an increase in the Company’s non-performing loans because the real estate and ancillary markets remained in a depressed state in 2024, and some borrowers struggled to operate effectively within capital chain rupture. For details, please refer to the paragraph headed “Overview of loans impairment losses recognized” in this section.

## Management Discussion and Analysis

### BUSINESS REVIEW (continued)

#### Loan quality analysis

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

|  | As at<br>30 June<br>2024 | As at<br>31 December<br>2023 |
|--|--------------------------|------------------------------|
| Impaired loan ratio <sup>(1)</sup>         | 4.7%                     | 3.4%                         |
| Balance of impaired loans (RMB'000)        | 43,517                   | 31,051                       |
| Total amount of loans receivable (RMB'000) | 934,456                  | 923,965                      |

|  | As at<br>30 June<br>2024 | As at<br>31 December<br>2023 |
|--|--------------------------|------------------------------|
| Allowance coverage ratio <sup>(2)</sup>                  | 167.7%                   | 165.0%                       |
| Allowance for impairment losses (RMB'000) <sup>(3)</sup> | 72,969                   | 51,219                       |
| Balance of impaired loans (RMB'000)                      | 43,517                   | 31,051                       |
| Provisions for impairment losses ratio <sup>(4)</sup>    | 7.8%                     | 5.5%                         |

|  | As at<br>30 June<br>2024 | As at<br>31 December<br>2023 |
|--|--------------------------|------------------------------|
| Balance of overdue loans (RMB'000)         | 48,940                   | 50,488                       |
| Total amount of loans receivable (RMB'000) | 934,456                  | 923,965                      |
| Overdue loan ratio <sup>(5)</sup>          | 5.2%                     | 5.5%                         |

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.

## Management Discussion and Analysis

### FINANCIAL REVIEW

#### Interest income

Our interest income decreased by approximately 0.4% from approximately RMB26.1 million for the six months ended 30 June 2023 to approximately RMB26.0 million for the six months ended 30 June 2024. 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 increased from approximately RMB916.0 million for the six months ended 30 June 2023 to approximately RMB925.3 million for the six months ended 30 June 2024, mainly attributable to the fact that the Company invested all cash interest income generated from operation in the loan business after paying for daily operating expenses. After considering the effect of loan write-offs, the daily balance of loan receivables increased slightly during the period. However, current real economy remains in a downward cycle, and the effective interest rate of loans granted by the industry has concurrently declined. In order to protect the interest of shareholders and maintain market share, we lowered the effective interest rate of loans charged to our customers. Meanwhile, the effective interest rate per annum slightly decreased from 5.7% for the six months ended 30 June 2023 to 5.6% for the six months ended 30 June 2024.

#### Interest expense

Our interest expense was RMB37,948 and RMB46,530 for the six months ended 30 June 2023 and 2024, respectively, all from recognised lease liabilities related to the lease contracts in respect of our office.

#### Impairment losses on loans and accounts receivables and other assets

We had accrual of provision for impairment losses of approximately RMB33.9 million and RMB33.9 million for the six months ended 30 June 2023 and 2024, respectively. Such slight increase in accrual of provision for impairment losses was mainly due to the fact that the real estate and ancillary markets remained in a depressed state in 2024, and some borrowers struggled to operate effectively within capital chain rupture, leading to an increase in the Company's non-performing loans and provision for loans impairment losses.

## Management Discussion and Analysis

### FINANCIAL REVIEW (continued)

#### Overview of loans impairment losses recognized

The Company recorded impairments losses on loans receivable of RMB33.69 million for the six months ended 30 June 2024, the breakdown of the loan portfolio as at 30 June 2024 and impairments losses for the six months ended 30 June 2024 are as follows:

| Item  | Gross loan amount before written off | Allowance for impairment losses at the end of 2023 | Net charge of the impairment for the six months ended 30 June 2024 | Net carrying amount of loans |
|---|--------------------------------------|--|--|------------------------------|
|   | <i>(RMB million)</i>                 | <i>(RMB million)</i>                               | <i>(RMB million)</i>   | <i>(RMB million)</i>         |
| Newly impaired loans incurred for the six months ended 30 June 2024 | 24.10                                | 2.45   | 16.59  | 5.06                         |
| Loans impaired before 2024 <sup>(Note 1)</sup>                      | 30.92                                | 17.56  | 10.80  | 2.56                         |
| Loans which were not impaired <sup>(Note 2)</sup>                   | 890.94                               | 31.21  | 5.86   | 853.87                       |
| <b>Total</b>  | <b>945.96</b>                        | <b>51.22</b>                                       | <b>33.25</b>   | <b>861.49</b>                |

Notes:

1. For loans impaired before 2024, the Company recognised impairment losses of RMB10.8 million in 2024 based on the latest status.
2. The Company collectively assessed the loans which were not impaired, and recorded impairment losses amounted to RMB5.86 million for such loans for the six months ended 30 June 2024.

## Management Discussion and Analysis

### FINANCIAL REVIEW (continued)

#### Overview of loans impairment losses recognized (continued)

As illustrated above, the impairment loss on loans receivable recognised for the six months ended 30 June 2024 is primarily attributable to the newly impaired loans incurred in 2024:

| Overdue days                                       | Number of borrowers | Number of loans | Gross loan amount<br>(RMB million) | Net charge of the impairment for the six months ended 30 June 2024<br>(RMB million) | Interest rate range | Type of security |
|--|---------------------|-----------------|------------------------------------|---|---------------------|------------------|
| Overdue more than 3 months and less than 6 months  | 2                   | 2               | 4.80                               | 1.84  | 4.35%~8.4%          | Guarantee        |
| Overdue more than 6 months and less than 12 months | 8                   | 8               | 19.30                              | 14.75   | 6.6%~8.4%           | Guarantee        |
| Overdue more than 12 months                        | —                   | —               | —                                  | —   | —                   | —                |
| <b>Total</b>                                       | 10                  | 10              | 24.10                              | 16.59   |                     |                  |

Except for the above-mentioned impaired loans, there were RMB5.42 million loans overdue less than 90 days but were not impaired as at 30 June 2024.

When entering into the relevant loan and repayment agreements, the Company strictly implemented a standardized process, which is set out on the page 37 to 38 of 2023 annual report. The Company tracks 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 occurred or post-loan inspection indicates any abnormality.

In summary, the main reason leading to the increase in loan impairment losses on the Company's loan business is due to the fact that the real estate and ancillary markets remained in a depressed state in 2024, and some borrowers struggled to operate effectively within capital chain rupture, leading to an increase in the Company's non-performing loans and provision for loans impairment losses.

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 losses.

## Management Discussion and Analysis

### FINANCIAL REVIEW (continued)

#### Overview of loans impairment losses recognized (continued)

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 2024 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.

The detailed actions taken by the Company to ensure the recoverability of overdue loans are as follows:

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 still not repaid by the relevant month-end, our account manager will pay an on-site visit to remind the customer of the overdue situation, and 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.



## Management Discussion and Analysis

### FINANCIAL REVIEW (continued)

#### Administrative expenses

Our administrative expenses decreased by approximately 19.3% from approximately RMB5.2 million for the six months ended 30 June 2023 to approximately RMB4.2 million for the six months ended 30 June 2024. Such decrease was primarily due to the decrease in the staff costs of the Group's subsidiaries and promotion expenses generated from business expansion.

#### Other income, net

We had net other income of RMB731,318 and RMB22,621 for the six months ended 30 June 2023 and 30 June 2024 respectively. Such decrease was primarily due to the decrease in commission income as a result of the decrease in the business scale of the Group's subsidiaries.

#### Income tax benefit

Income tax benefit decreased by approximately 13.4% from approximately RMB3.4 million for the six months ended 30 June 2023 to approximately RMB3.0 million for the six months ended 30 June 2024. Such decrease was primarily due to the decrease in the Company's loss before tax.

#### Loss after tax

We recorded a loss after tax of approximately RMB9.4 million for the six months ended 30 June 2024 as compared to approximately RMB12.8 million for the six months ended 30 June 2023, which was mainly due to the decrease in the loss of subsidiaries and decrease in impairment loss of goodwill and guarantees in the current period.

#### Total comprehensive loss

We recorded a total comprehensive loss of approximately RMB9.8 million for the six months ended 30 June 2024 as compared to approximately RMB12.8 million for the six months ended 30 June 2023, which was mainly due to the decrease in the loss of subsidiaries and decrease in impairment loss of goodwill and guarantees in the current period.

#### Significant investments

The Group has no significant investments during the six months ended 30 June 2024 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 2024 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 2024 and up to the date of this report.

## Management Discussion and Analysis

### FINANCIAL REVIEW (continued)

#### Foreign exchange risk

The Group operates principally in the People'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 2024, the Group did not have any outstanding hedge instruments.

#### Liquidity, financial resources and capital structure

As at 30 June 2024, the Group had cash and cash equivalents of approximately RMB0.03 million (31 December 2023: approximately RMB0.279 million). The Group's gearing ratio, representing the ratio of total net debt (interest bearing liabilities excluding lease liabilities) divided by capital and net debt, was nil as at 30 June 2024 (31 December 2023: nil).

During the six months ended 30 June 2024, 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 reporting period. The Group 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 its liquidity structure would satisfy the funding needs from time to time.

#### Indebtedness and charges on assets

The balance of lease liability was approximately RMB0.85 million as at 30 June 2024 (31 December 2023: approximately RMB1.5 million). The Group did not have any other indebtedness and charges on assets except for lease liability during the six months ended 30 June 2024.

#### Contingent liabilities

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

|                                     | As at<br>30 June<br>2024 | As at<br>31 December<br>2023 |
|-------------------------------------|--------------------------|------------------------------|
| Financial guarantee contracts (RMB) | 53,000,000               | 63,000,000                   |

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 2024 and up to the date of this report.

## Management Discussion and Analysis

### INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (2023: nil).

### MATERIAL LITIGATION AND ARBITRATION

As at 30 June 2024, the Group was not involved in any material litigation or arbitration.

### EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group had 16 full-time employees (31 December 2023: 18 full-time employees). 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 2024 was approximately RMB1.6 million (for the six months ended 30 June 2023: 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, including staff induction trainings and several professional skill trainings after induction every year.

### SHARE SCHEME

As at the date of this report, no share scheme has been adopted by the Company.

### CORPORATE DEVELOPMENT STRATEGIES AND OUTLOOK

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

Since the beginning of this year, China has witnessed the gradual surface of the effects of a series of macroeconomic policies, the constant recovery of endogenous energy and the continuously improving social expectations, which will further enhance the steadily upward trend for economy boosted by consistently accumulating and increasing factors. Nevertheless, it is notable that the rising complicated, severe and uncertain external circumstances has impeded the foundation for the stably improving trend for economy.

Due to the prolonged slump in the real estate market, some of the Company's customers involved in real estate-related upstream and downstream industries are in poor operating conditions. The Company continues to maintain prudent business operations, adjust the structure of its customer groups in a timely manner, reduce credit extensions to these customers who are in poor operating conditions, and increase the credit line of the industrial supply chain customers base of affiliated enterprises with low risks. Meanwhile, the Company increased credit limits for some premium regular customers, resulting in a constant increase in loan concentration for the first half of 2024, which also brought continuous improvement in the situation of new overdue loans in current period. The Company will keep balancing benefit and risk, and actively respond to changes of economic environment.

The Chinese government has attached more significance to its work for three rural enterprises by improving the development, construction, and governance of rural industries, promoting urban-rural integration and coordinated development among regions, and vigorously optimizing economic distribution. Most of our customers who are engaged in the three rural industry will benefit from the supporting policies. We expect our customers will have a lower risk of default in repayment of loans. Meanwhile, we will stay cautious on the development of the economy, continue to assess its impacts on the financial position and operating results of the Group and take necessary actions to maintain the stability of its businesses, and has continued to implement more stringent risks control measures in order to reduce the expenditure and to achieve cost effectiveness. The Group will continue to develop steadily, seizing new opportunities and scaling our businesses to reach new levels of growth in order to maximize the protection of the shareholders' interests.

## Others

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

As at 30 June 2024, interests or short positions of 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 Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix C3 of 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 shareholding percentage in the total issued Shares <sup>(3)</sup> |
|---------------------|--|--------------------------------------|--|---|
| Mr. Bo Wanlin       | Interest in controlled corporation <sup>(4)(5)</sup> | 180,200,000 Domestic Shares (L)      | 40.04%   | 30.03%  |
| Ms. Bai Li          | Beneficial owner                                     | 10,000,000 Domestic Shares (L)       | 2.22%  | 1.67%   |
| Mr. Zhang Zhuo      | Beneficial owner                                     | 30,000,000 Domestic Shares(L)        | 6.67%  | 5.00%   |

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 in issue as at 30 June 2024.
- (3) The calculation is based on the total number of 600,000,000 Shares in issue as at 30 June 2024.
- (4) As at 30 June 2024, 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 controls more than one-third of the voting rights of Botai Group and is deemed to be interested in its interest in the Company by virtue of the SFO.
- (5) On 24 February 2021, Botai Group, the controlling shareholder (as defined in the Listing Rules) of the Company, pledged 45,000,000 Domestic Shares in favour of an independent commercial bank in the PRC as securities for bank facilities in the amount of RMB20,000,000.

## Others

### 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), respectively, as at 30 June 2024.
- (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 2024, 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 C3 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 2024, 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:

| Shareholder   | Nature of interest                                | Number of Shares held <sup>(1)</sup> | Approximate shareholding percentage in the relevant class of Shares <sup>(2)</sup> | Approximate shareholding percentage in the total issued share of the Company <sup>(3)</sup> |
|---|---|--------------------------------------|--|---|
| Botai Group <sup>(4)</sup>  | Beneficial owner                                  | 180,200,000<br>Domestic Shares(L)    | 40.04%   | 30.03%  |
| Ms. Wang Zhengru  | Family interest of spouse <sup>(5)</sup>          | 180,200,000<br>Domestic Shares(L)    | 40.04%   | 30.03%  |
| Jiangsu Liantai Fashion Shopping Mall Real Estate Co., Ltd.*<br>(江蘇聯泰時尚購物廣場置業有限公司)<br>("Liantai Guangchang")  | Beneficial owner                                  | 141,900,000<br>Domestic Shares(L)    | 31.53%   | 23.65%  |
| Beijing Zhongting Limin Hospital Management Co., Ltd.*<br>(北京中靈利民醫院管理有限公司)<br>("Beijing Zhongting")           | Interest in controlled corporation <sup>(6)</sup> | 141,900,000<br>Domestic Shares(L)    | 31.53%   | 23.65%  |
| Shenzhen Gangfutong Financial Information Services Co., Ltd.*<br>(深圳港付通金融信息服務有限公司)<br>("Shenzhen Gangfutong") | Beneficial owner                                  | 48,000,000<br>Domestic Shares(L)     | 10.67%   | 8.00%   |
| Ms. Zheng Jingyue   | Interest in controlled corporation <sup>(7)</sup> | 48,000,000<br>Domestic Shares(L)     | 10.67%   | 8.00%   |
|   | Beneficial owner                                  | 364,000<br>H Shares(L)               | 0.24%  | 0.06%   |
| Mr. Lu Qi   | Beneficial owner                                  | 30,000,000<br>Domestic Shares(L)     | 6.67%  | 5.00%   |

## Others

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 and 150,000,000 H Shares in issue as at 30 June 2024.
- (3) The calculation is based on the total number of 600,000,000 Shares in issue as at 30 June 2024.
- (4) On 24 February 2021, Botai Group, the controlling shareholder (as defined in the Listing Rules) of the Company, pledged 45,000,000 Domestic Shares in favour of an independent commercial bank in the PRC as securities for bank facilities in the amount of RMB20,000,000.
- (5) 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.
- (6) As at 30 June 2024, Liantai Guangchang is held as to approximately 65.00% by Beijing Zhongting, approximately 10.00% by Mr. Bo Wanlin, approximately 20.00% by Mr. Bo Nianbin and approximately 5.00% by Ms. Bai Li. Beijing Zhongting 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.
- (7) Shenzhen Gangfutong is indirectly held as to 100% by Ms. Zheng Jingyue. Therefore, Ms. Zheng Jingyue is deemed to be interested in the 48,000,000 Domestic Shares held by Shenzhen Gangfutong by virtue of the SFO.

Save as disclosed above, as at 30 June 2024, 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 SHAREHOLDER**

On 24 February 2021, Botai Group, the controlling shareholder (as defined in the Listing Rules), pledged 45,000,000 Domestic Shares in favour of an independent commercial bank in the PRC as securities for bank facilities in the amount of RMB20,000,000. The pledged Domestic Shares represent approximately 25.0% of the aggregate Domestic Shares held by Botai Group, approximately 10.0% of the total number of Domestic Shares in issue, and approximately 7.5% of the total Shares in issue on 30 June 2024.

### **PUBLIC FLOAT**

According to the information disclosed publicly and as far as the Directors are aware, during the six months ended 30 June 2024 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.

### **CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS**

The Directors of the seventh session of the Board and the Supervisors of the seventh session of the board of Supervisors were elected or re-elected by the shareholders of the Company at the annual general meeting of the Company held on 8 June 2023 for a term of three years (from 19 January 2024 to 18 January 2027). The term of office of the seventh session of the Board and seventh session of the board of Supervisors will expire in January 2027.

## Others

Save as disclosed above, there has been no change in the Directors' and Supervisors' information since the date of the 2023 annual report of the Company required to be disclosed pursuant to Rule 13.51B(1) of 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 (including the sale of treasury shares (as defined under the Listing Rules)) during the six months ended 30 June 2024. As at 30 June 2024, the Company did not hold any treasury shares.

### **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 the 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 the 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 2024, 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 Part 2 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 to provide advice and comments to the Board. The Audit Committee consists of three independent non-executive Directors, being Mr. Xu Xuechuan, Ms. Zhang Lingling and Ms. Wang Chunhong. Mr. Xu Xuechuan currently serves as the chairman of the Audit Committee. The Audit Committee has reviewed this interim report and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2024 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



## Others

### CORPORATE GOVERNANCE

The Company has complied with the requirements of the Corporate Governance Code set out in Appendix C1 to the Listing Rules during the six months ended 30 June 2024 and up to the date of this report.

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

The Company 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 C3 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 2024 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 2024.

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

Yangzhou, the PRC, 23 August 2024

*As at the date of this report, the Board comprises three executive Directors, namely Mr. Bo Wanlin, Ms. Bai Li and Mr. Zhang Yi; two non-executive Directors, namely Mr. Bo Nianbin and Mr. Zhang Zhuo and three independent non-executive Directors, namely Mr. Xu Xuechuan, Ms. Zhang Lingling and Ms. Wang Chunhong.*

# 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 26 to 50, 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 2024 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

23 August 2024

## Interim Condensed Consolidated Statement of Profit or Loss

Six months ended 30 June 2024

*(Amounts expressed in RMB unless otherwise stated)*

|  | Notes | Six months ended 30 June   |                            |
|--|-------|----------------------------|----------------------------|
|  |       | 2024<br><i>(unaudited)</i> | 2023<br><i>(unaudited)</i> |
| Interest income  | 5     | 26,039,961                 | 26,136,280                 |
| Interest expense   | 5     | (46,530)                   | (37,948)                   |
| Interest income, net   | 5     | 25,993,431                 | 26,098,332                 |
| Impairment losses on loans and accounts receivables and other assets |       | (33,900,099)               | (33,896,751)               |
| Impairment losses on goodwill  |       | —                          | (2,059,114)                |
| Guarantee losses   |       | (204,895)                  | (1,812,055)                |
| Administrative expenses  |       | (4,230,284)                | (5,241,041)                |
| Other income and gains   |       | 28,455                     | 855,844                    |
| Other expenses   |       | (5,834)                    | (124,526)                  |
| <b>LOSS BEFORE TAX</b>   | 6     | (12,319,226)               | (16,179,311)               |
| Income tax benefit   | 7     | 2,955,666                  | 3,412,940                  |
| <b>LOSS FOR THE PERIOD</b>   |       | (9,363,560)                | (12,766,371)               |
| ATTRIBUTABLE TO:   |       |                            |                            |
| Owners of the parent   |       | (9,212,032)                | (12,441,421)               |
| Non-controlling interests  |       | (151,528)                  | (324,950)                  |
| LOSS PER SHARE ATTRIBUTABLE TO                                       |       |                            |                            |
| ORDINARY EQUITY HOLDERS OF THE PARENT                                | 9     |                            |                            |
| Basic (RMB)  |       | (0.02)                     | (0.02)                     |
| Diluted (RMB)  |       | (0.02)                     | (0.02)                     |

## Interim Condensed Consolidated Statement of Comprehensive Income

Six months ended 30 June 2024  
(Amounts expressed in RMB unless otherwise stated)

|  | Six months ended 30 June |              |
|--|--------------------------|--------------|
|  | 2024                     | 2023         |
| <b>LOSS FOR THE PERIOD</b>   | (9,363,560)              | (12,766,371) |
| <b>Other comprehensive income</b>  |                          |              |
| Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax): |                          |              |
| Net loss on equity instruments designated at fair value through other comprehensive income                     | (396,063)                | —            |
| <b>Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods</b>      | (396,063)                | —            |
| <b>Other comprehensive loss for the period, net of tax</b>   | (396,063)                | —            |
| <b>Total comprehensive loss for the period, net of Tax</b>   | (9,759,623)              | (12,766,371) |
| ATTRIBUTABLE TO:   |                          |              |
| Owners of the parent   | (9,343,389)              | (12,441,421) |
| Non-controlling interests  | (416,234)                | (324,950)    |

## Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2024

(Amounts expressed in RMB unless otherwise stated)

|   | Notes | As at<br>30 June<br>2024<br><i>(unaudited)</i> | As at<br>31 December<br>2023<br><i>(audited)</i> |
|---|-------|--|--|
| <b>ASSETS</b>   |       |  |  |
| Cash and cash equivalents   |       | 29,671   | 279,027  |
| Loans and accounts receivables  | 10    | 861,487,569                                    | 872,746,195                                      |
| Equity investments designated at fair value<br>through other comprehensive income |       | —  | 396,063  |
| Property, plant and equipment   | 11    | 401,370  | 626,431  |
| Right of use assets   | 12    | 667,455  | 800,362  |
| Deferred tax  | 13    | 19,336,501                                     | 11,503,618                                       |
| Other assets  | 14    | 337,171  | 565,949  |
| <b>TOTAL ASSETS</b>   |       | <b>882,259,737</b>                             | <b>886,917,645</b>                               |
| <b>LIABILITIES</b>  |       |  |  |
| Deferred income   |       | —  | 26,855   |
| Income tax payable  |       | 5,512,637                                      | 1,135,663  |
| Liabilities from guarantees   | 15    | 2,468,461                                      | 2,263,566  |
| Lease liabilities   | 16    | 846,892  | 1,535,362  |
| Other liabilities   | 17    | 11,465,078                                     | 10,229,907                                       |
| <b>TOTAL LIABILITIES</b>  |       | <b>20,293,068</b>                              | <b>15,191,353</b>                                |
| <b>EQUITY</b>   |       |  |  |
| <b>Equity attributable to owners of the parent</b>                                |       |  |  |
| Share capital   | 18    | 600,000,000                                    | 600,000,000                                      |
| Reserves  |       | 112,993,799                                    | 113,100,746                                      |
| Retained earnings   |       | 147,429,813                                    | 156,666,255                                      |
| Equity attributable to owners of the parent                                       |       | 860,423,612                                    | 869,767,001                                      |
| Non-controlling interests   |       | 1,543,057                                      | 1,959,291  |
| <b>TOTAL EQUITY</b>   |       | <b>861,966,669</b>                             | <b>871,726,292</b>                               |
| <b>TOTAL EQUITY AND LIABILITIES</b>   |       | <b>882,259,737</b>                             | <b>886,917,645</b>                               |

**Bai Li**  
Director

**Bo Wanlin**  
Director

## Interim Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2024  
(Amounts expressed in RMB unless otherwise stated)

|  | Attributable to owners of the parent |                 |                 |                 |   |                   |              |           | Non-controlling interests | Total equity |
|--|--------------------------------------|-----------------|-----------------|-----------------|---|-------------------|--------------|-----------|---------------------------|--------------|
|  | Paid in capital                      | Capital reserve | Surplus reserve | General reserve | Fair value reserve of financial assets at fair value through other comprehensive income | Retained earnings | Total        |           |                           |              |
| At 1 January 2023  | 600,000,000                          | 54,417,191      | 49,484,934      | 9,302,558       | —   | 164,899,227       | 878,103,910  | 2,086,934 | 880,190,844               |              |
| Loss for the period and total comprehensive income   | —                                    | —               | —               | —               | —   | (12,441,421)      | (12,441,421) | (324,950) | (12,766,371)              |              |
| At 30 June 2023 (unaudited)  | 600,000,000                          | 54,417,191      | 49,484,934      | 9,302,558       | —   | 152,457,806       | 865,662,489  | 1,761,984 | 867,424,473               |              |
| At 1 January 2024  | 600,000,000                          | 54,417,191*     | 49,484,934*     | 9,302,558*      | (103,937)*  | 156,666,255       | 869,767,001  | 1,959,291 | 871,726,292               |              |
| Loss for the period  | —                                    | —               | —               | —               | —   | (9,212,032)       | (9,212,032)  | (151,528) | (9,363,560)               |              |
| Changes in fair value of equity investments at fair value through other comprehensive income, net of tax | —                                    | —               | —               | —               | (131,357)   | —                 | (131,357)    | (264,706) | (396,063)                 |              |
| Appropriation to general reserve   | —                                    | —               | —               | 24,410          | —   | (24,410)          | —            | —         | —                         |              |
| At 30 June 2024 (unaudited)  | 600,000,000                          | 54,417,191*     | 49,484,934*     | 9,326,968*      | (235,294)*  | 147,429,813       | 860,423,612  | 1,543,057 | 861,966,669               |              |

\* These reserve accounts comprise the consolidated reserves of RMB112,993,799 (31 December 2023: RMB113,100,746) in the interim condensed consolidated statement of financial position.

## Interim Condensed Consolidated Statement of Cash Flows

Six months ended 30 June 2024

*(Amounts expressed in RMB unless otherwise stated)*

|  | Notes | Six months ended 30 June   |                            |
|--|-------|----------------------------|----------------------------|
|  |       | 2024<br><i>(unaudited)</i> | 2023<br><i>(unaudited)</i> |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                            |       |                            |                            |
| Loss before tax  |       | (12,319,226)               | (16,179,311)               |
| Adjustments for:   |       |                            |                            |
| Depreciation and amortisation  | 13    | 357,968                    | 769,101                    |
| Impairment losses on loans and accounts receivables and other assets   |       | 33,900,099                 | 33,896,751                 |
| Impairment loss on goodwill  |       | —                          | 2,059,114                  |
| Guarantee losses   | 15    | 204,895                    | 1,812,055                  |
| Accreted interest on impaired loans                                    | 5     | (440,939)                  | (435,527)                  |
| Bank interest income   |       | (101)                      | (2,069)                    |
| Net loss on disposal of property, plant and equipment and other assets |       | —                          | 114,800                    |
| Interest expense   | 5     | 46,530                     | 37,948                     |
| Foreign exchange gain, net   |       | (2)                        | (8)                        |
| Increase in loans and accounts receivable                              |       | (21,991,226)               | (19,963,179)               |
| (Increase)/decrease in other assets                                    |       | (19,470)                   | 1,358,088                  |
| Increase/(decrease) in other liabilities                               |       | 1,208,317                  | (2,397,090)                |
| Net cash flows from operating activities before interest and tax       |       | 985,886                    | 1,072,742                  |
| Bank interest received   |       | 101                        | 2,069                      |
| Income tax paid  |       | (500,244)                  | (682,683)                  |
| Net cash flows from operating activities                               |       | 485,642                    | 390,059                    |
| <b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>                         |       |                            |                            |
| Purchases of property and equipment and other long-term assets         |       | —                          | (37,382)                   |
| Net cash flows used in investing activities                            |       | —                          | (37,382)                   |
| <b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>                         |       |                            |                            |
| Repayment of lease liabilities   |       | (735,000)                  | —                          |
| Net cash flows used in financing activities                            |       | (735,000)                  | —                          |
| <b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>            |       |                            |                            |
|  |       | (249,358)                  | 352,677                    |
| Cash and cash equivalents at beginning of the period                   |       | 279,027                    | 1,639,818                  |
| Effect of foreign exchange rate changes, net                           |       | 2                          | 8                          |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>                  |       |                            |                            |
|  |       | 29,671                     | 1,992,503                  |

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

*(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 Hong Kong Stock Exchange and the trading of its H shares commenced on 8 May 2017. Upon the approval of the Hong Kong Stock Exchange, the Company's H shares have been 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 subsidiaries (the "**Group**") are including granting of loans to "Agriculture, Rural Areas and Farmers", providing service of financial guarantees, and acting as an agent providing automotive services and others.

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.



## Notes to Interim Condensed Consolidated Financial Information

30 June 2024

*(Amounts expressed in RMB unless otherwise stated)*

### 1. CORPORATE AND GROUP INFORMATION (continued)

#### Information about subsidiary

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

| Name   | Place of registration and Business | Legal status              | Issued registered share capital | Percentage of equity attributable to the Company |          | Principal activities          |
|--|------------------------------------|---------------------------|---------------------------------|--|----------|-------------------------------|
|  |                                    |                           |                                 | Direct   | Indirect |                               |
| Hainan Luhang Lianche Technology Co., Ltd<br>(海南路航鏈車科技有限公司)      | Chinese Mainland                   | limited liability company | RMB<br>100,000,000              | 100%   | —        | Internet and related services |
| Hainan Jialan Information Technology Co., Ltd.<br>(海南迦藍信息技術有限公司) | Chinese Mainland                   | limited liability company | RMB<br>5,000,000                | —  | 55%      | Internet and related services |
| Shenzhen Taiyuan Biotechnology Co., Ltd.<br>(深圳市泰源生物科技有限公司)      | Chinese Mainland                   | limited liability company | RMB<br>90,000,000               | 100%   | —        | Internet and related services |
| Shenzhen Herun Bchnology Co., Ltd.<br>(深圳和潤生物科技有限公司)             | Chinese Mainland                   | limited liability company | RMB<br>10,000,000               | —  | 51%      | Internet and related services |

## Notes to Interim Condensed Consolidated Financial Information

30 June 2024

*(Amounts expressed in RMB unless otherwise stated)*

### 2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does 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 for the year ended 31 December 2023.

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

|                               |  |
|-------------------------------|--|
| Amendments to IAS 16          | <i>Lease Liability in a Sale and Leaseback</i>   |
| Amendments to IAS 1           | <i>Classification of Liabilities as Current or Non-current<br/>(the "2020 Amendments")</i> |
| Amendments to IAS 1           | <i>Non-current Liabilities with Covenants (the "2022 Amendments")</i>                      |
| Amendments to IAS 7 and IFRS7 | <i>Supplier Finance Arrangements</i>   |

The nature and impact of the revised IFRSs are described below:

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any significant impact on the financial position or performance.
- (b) 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.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any significant impact on the financial position or performance of the Group.

## Notes to Interim Condensed Consolidated Financial Information

30 June 2024

*(Amounts expressed in RMB unless otherwise stated)*

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

- (c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any significant impact on the interim condensed consolidated financial information.

### 4. 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 2023.

### 5. INTEREST INCOME, NET

|   | Six months ended 30 June |            |
|---|--------------------------|------------|
|   | 2024                     | 2023       |
| Interest income on:                           |                          |            |
| Loans receivable                              | 26,039,860               | 26,134,211 |
| Cash at banks                                 | 101                      | 2,069      |
| Subtotal                                      | 26,039,961               | 26,136,280 |
| Interest expense on:                          |                          |            |
| Lease liabilities                             | (46,530)                 | (37,948)   |
| Subtotal                                      | (46,530)                 | (37,948)   |
| Interest income, net                          | 25,993,431               | 26,098,332 |
| Included: Interest income from impaired loans | 440,939                  | 435,527    |

## Notes to Interim Condensed Consolidated Financial Information

30 June 2024

*(Amounts expressed in RMB unless otherwise stated)*

### 6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

|  | Six months ended 30 June |            |
|--|--------------------------|------------|
|  | 2024                     | 2023       |
| Impairment losses on loans and accounts receivables and other assets | 33,900,099               | 33,896,751 |
| Impairment loss on goodwill  | —                        | 2,059,114  |
| Staff costs:   |                          |            |
| Salaries, bonuses and allowances                                     | 1,273,086                | 1,529,910  |
| Other social welfare   | 302,050                  | 314,963    |
| Auditor's remuneration   | 600,000                  | 600,000    |
| Service fee  | 853,945                  | 488,739    |
| Depreciation of property, plant and equipment                        | 225,061                  | 509,158    |
| Depreciation of right-of-use assets                                  | 132,907                  | 255,776    |

### 7. INCOME TAX BENEFIT

|                     | Six months ended 30 June |             |
|---------------------|--------------------------|-------------|
|                     | 2024                     | 2023        |
| Current income tax  | 4,877,217                | 861,511     |
| Deferred income tax | (7,832,883)              | (4,274,451) |
|                     | (2,955,666)              | (3,412,940) |

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

|  | Six months ended 30 June |              |
|--|--------------------------|--------------|
|  | 2024                     | 2023         |
| Loss before tax  | (12,319,226)             | (16,179,311) |
| Tax at the applicable tax rate                                     | (3,079,807)              | (4,044,827)  |
| Expenses not deductible for tax                                    | 26,447                   | 198,146      |
| Unrecognised tax losses  | 96,877                   | 433,741      |
| Adjustments on current income tax in respect of prior years        | 817                      | —            |
| Total tax benefit for the period at the Group's effective tax rate | (2,955,666)              | (3,412,940)  |

## Notes to Interim Condensed Consolidated Financial Information

30 June 2024

*(Amounts expressed in RMB unless otherwise stated)*

### 8. DIVIDENDS

No dividend was paid or proposed during the six months ended 30 June 2024 and 2023.

### 9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic loss per share is based on the 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 |              |
|--|--------------------------|--------------|
|  | 2024                     | 2023         |
| <u>Loss</u>  |                          |              |
| Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation               | (9,212,032)              | (12,441,421) |
| <u>Shares</u>  |                          |              |
| Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation (i) | 600,000,000              | 600,000,000  |
| Basic and diluted loss per share   | (0.02)                   | (0.02)       |

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

|   | Six months ended 30 June |             |
|---|--------------------------|-------------|
|   | 2024                     | 2023        |
| 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 loss per share amount was the same as the basic loss per share amount.

## Notes to Interim Condensed Consolidated Financial Information

30 June 2024

*(Amounts expressed in RMB unless otherwise stated)*

### 10. LOANS AND ACCOUNTS RECEIVABLES

|   | As at<br>30 June<br>2024 | As at<br>31 December<br>2023 |
|---|--------------------------|------------------------------|
| Guaranteed loans                        | 934,239,316              | 923,723,845                  |
| Collateral-backed loans                 | 67,013                   | 67,013                       |
| Unsecured loans                         | 149,845                  | 174,090                      |
| Loans receivable                        | 934,456,174              | 923,964,948                  |
| Less: Allowance for impairment losses   | 72,968,605               | 51,218,753                   |
| Net loans receivable                    | 861,487,569              | 872,746,195                  |
| Accounts receivable                     | —                        | —                            |
| Less: Allowance for impairment losses   | —                        | —                            |
| Net accounts receivable                 | —                        | —                            |
| Total of loans and accounts receivables | 861,487,569              | 872,746,195                  |

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 period-end staging classification.

| Internal rating grades | 30 June 2024 |           |            |             |
|------------------------|--------------|-----------|------------|-------------|
|                        | Stage 1      | Stage 2   | Stage 3    | Total       |
| Normal                 | 885,516,206  | —         | —          | 885,516,206 |
| Special mention        | —            | 5,423,110 | —          | 5,423,110   |
| Sub-standard           | —            | —         | 4,800,000  | 4,800,000   |
| Doubtful               | —            | —         | 15,100,000 | 15,100,000  |
| Loss                   | —            | —         | 23,616,858 | 23,616,858  |
| Total                  | 885,516,206  | 5,423,110 | 43,516,858 | 934,456,174 |

## Notes to Interim Condensed Consolidated Financial Information

30 June 2024

*(Amounts expressed in RMB unless otherwise stated)*

### 10. LOANS AND ACCOUNTS RECEIVABLES (continued)

| Internal rating grades | 31 December 2023   |                   |                   |                    |
|------------------------|--------------------|-------------------|-------------------|--------------------|
|                        | Stage 1            | Stage 2           | Stage 3           | Total              |
| Normal                 | 873,476,485        | —                 | —                 | 873,476,485        |
| Special mention        | —                  | 19,437,360        | —                 | 19,437,360         |
| Sub-standard           | —                  | —                 | 11,110,000        | 11,110,000         |
| Doubtful               | —                  | —                 | 16,716,275        | 16,716,275         |
| Loss                   | —                  | —                 | 3,224,828         | 3,224,828          |
| <b>Total</b>           | <b>873,476,485</b> | <b>19,437,360</b> | <b>31,051,103</b> | <b>923,964,948</b> |

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

|  | Stage 1<br>(12-month<br>ECL) | Stage 2<br>(Lifetime<br>ECL) | Stage 3<br>(Lifetime<br>ECL –<br>impaired) | Total              |
|--|------------------------------|------------------------------|--|--------------------|
| Outstanding exposure<br>as at 31 December 2023 | 873,476,485                  | 19,437,360                   | 31,051,103                                 | 923,964,948        |
| Addition                                       | 655,185,849                  | —                            | —  | 655,185,849        |
| Recovery                                       | (632,923,018)                | (137,360)                    | (134,245)                                  | (633,194,623)      |
| Transfers to Stage 2                           | (10,223,110)                 | 10,223,110                   | —  | —                  |
| Transfers to Stage 3                           | —                            | (24,100,000)                 | 24,100,000                                 | —                  |
| Amounts written off                            | —                            | —                            | (11,500,000)                               | (11,500,000)       |
| <b>At 30 June 2024</b>                         | <b>885,516,206</b>           | <b>5,423,110</b>             | <b>43,516,858</b>                          | <b>934,456,174</b> |

|  | Stage 1<br>(12-month<br>ECLs) | Stage 2<br>(Lifetime<br>ECLs) | Stage 3<br>(Lifetime<br>ECLs –<br>impaired) | Total              |
|--|-------------------------------|-------------------------------|---|--------------------|
| Outstanding exposure<br>as at 31 December 2022 | 862,333,174                   | 32,721,892                    | 29,112,872                                  | 924,167,938        |
| Addition                                       | 873,476,485                   | —                             | —   | 873,476,485        |
| Recovery                                       | (823,585,814)                 | (5,121,892)                   | (31,769)                                    | (828,739,475)      |
| Transfers to Stage 2                           | (19,437,360)                  | 19,437,360                    | —   | —                  |
| Transfers to Stage 3                           | (19,310,000)                  | (27,600,000)                  | 46,910,000                                  | —                  |
| Amounts written off                            | —                             | —                             | (44,940,000)                                | (44,940,000)       |
| <b>At 31 December 2023</b>                     | <b>873,476,485</b>            | <b>19,437,360</b>             | <b>31,051,103</b>                           | <b>923,964,948</b> |

## Notes to Interim Condensed Consolidated Financial Information

30 June 2024

*(Amounts expressed in RMB unless otherwise stated)*

### 10. LOANS AND ACCOUNTS RECEIVABLES (continued)

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

|                              | Stage 1<br>(12-month<br>ECL) | Stage 2<br>(Lifetime<br>ECL) | Stage 3<br>(Lifetime<br>ECL –<br>impaired) | Total ECL<br>allowance |
|------------------------------|------------------------------|------------------------------|--|------------------------|
| ECLs as at 31 December 2023  | 31,357,806                   | 2,297,540                    | 17,563,407                                 | 51,218,753             |
| Net charge of the impairment | 5,260,702                    | 595,026                      | 27,394,124                                 | 33,249,852             |
| Transfers to Stage 2         | (312,344)                    | 312,344                      | —  | —                      |
| Transfers to Stage 3         | —                            | (2,444,194)                  | 2,444,194                                  | —                      |
| Amounts written off          | —                            | —                            | (11,500,000)                               | (11,500,000)           |
| At 30 June 2024              | 36,306,164                   | 760,716                      | 35,901,725                                 | 72,968,605             |

|                              | Stage 1<br>(12-month<br>ECLs) | Stage 2<br>(Lifetime<br>ECLs) | Stage 3<br>(Lifetime<br>ECLs –<br>impaired) | Total ECL<br>Allowance |
|------------------------------|-------------------------------|-------------------------------|---|------------------------|
| ECLs as at 31 December 2022  | 26,346,594                    | 3,759,619                     | 17,247,977                                  | 47,354,190             |
| Net charge of the impairment | 6,195,048                     | (785,745)                     | 43,395,260                                  | 48,804,563             |
| Transfers to Stage 2         | (593,864)                     | 593,864                       | —   | —                      |
| Transfers to Stage 3         | (589,972)                     | (1,270,198)                   | 1,860,170                                   | —                      |
| Amounts written off          | —                             | —                             | (44,940,000)                                | (44,940,000)           |
| At 31 December 2023          | 31,357,806                    | 2,297,540                     | 17,563,407                                  | 51,218,753             |



## Notes to Interim Condensed Consolidated Financial Information

30 June 2024

*(Amounts expressed in RMB unless otherwise stated)*

### 11. PROPERTY, PLANT AND EQUIPMENT

|                                    | Motor vehicles | Fixtures and furniture | Leasehold improvements | Total      |
|------------------------------------|----------------|------------------------|------------------------|------------|
| Cost:                              |                |                        |                        |            |
| At 1 January 2023                  | 1,911,877      | 1,909,975              | 10,753,082             | 14,574,934 |
| Additions                          | —              | 1,584                  | 35,797                 | 37,381     |
| Deductions                         | —              | (88,841)               | —                      | (88,841)   |
| At 31 December 2023                | 1,911,877      | 1,822,718              | 10,788,879             | 14,523,474 |
| Additions                          | —              | —                      | —                      | —          |
| Deductions                         | —              | —                      | —                      | —          |
| At 30 June 2024                    | 1,911,877      | 1,822,718              | 10,788,879             | 14,523,474 |
| Accumulated depreciation:          |                |                        |                        |            |
| At 1 January 2023                  | 1,911,877      | 1,415,136              | 9,613,245              | 12,940,258 |
| Depreciation charge for the year   | —              | 246,548                | 757,407                | 1,003,955  |
| Deductions                         | —              | (47,170)               | —                      | (47,170)   |
| At 31 December 2023                | 1,911,877      | 1,614,514              | 10,370,652             | 13,897,043 |
| Depreciation charge for the period | —              | 73,979                 | 151,082                | 225,061    |
| Deductions                         | —              | —                      | —                      | —          |
| At 30 June 2024                    | 1,911,877      | 1,688,493              | 10,521,734             | 14,122,104 |
| Net carrying amount:               |                |                        |                        |            |
| At 31 December 2023                | —              | 208,204                | 418,227                | 626,431    |
| At 30 June 2024                    | —              | 134,225                | 267,145                | 401,370    |

## Notes to Interim Condensed Consolidated Financial Information

30 June 2024

*(Amounts expressed in RMB unless otherwise stated)*

### 12. RIGHT OF USE ASSETS

|                                    | Right-of-use<br>assets |
|------------------------------------|------------------------|
| Cost:                              |                        |
| At 1 January 2023                  | 2,588,282              |
| Additions                          | 800,362                |
| Deductions                         | —                      |
| At 31 December 2023                | 3,388,644              |
| Additions                          | —                      |
| Deductions                         | (2,588,282)            |
| At 30 June 2024                    | 800,362                |
| Accumulated depreciation:          |                        |
| At 1 January 2023                  | 2,068,734              |
| Depreciation charge for the year   | 519,548                |
| Deductions                         | —                      |
| At 31 December 2023                | 2,588,282              |
| Depreciation charge for the period | 132,907                |
| Deductions                         | (2,588,282)            |
| At 30 June 2024                    | 132,907                |
| Net carrying amount:               |                        |
| At 31 December 2023                | 800,362                |
| At 30 June 2024                    | 667,455                |

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(Amounts expressed in RMB unless otherwise stated)

### 13. DEFERRED TAX

#### (a) Analysed by nature

|                             | As at 30 June 2024               |                            | As at 31 December 2023           |                            |
|-----------------------------|----------------------------------|----------------------------|----------------------------------|----------------------------|
|                             | Deductible temporary differences | Deferred income tax assets | Deductible temporary differences | Deferred income tax assets |
| Impairment allowance        | 75,083,589                       | 18,770,897                 | 42,054,437                       | 10,513,609                 |
| Liabilities from guarantees | 2,468,461                        | 617,115                    | 2,263,566                        | 565,892                    |
| Deferred income             | —                                | —                          | 26,855                           | 6,714                      |
| Leases                      | 12,770                           | 3,193                      | —                                | —                          |
| Depreciation                | (218,815)                        | (54,704)                   | (207,279)                        | (51,820)                   |
| Deductible losses           | —                                | —                          | 1,876,892                        | 469,223                    |
| Deferred income tax         | 77,346,005                       | 19,336,501                 | 46,014,471                       | 11,503,618                 |

#### (b) Movements of deferred tax assets and liabilities

##### Deferred tax assets

|                              | Impairment allowance | Liabilities from guarantees | Deferred income | Deductible losses | Leases liabilities | Total      |
|------------------------------|----------------------|-----------------------------|-----------------|-------------------|--------------------|------------|
| At 1 January 2023            | 9,538,135            | 26,734                      | —               | —                 | 45,891             | 9,610,760  |
| Recognised in profit or loss | 975,474              | 539,158                     | 6,714           | 469,223           | 154,199            | 2,144,768  |
| At 31 December 2023          | 10,513,609           | 565,892                     | 6,714           | 469,223           | 200,090            | 11,755,528 |
| Recognised in profit or loss | 8,257,288            | 51,223                      | (6,714)         | (469,223)         | (30,033)           | 7,802,541  |
| At 30 June 2024              | 18,770,897           | 617,115                     | —               | —                 | 170,057            | 19,558,069 |

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*(Amounts expressed in RMB unless otherwise stated)*

### 13. DEFERRED TAX (continued)

#### (b) Movements of deferred tax assets and liabilities (continued)

##### Deferred tax liabilities

|                              | Depreciation<br>of property<br>and<br>equipment | Right of use<br>assets | Total    |
|------------------------------|---|------------------------|----------|
| At 1 January 2023            | 138,844   | —                      | 138,844  |
| Recognised in profit or loss | (87,024)  | 200,090                | 113,066  |
| At 31 December 2023          | 51,820  | 200,090                | 251,910  |
| Recognised in profit or loss | 2,884   | (33,226)               | (30,342) |
| At 30 June 2024              | 54,704  | 166,864                | 221,568  |

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

|   | At<br>30 June<br>2024 | As at<br>31 December<br>2023 |
|---|-----------------------|------------------------------|
| Net deferred tax assets recognised in the statement of financial position | 19,336,501            | 11,503,618                   |

## Notes to Interim Condensed Consolidated Financial Information

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*(Amounts expressed in RMB unless otherwise stated)*

### 14. OTHER ASSETS

|                                       | Note | As at<br>30 June<br>2024 | As at<br>31 December<br>2023 |
|---------------------------------------|------|--------------------------|------------------------------|
| Prepayments                           |      | 39,596                   | 58,324                       |
| Other receivables                     | (i)  | 564,578                  | 565,320                      |
| Subtotal                              |      | 604,174                  | 623,644                      |
| Less: Allowance for other receivables |      | 267,003                  | 57,695                       |
| Total                                 |      | 337,171                  | 565,949                      |

Notes:

(i) Other receivables mainly represent receivables from third parties.

Movements of allowance for doubtful debts are as follows:

|                                     | Six months<br>ended<br>30 June 2024 | Year<br>ended<br>31 December<br>2023 |
|-------------------------------------|-------------------------------------|--------------------------------------|
| At beginning of the period/year     | 57,695                              | 59,105                               |
| Charge for the period/year          | 209,308                             | 35,825                               |
| Amount written off as uncollectible | —                                   | (37,235)                             |
| At end of the period/year           | 267,003                             | 57,695                               |

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.

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30 June 2024

*(Amounts expressed in RMB unless otherwise stated)*

### 14. 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 2024    |                       |                |                      |                           |
|-----------------|-----------------------|----------------|----------------------|---------------------------|
| Ageing analysis | Gross carrying amount |                | Expected credit loss |                           |
|                 | Amount                | Percentage     | Amount               | Expected credit loss rate |
| Up to 90 days   | —                     | —              | —                    | —                         |
| 91 to 365 days  | —                     | —              | —                    | —                         |
| Over 365 days   | 564,578               | 100.00%        | 267,003              | 47.29%                    |
| <b>Total</b>    | <b>564,578</b>        | <b>100.00%</b> | <b>267,003</b>       | <b>47.29%</b>             |

| 31 December 2023 |                       |                |                      |                           |
|------------------|-----------------------|----------------|----------------------|---------------------------|
| Ageing analysis  | Gross carrying amount |                | Expected credit loss |                           |
|                  | Amount                | Percentage     | Amount               | Expected credit loss rate |
| Up to 90 days    | 2,625                 | 0.46%          | —                    | —                         |
| 91 to 365 days   | 5,000                 | 0.89%          | —                    | —                         |
| Over 365 days    | 557,695               | 98.65%         | 57,695               | 10.35%                    |
| <b>Total</b>     | <b>565,320</b>        | <b>100.00%</b> | <b>57,695</b>        | <b>10.21%</b>             |

## Notes to Interim Condensed Consolidated Financial Information

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*(Amounts expressed in RMB unless otherwise stated)*

### 15. LIABILITIES FROM GUARANTEES

Liabilities from guarantees are provisions made for the guarantees. The maximum exposure to credit risk on financial guarantee contracts is disclosed in note 22. All financial guarantee contracts are categorised based on their credit quality. The table below shows the changes in the ECLs for the outstanding exposure of guarantees.

|                             | Stage 1<br>(12-month<br>ECLs)<br>Collectively<br>assessed | Stage 2<br>(Lifetime<br>ECLs)<br>Collectively<br>assessed | Total       |
|-----------------------------|---|---|-------------|
| ECLs as at 31 December 2022 | 106,934   | —   | 106,934     |
| New exposure                | 2,156,632   | —   | 2,156,632   |
| At 31 December 2023         | 2,263,566   | —   | 2,263,566   |
| New exposure                | 2,048,461   | —   | 2,048,461   |
| Exposure derecognised       | (1,843,566)   | —   | (1,843,566) |
| Transfers to Stage 2        | (420,000)   | 420,000   | —           |
| At 30 June 2024             | 2,048,461   | 420,000   | 2,468,461   |

### 16. LEASE LIABILITIES

The carrying amount of lease liabilities and the movements during the period are as follows:

|  | As at<br>30 June<br>2024 | As at<br>31 December<br>2023 |
|--|--------------------------|------------------------------|
| Carrying amount at 1 January                       | 1,535,362                | 714,524                      |
| New leases   | —                        | 800,362                      |
| Accretion of interest recognised during the period | 46,530                   | 20,476                       |
| Payments   | (735,000)                | —                            |
|  | 846,892                  | 1,535,362                    |

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*(Amounts expressed in RMB unless otherwise stated)*

### 17. OTHER LIABILITIES

|                    | As at<br>30 June<br>2024 | As at<br>31 December<br>2023 |
|--------------------|--------------------------|------------------------------|
| Employee payables  | 3,883,529                | 3,730,930                    |
| Accrued expenses   | 2,245,050                | 1,236,750                    |
| Payrolls payable   | 467,060                  | 488,841                      |
| Other tax payables | 707,759                  | 610,970                      |
| Other payables     | 4,161,680                | 4,162,416                    |
| <b>Total</b>       | <b>11,465,078</b>        | <b>10,229,907</b>            |

### 18. SHARE CAPITAL

|                       | As at<br>30 June<br>2024 | As at<br>31 December<br>2023 |
|-----------------------|--------------------------|------------------------------|
| Issued and fully paid | 600,000,000              | 600,000,000                  |

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

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

|                                | Lease<br>liabilities | Total            |
|--------------------------------|----------------------|------------------|
| At 1 January 2023              | 714,524              | 714,524          |
| New leases                     | 800,362              | 800,362          |
| Interest expense               | 20,476               | 20,476           |
| <b>At 31 December 2023</b>     | <b>1,535,362</b>     | <b>1,535,362</b> |
| Repayment of lease liabilities | (735,000)            | (735,000)        |
| Interest expense               | 46,530               | 46,530           |
| <b>At 30 June 2024</b>         | <b>846,892</b>       | <b>846,892</b>   |



## Notes to Interim Condensed Consolidated Financial Information

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*(Amounts expressed in RMB unless otherwise stated)*

### 19. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

#### (b) Total cash outflow for leases:

The total cash outflow for leases included in the statement of cash flows is as follows:

|                             | Six months ended 30 June |      |
|-----------------------------|--------------------------|------|
|                             | 2024                     | 2023 |
| Within financing activities | (735,000)                | —    |
| Total                       | (735,000)                | —    |

### 20. RELATED PARTY TRANSACTIONS

#### (a) Leasing

|                                       | Notes | Six months ended 30 June |         |
|---------------------------------------|-------|--------------------------|---------|
|                                       |       | 2024                     | 2023    |
| Depreciation of right-of-use asset    | (i)   | 132,907                  | 255,776 |
| Interest expense on lease liabilities | (i)   | 46,530                   | 37,948  |

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. In January 2021, the Group has agreed with the lessor and renewed the lease contract. The leasing period was from 1 January 2021 to 31 December 2023. After the expiration, the Group has re-entered into a new lease contract with the lessor. The lease period is from 1 January 2024 to 31 December 2026.

The interest expense on lease liabilities and depreciation of right-of-use asset for the six months ended 30 June 2024 were RMB 46,530 and RMB 132,907, respectively (six months ended 30 June 2023: RMB 37,948 and RMB 255,776).

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

|   | Six months ended 30 June |         |
|---|--------------------------|---------|
|   | 2024                     | 2023    |
| Key management personnel's remuneration | 682,250                  | 660,112 |

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*(Amounts expressed in RMB unless otherwise stated)*

### 20. RELATED PARTY TRANSACTIONS (continued)

#### (c) Outstanding balances with related parties

| Amounts due to related parties  | Notes | As at<br>30 June<br>2024 | As at<br>31 December<br>2023 |
|---|-------|--------------------------|------------------------------|
| Key management personnel<br>Zhang Zhuo                                  | (i)   | 3,780,930                | 3,730,930                    |
| Entity with significant influence over the Group:<br>Liantai Guangchang | (ii)  | 846,892                  | 1,535,362                    |

Notes:

- (i) Appointed as a non-executive director on 19 January 2024.
- (ii) As at 30 June 2024, the outstanding balance of the Group's lease liability due to Jiangsu Liantai Fashion Shopping Mall Real Estate Co., Ltd. ("**Liantai Guangchang**") was RMB 846,892 (as at 31 December 2023: RMB 1,535,362).

### 21. 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 for the loan business.

### 22. CONTINGENT LIABILITIES

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

|                               | As at<br>30 June<br>2024 | As at<br>31 December<br>2023 |
|-------------------------------|--------------------------|------------------------------|
| Financial guarantee contracts | 53,000,000               | 63,000,000                   |

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*(Amounts expressed in RMB unless otherwise stated)*

### 23. 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 which carried at cost or amortised cost mainly include cash at banks and from a third party, and loans receivable. The Group's financial liabilities mainly include lease liabilities and other payables. 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.

### 24. EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period.

### 25. APPROVAL OF THE FINANCIAL INFORMATION

The interim condensed consolidated financial information have been approved and authorised for issue by the Company's board of directors on 23 August 2024.