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## **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)**

### **INSIDE INFORMATION KEY FINDINGS OF THE INVESTIGATION AND CONTINUED SUSPENSION OF TRADING**

This announcement is made by Yangzhou Guangling District Taihe Rural Micro-finance Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) in accordance with Rule 13.09(2)(a) of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the “**SFO**”).

Reference is made to the announcements (the “**Announcements**”) of the Company dated 26 March 2025, 30 June 2025, 27 August 2025, 10 November 2025, 31 March 2026, 22 April 2026 and 31 August 2026 in relation to, among others, (i) the delay in publication of the Group’s annual results for the year ended 31 December 2024 (the “**2024 Annual Results**”); (ii) the trading suspension in the shares of the Company (the “**Shares**”) with effect from 9:00 a.m. on 1 April 2025; (iii) the resumption guidance (the “**Resumption Guidance**”) imposed by the Stock Exchange for the resumption of trading in the Shares; (iv) the delay in publication of the Group’s interim results for the six months ended 30 June 2025 (the “**2025 Interim Results**”); (v) the appointment of an independent forensic investigator (the “**Independent Investigator**”) to conduct an independent investigation (the “**Independent Investigation**”) into, among others, the Unauthorised Guarantees (as defined below) and the Audit Matters (as defined below); (vi) the delay in publication of the Group’s annual results for the year ended 31 December 2025 (the “**2025 Annual Results**”); and (vii) the delay in publication of

the Group's interim results for the six months ended 30 June 2026 (the "**2026 Interim Results**"). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

## **I. BACKGROUND**

As disclosed in the Company's announcement dated 30 June 2025, the Company received on 27 June 2025 a letter from the Stock Exchange setting out the Resumption Guidance, which requires, among others, the Company to conduct the Independent Investigation into (i) certain unauthorised guarantees provided by the Group in respect of borrowings of, among others, Jiangsu Botai Group Co., Ltd.\* (江蘇柏泰集團有限公司) ("**Botai Group**"), a controlling shareholder (as defined under the Listing Rules) of the Company, and its associated companies (the "**Unauthorised Guarantees**"), (ii) the recoverability of certain loans and accounts receivable, (iii) the recognition of impairment loss on certain loans and accounts receivable, and (iv) the assessment in the Group's ability to continue as a going concern (collectively, the "**Audit Matters**"), including but not limited to an independent forensic investigation into the Unauthorised Guarantees and, assess the impact on the Company's business operations and financial position, announce the findings of the investigation and take appropriate remedial actions.

As further disclosed in the Company's announcement dated 10 November 2025, the Company appointed the Independent Investigator to conduct the Independent Investigation.

As disclosed in the Company's announcement dated 22 April 2026, the Stock Exchange issued a letter to the Company on 17 April 2026 setting out an additional Resumption Guidance that the Company must re-comply with Rules 3.10(1), 3.10A, 3.25 and 3.27A of the Listing Rules following the resignations of Ms. Zhang Lingling and Mr. Tse Pui Leung as independent non-executive Directors with effect from 14 April 2026 and 16 April 2026 respectively. Such additional Resumption Guidance was satisfied when Mr. Hung Hing Man and Ms. Cheung Sau Ling were appointed as independent non-executive Directors upon the approval of the Shareholders given at the Company's first extraordinary general meeting for 2026 held on 21 August 2026.

On 19 January 2026, the Independent Investigator issued the report of the Independent Investigation (the "**Investigation Report**").

## II. SCOPE OF THE INDEPENDENT INVESTIGATION

The Independent Investigator conducted the Independent Investigation into the Audit Matters, which mainly include (i) the specific details of the signing and approval process for the loans, which remained outstanding as at October 2025, made by the Group to its loan customers (the “**Outstanding Loans**”), and the recoverability of the Outstanding Loans; (ii) the specific approval details and latest status of the currently disclosed Unauthorised Guarantees; and (iii) the Group’s ability to continue as a going concern. The Independent Investigation covered the period from 1 January 2022 to 30 October 2025 (the “**Review Period**”).

For the purpose of the Independent Investigation, the procedures performed by the Independent Investigator include, but are not limited to, the following:

1. *materials review*: obtaining and reviewing (i) basic information of the Company, such as the Group’s organisational chart, personnel reports, financial data such as annual reports, chronological ledgers, etc.; (ii) ledgers, loan contracts, borrower credit assessment materials and loan approval records, bank receipts, corresponding vouchers, and collection notices and others related to the Outstanding Loans; (iii) loan agreements, guarantee contracts, mortgage contracts, guarantee and counter-guarantee contracts, litigation materials, court judgments and others related to the Unauthorised Guarantees; and (iv) Board resolutions during the Review Period;
2. *interviews*: conducting interviews with former employees and current Board members of the Company who were involved in the Outstanding Loans and the Unauthorised Guarantees to understand the details of these issues, including the background, timeline, approval process, contract signing, specific details of fund disbursement, and the complete process;
3. *data analysis*: conducting multi-dimensional forensic analysis on independently acquired bank statement data, including but not limited to comprehensive analysis of loan disbursements and repayments, and multi-dimensional comparative analysis of accounts; conducting multi-dimensional analysis of detailed data on the Outstanding Loans, including but not limited to the arrangement and concentration of loans and repayment dates, and the arrangement of individual and corporate borrowers; and conducting sampling tests on the Outstanding Loans of some borrowers, reviewing their complete credit documents and corresponding loan disbursement and repayment vouchers, and comparing statements;

4. *background checks*: conducting (i) background checks on the corporate borrowers of the Outstanding Loans and their actual controllers in the relevant loans, and cross-checks with the Company's management and shareholders; (ii) cross-checks on the individual borrowers of the Outstanding Loans with the Company's employee roster; background checks on the guaranteed parties under the Unauthorised Guarantees; obtaining publicly available information regarding bankruptcy reorganisation proceedings of the corporate borrowers of the Outstanding Loans; independently obtaining credit reports for the Outstanding Loans and examining the debt information currently disclosed in the credit reporting system; and obtaining publicly available information regarding the litigation proceedings in which the Company is involved; and
5. *electronic forensic investigation*: performing electronic forensic data mirroring and back-up on the remaining computers previously used by former employees of the Company; extracting data from the relevant computers, and preparing a keyword list; and subjecting the identified documents to forensic review using the keywords on the keyword list.

### III. SUMMARY OF THE KEY FINDINGS OF THE INDEPENDENT INVESTIGATION

Based on the findings of the Independent Investigator, the Audit Matters could be summarized as follows:

#### A. Unauthorised Guarantees

##### 1. *Key findings by the Independent Investigator*

Based on the documents reviewed and the interviews conducted by the Independent Investigator, the Independent Investigator noted that:-

- (a) The Company discovered that it was one of the guarantors or counter-guarantors under a number of guarantees only after its bank accounts were frozen and court summonses were received as the Company was sued by multiple creditors in 2024 to 2025. During the period from 2022 to 2024, the Company entered into guarantees and counter-guarantees (i.e. the Unauthorised Guarantees) for loans advanced by creditors to several borrowers, providing joint and several guarantees and counter-guarantees for several corporate borrowers (the "**Guaranteed Borrowers**").

- (b) So far as is discovered by the Independent Investigation as at the date of the Investigation Report, there are a total of 23 Unauthorised Guarantees, involving 23 loans (the “**Guaranteed Loans**”), nine different creditors (the “**Guaranteed Creditors**”), 15 different Guaranteed Borrowers and a total loan amount of RMB144,000,000 guaranteed by the Company. Among these Guaranteed Loans, 12 are secured by (i) charges over properties provided by (as the case may be) Mr. Bo Nianbin (柏年斌) (“**Mr. NB Bo**”, a former non-executive Director), Ms. Bai Li (柏莉) (“**Ms. Bai**”, a former executive Director and the former general manager of the Company), Ms. Chen (as defined below), Botai Group and Liantai Guangchang; or (ii) a charge over certain shares of the Company held by Botai Group.
- (c) As at the date of the Investigation Report, the relevant Guaranteed Creditors have commenced legal proceedings in the PRC for claims regarding 18 underlying Guaranteed Loans. Out of these 18 court cases, judgments have been made by the relevant courts against, among others, the Company in 15 court cases at the first instance trial, one has been withdrawn by the relevant Guaranteed Creditor at the second instance trial and the remaining two court cases are currently subject to civil mediation as agreed by the litigation parties.
- (d) Under certain Unauthorised Guarantees, Mr. Bo Wanlin (柏萬林) (“**Mr. WL Bo**”, the former chairman of the Board and a former executive Director), Ms. Wang Zhengyu (王正茹) (“**Ms. Wang**”, the spouse of Mr. WL Bo), Ms. Bai, Mr. NB Bo, Botai Group and Liantai Guangchang are also co-guarantors or (as the case may be) co-counter-guarantors providing joint guarantees with the Company in favour of the relevant Guaranteed Creditors. In addition to those mentioned above, each of 揚州綜合物流園發展有限公司 (Yangzhou Comprehensive Logistics Park Development Co., Ltd.\*) (“**Yangzhou Logistics Park**”), 揚州市快遞產業園發展有限公司 (Yangzhou Express Industrial Park Development Co., Ltd.\*) (“**Yangzhou Express Industrial Park**”), 揚州鑫泉物流有限公司 (Yangzhou Xinquan Logistics Co., Ltd.\*) (“**Xinquan Logistics**”) and 江蘇誠運供應鏈管理有限公司 (Jiangsu Chengyun Supply Chain Management Co., Ltd.\*) (“**Chengyun Supply Chain**”), all of which are Guaranteed Borrowers, has provided guarantee as a co-guarantor under a separate Guaranteed Loan. Moreover, Ms. Chen Xia (陳霞) (“**Ms. Chen**”, an executive director of Liantai Guangchang, a minority shareholder of 揚州藍祺文化傳播有限公司 (Yangzhou Lanqi Culture Communication Co., Ltd.\*) (“**Lanqi Culture**”, which is one of the corporate borrowers of the Outstanding Loans), and a minority shareholder of 江蘇柏泰股份有限公司 (Jiangsu Botai Joint Stock Co., Ltd. \*) (“**Botai Joint Stock**”, which is one of the Guaranteed Borrowers) and Mr. Chen Wei (陳巍) (“**Mr. Chen**”, the former chairman of 揚州柏泰制衣有限公司 (Yangzhou Botai Garment Co., Ltd.) (“**Botai Garment**”, which is one of the Guaranteed Borrowers)) are also among the co-guarantors under certain Unauthorised Guarantees.

- (e) Included in the litigation documents are (i) multiple sets of shareholders' resolutions issued in the name of the shareholders of the Company bearing the Company seal and the official seal(s) of Botai Group (as a shareholder) and/or Liantai Guangchang (as a shareholder) and (ii) a set of Board resolution signed by five of the then Directors (namely Mr. WL Bo, Mr. Zuo Yuchao (左玉潮), Mr. NB Bo, Mr. Bao Zhenqiang (包振強) and Mr. Wu Xiankun (吳賢坤)) and bearing the official seal of the Company, all of which purport to approve, among others, the giving of the relevant Unauthorised Guarantees by the Company.
- (f) Regarding the authorisation of the Unauthorised Guarantee purportedly approved by the Board resolution referred to above, the Independent Investigator has sent interview requests to the relevant former independent non-executive Directors through the Company, but such interview requests were declined. At the same time, the former chairman of the Board, Mr. WL Bo, declined the interview request due to illness. Mr. NB Bo expressed in the interview by the Independent Investigator that since the signing was arranged by his father, Mr. WL Bo, he had not paid attention to the specific signing matters and was unaware of the details. He also expressed that he did not recall the relevant specific business having been discussed at Board meetings. Ms. Bai also expressed in the interview by the Independent Investigator that she had no recollection of discussing this matter in Board resolutions.
- (g) When the Independent Investigator interviewed Ms. Lu Lu (陸璐) ("**Ms. Lu**", the former manager of the general office of the Company), who was the custodian of the Company seal at the material times, about the situation regarding the unauthorised use of the Company seal for the Unauthorised Guarantees, Ms. Lu stated that she had no recollection of handling the use of the Company seal for any related documents, including contracts, shareholders' resolutions and Board resolutions.
- (h) All the Guaranteed Borrowers are corporates, which have a large extent of overlapping with the corporate borrowers of the Outstanding Loans. 10 out of these 15 Guaranteed Borrowers are also corporate borrowers of certain Outstanding Loans, while the remaining 5 Guaranteed Borrowers, as the Independent Investigator has noticed, are also related to the actual borrowers of the Outstanding Loans, such as being controlled by the same person, having the same contact number or email address.

(i) As to the approval procedures of the Unauthorised Guarantees, given that each Unauthorised Guarantee bears the Company seal and the seal (or signature) of Mr. WL Bo, the Independent Investigator began by examining the use and approval records of the Company seal. During the interviews with the key staff (including Mr. Lu, Ms. Zhou Yinqing (周吟青) (“**Ms. Zhou**”, a former executive Director and the former financial controller of the Company), Ms. Bai, Mr. NB Bo and Mr. Zhang Yi (張翼) (a former executive Director and the former risk controller of the Company)) relating to the use and approval of the Company seal, the Independent Investigator was told that, among others:

- the Company seal was kept in a safe, to which only Ms. Lu had the password;
- according to Ms. Lu, each department applying for the use of the Company seal needed to fill out a written approval form, which is approved by several responsible persons, with Ms. Bai as the final approver. However, Mr. WL Bo and Ms. Bai did not need approval to use the Company seal themselves, so there are no approval records for their use of the Company seal;
- according to Ms. Lu, if any person was required to take the Company seal for use away from the Company’s office, such person needed to be accompanied by Ms. Lu or one of her subordinates. However, Mr. WL Bo (as chairman of the Board) and Ms. Bai (as general manager of the Company) could take the seal out alone. Based on Ms. Lu’s recollection, Mr. WL Bo had occasionally taken the Company seal out for use, but she had no recollection of Ms. Bai taking it out herself; and
- none of these key staff were involved in the use of the Company seal for the Unauthorised Guarantees.

Based on the review of the physical approval table kept by Ms. Lu, the Independent Investigator did not find any record of use of the Company seal for the Unauthorised Guarantees.

- (j) The Independent Investigator has reviewed the documents that govern or are otherwise related to the guarantee business of the Company as provided by the Company, namely the Financing Guarantee Business Risk Management Measures (融資擔保業務風險管理辦法), the Financing Guarantee Operating Procedures (融資性擔保操作程式), the Duties and Meeting Procedures of the Board (董事會職責及議事規則) and the Meeting Procedures of Shareholders Meetings (股東大會議事規則). According to the provisions of the above documents, the relevant financing guarantee business should be subject to the final approval of the guarantee approval committee of the Company (the “**Guarantee Committee**”) or/and the decision of the Board. According to the interviews with Ms. Zhou and Ms. Bai, they indicated that because the Company had relatively few transactions under its guarantee business and the approval personnel were fixed, the Company had not established the Guarantee Committee and the guarantee transactions were directly reviewed and approved by the loan approval committee of the Company (the “**Loan Committee**”).

## **2. Independent Investigation conclusions**

- (a) All the persons interviewed by the Independent Investigator in this connection, including Ms. Bai (a former executive Director and the former general manager of the Company), Mr. NB Bo (a former non-executive Director), Ms. Zhou (a former executive Director and the former financial controller of the Company), and Mr. Zhang Yi (a former executive Director and the former risk controller of the Company), stated that they were unaware of the Unauthorised Guarantees before the Company was sued. During the interviews with the present members of the Board, they also expressed to the Independent Investigator that they were unaware of the Unauthorised Guarantees at the material times. Among the persons being interviewed, both Ms. Bai and Mr. NB Bo, who for certain Unauthorised Guarantees acted as co-guarantors or co-counter-guarantors along with the Company and provided guarantees in their personal capacities, stated that the Unauthorised Guarantees were arranged by their father Mr. WL Bo. They claimed that they were unaware of the Company’s involvement or the details of the Company’s guarantee business when they signed the Unauthorised Guarantees, and that they signed based on their trust for their father. However, they were unaware of the specific situations of the Unauthorised Guarantees, the actual borrowers of the Guaranteed Loans, and the whereabouts of the funds involved.

- (b) The Independent Investigator did not find any record of application for the use of the Company seal related to the guarantee business in the physical approval table of the Company. Through the interview with Ms. Lu (the custodian of the Company seal), it was revealed that Mr. WL Bo and Ms. Bai did not require approval or record-keeping for their use of the Company seal or taking it out of the Company's office. However, Ms. Bai stated in her interview that she had not used the Company seal herself or taken it out of the office for use. Regarding the instances where the Company acted as a guarantor or used its seal on its shareholders' or Board resolutions, each Ms. Lu, Ms. Bai and Ms. Zhou expressed that she was not aware of these instances. Mr. WL Bo declined the interview request from the Independent Investigator due to illness, which rendered the Independent Investigator unable to obtain further information regarding the use of the Company seal.
- (c) Upon reviewing all the Board resolutions passed during the Review Period as provided by the Company, the Independent Investigator found no approval or discussion regarding the Unauthorised Guarantees in these minutes. Among the relevant litigation documents provided by the Company, the Independent Investigator noticed that for one Unauthorised Guarantee there was Board resolution signed by certain members of the then Board. Its form appears to differ from the Board resolutions provided by the Company, and it seems to be Board resolution specifically tailored for the "guarantee business". Regarding the above Board resolution, the Independent Investigator interviewed Mr. NB Bo, one of the Directors who signed it. However, he stated that he was unaware of the relevant matters. He explained that matters requiring signatures were usually arranged, and notified to him, by his father Mr. WL Bo, and he signed based on his trust for his father. The Independent Investigator was unable to interview the other then Directors, including Mr. WL Bo and the other non-executive Directors who signed the Board resolution. In addition, the Independent Investigator noted that the Company had a transaction under its guarantee business which was approved by the Loan Committee. Its internal process was similar to that of the Company's loan business, requiring approval from the Loan Committee. The use of the Company seal for that transaction also went through an approval process involving the filling in of a written approval form.

- (d) From the relevant litigation documents, the Independent Investigator noticed multiple documents purporting to be shareholders' resolutions of the Company which were stamped with the seals of the Company, its shareholders Botai Group and Liantai Guangchang, agreeing to provide Unauthorised Guarantees for the related Guaranteed Loans. However, during the interviews with the relevant staff, they expressed that they had no recollection of the use of the Company seal and were unaware of where the related documents came from. Furthermore, the Independent Investigator noted that the Meeting Procedures of Shareholders Meetings stipulated that shareholders' meetings of the Company do not make decisions on such kind of matters.
- (e) Background checks revealed that 10 of the 15 Guaranteed Borrowers were the borrowers of certain Outstanding Loans. The remaining 5 individuals had the same telephone numbers and/or email addresses as the aforementioned 10 Guaranteed Borrowers, the Company, Botai Group and/or Liantai Guangchang.
- (f) The Independent Investigator has not noticed the approval and discussion records of the Unauthorised Guarantees during the electronic forensic investigation.

In summary, although all the Unauthorised Guarantees bear the Company seal, apart from one Unauthorised Guarantee that is supported by Board resolution signed by certain members of the then Board, the Independent Investigator has not noticed any records or evidence of approval by the Board, the Loan Committee or the Guarantee Committee for the Unauthorised Guarantees. Regarding the multiple shareholders' resolutions of the Company bearing the Company seal, the Independent Investigator has also not noticed any evidence of approval by the management of the Company, such as application and approval records for the use of the Company seal, minutes of shareholders' meetings, and approval records of the Loan Committee or the Guarantee Committee. As the key figure Mr. WL Bo declined to be interviewed by the Independent Investigator due to health reasons, the Independent Investigator was unable to obtain further information regarding his use of the Company seal.

Through, among other methods, obtaining the Company's credit report by independent means and publicly available litigation information and conducting electronic forensic investigation, the Independent Investigator has not noticed any undisclosed debts guaranteed by the Company other than the Guaranteed Loans.

## B Outstanding Loans

### 1. *Key findings by the Independent Investigator*

According to the publicly disclosed annual reports of the Company for the two years ended 31 December 2022 and 31 December 2023 and its unaudited financial statements for the year ended 31 December 2024 provided by the Company to the Independent Investigator, the main source of revenue of the Company is interest income from loans advanced under its microfinance services business, while its main assets are accounts receivable generated from lending activities.

Based on the documents reviewed and the interviews conducted by the Independent Investigator, the Independent Investigator noted that:-

- (a) During 2023 and 2024, the Company entered into 153 one-year loan contracts with a total of 106 borrowers (comprising 16 corporate borrowers (the “**Corporate Borrowers**”) and 90 individual borrowers (the “**Individual Borrowers**”)), advancing a total loan principal amount of approximately RMB973 million. As at the date of the Investigation Report, these loans (i.e. the Outstanding Loans) were overdue, with an aggregate remaining outstanding principal amount of approximately RMB898 million.
- (b) The timing of the making of the relevant Outstanding Loans to the Individual Borrowers was concentrated in the period from July 2023 to May 2024, with only one Individual Borrower after May 2024. The timing of the making of the relevant Outstanding Loans to the Corporate Borrowers was concentrated in the period from May to September 2024, which from a time-spread perspective followed the making of the Outstanding Loans to the Individual Borrowers.

(c) The loan approval process of the Company mainly includes the following steps:

| <u>Step</u> | <u>Description</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <u>Persons involved</u>                                                                                                                                     |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1           | Loan application – borrower submits loan application and relevant materials                                                                                                                                                                                                                                                                                                                                                                                                                                 | Borrower/Customer manager                                                                                                                                   |
| 2           | Pre-loan examination – verify authenticity of documents, conduct on-site due diligence, analyze borrower's repayment ability and guarantor's guarantee ability, confirm borrower's and guarantor's credit records, check for any enforcement records, and compile investigation report                                                                                                                                                                                                                      | Customer manager/Head of operation                                                                                                                          |
| 3           | Risk assessment – verify the completeness of basic information, the applicant's eligibility, and credit policies                                                                                                                                                                                                                                                                                                                                                                                            | Risk control specialist/Head of risk control                                                                                                                |
| 4           | Approval – for loan amount less than RMB500,000: direct approval by the general manager; for loan amount equal to or more than RMB500,000: review by the Loan Committee                                                                                                                                                                                                                                                                                                                                     | Members of the Loan Committee (involving the general manager, the business department, risk control department, accounts department and the general office) |
| 5           | Signing of loan agreement – sign loan agreement and guarantee agreement with borrower and guarantor that comply with regulatory requirements, and general office arranges for the affixing of the Company seal based on the approval of the Loan Committee<br><br>Drawdown – finance department reviews the loan documents, transfers funds to the borrower's designated account or issues a transfer cheque, and the borrower acknowledges receipt by signing and affixing its seal on the loan instrument | Accounts manager/Manager of general office/Accounts staff/Cashier/Risk control staff                                                                        |
| 6           | Post-drawdown management – track loan usage, issue due date reminders, collect overdue payments, handle disputes, and close accounts after principal amount and interest are fully paid                                                                                                                                                                                                                                                                                                                     | Customer manager/Cashier/Accounts staff/Risk control staff                                                                                                  |

- (d) The key persons participating in the loan approval process included Mr. WL Bo, Ms. Bai, Ms. Zhou, Ms. Lu and certain former customer managers, accounts staff and risk control staff who have all left the Company.
- (e) It has been noticed that the entire set of credit assessment materials for the Corporate Borrowers and the Individual Borrowers lacked substantive supporting documents. In particular, the following irregularities have been observed:
- There are descriptions of the repayment ability of the borrowers and the guarantors, but without substantive supporting documents.
  - All bank record statements are in the same format, lack the bank's official seal and fall short of the usual information that is normally shown in bank record statements.
  - "Mutual guarantees" exist, which refers to the situations where certain borrowers act as guarantors simultaneously, providing guarantees for other borrowers.
  - "Multiple guarantees by the same person" exist, which means a person providing guarantees for multiple borrowers.
  - A borrower provided a supporting document titled "Framework Agreement for a Transportation Agreement", but the Company seal was affixed in the document at the place where the seal of the borrower is supposed to be affixed.
  - The business contracts of the borrowers and the guarantors are of the same or similar types. The terms of the contracts of the same type are almost identical except for the contracting parties and their information and the contract sum, which appear to be prepared from the same contract template.
- (f) Through public searches, the Independent Investigator has noted that there are various forms of connection among the Corporate Borrowers, such as shareholding, ultimate controller, overlapping contact information, and overlapping senior management and legal representatives, and that some of the Corporate Borrowers have various forms of connection with Botai Group and Liantai Guangchang, such as overlapping contact information, overlapping senior management and legal representatives.

- (g) In addition, the Independent Investigator has the following observations:
- (i) a lot of Corporate Borrowers submitted loan applications for 2024, requesting loan limits from the Company for 2024. In the applications, it was stated that to avoid reductions in bank credit lines or loan recalls, the applicants would not act as the named borrowers, and provided a list of named borrowers. As noted by the Independent Investigator, the named borrowers are the Individual Borrowers;
  - (ii) a lot of guarantees bearing the seals of Botai Group or Liantai Guangchang show that Botai Group or Liantai Guangchang is providing joint and several guarantees for the 2024 loan limits of the relevant Corporate Borrowers. In each of these guarantees provided by Botai Group, the relevant Corporate Borrower is mentioned as a supplier of Botai Group, while in each of the guarantees provided by Liantai Guangchang, the relevant Corporate Borrower is mentioned as a business affiliate of Liantai Guangchang; and
  - (iii) repayment demand letters sent by the Company to the Corporate Borrowers in 2024 show that the loans of the Individual Borrowers and the outstanding loan of one Corporate Borrower were all categorised under the debts due from the remaining 15 Corporate Borrowers. This means that as stated in the loan applications referred to in sub-paragraph (i) above, the Individual Borrowers and one Corporate Borrower are merely nominee borrowers, while the remaining 15 Corporate Borrowers are the actual borrowers.
- (h) To understand the actual drawdown and repayment status of the Outstanding Loans and assess their recoverability, the Independent Investigator has independently obtained from the relevant banks lists of accounts opened by the Company and printed bank statements for the period from 2022 to 2025 of the bank accounts often used by the Company during the Review Period. The Independent Investigator also obtained Excel versions of bank transaction records and paper vouchers for 2022 to 2025 through online banking.
- (i) Based on independently obtained bank records, the Independent Investigator has conducted a comprehensive analysis of cashflow related to the drawdown and repayment of the Outstanding Loans and noticed the following:
- (i) from the bank records for 2022 to 2025, the Independent Investigator could only identify the cashflow records of three Corporate Borrowers. Apart from these, no cashflow pertaining to the Individual Borrowers and the other Corporate Borrowers were noted. However, the timing and amount of funds drawn down by these three Corporate Borrowers are clearly inconsistent with the drawdown records of the Company;

- (ii) during the period from 2022 to April 2023, a large number of transactions involved counterparties with the same names as the Company's employees (including Ms. Bai and certain staff from the accounts department and customer managers). Most of these transactions involved large sums of money with frequent inflows and outflows, mainly involving the same or similar amounts entering and leaving on the same day, which seemingly constituted fund transfer arrangements without any real business substance (the "**Fund Transfer Arrangements**").

Based on the interview with Ms. Zhou conducted by the Independent Investigator, it was learned that during the Review Period, the Company's accounting and tax filing work was mainly handled by two of her colleagues. Ms. Zhou would confirm the financial statements and related audit work at the end of the relevant year.

- (j) Since the two colleagues of Ms. Zhou have declined the interview requests from the Independent Investigator, to further understand the accounting records and supporting documentation, the Independent Investigator has conducted a random sample review of the following that occurred during the Review Period: (i) accounting entries upon loan drawdown; (ii) accounting entries upon collection of loan repayment; (iii) accrual of loan interest; and (iv) collection of loan interest. From January 2022 to December 2024, several vouchers were randomly selected for each item for verification. Upon a preliminary analysis of the supporting documents, the Independent Investigator has noticed the following:
  - (i) during a samples inspection of the drawdown vouchers, it was discovered that the supporting documents attached to the drawdown vouchers issued during the Review Period consisted of a loan receipt signed internally by the Company and a handwritten bank cheque stub. The handwriting on the cheque stubs was consistent, and the vouchers lacked bank receipts as proof of subsequent loan drawdown. For one sample, when checking against the relevant independently obtained bank record statements, the Independent Investigator noticed that two payments were made from a bank account of the Company. However, the recipient name for both payments was a person having the same name as an employee of the Company, instead of the borrower. The bank account transaction records showed that on that day, the two payments to that person and also the receipts from that person in the same amount of the two payments, with a net outflow of zero. This appears to be an instance of the Fund Transfer Arrangements; and

- (ii) a samples inspection of the loan repayments revealed that (a) some receipts lacked any supporting documents; and (b) some samples included bank receipts, but the names of the remitters and the relevant borrowers did not match, indicating that funds were being transferred to and from the relevant employees. For one sample, when checking against the relevant independently obtained bank record statements, the Independent Investigator noticed the fund-flows from and to three persons, with two having the same names as two employees of the Company and, as advised by Ms. Zhou during the interview with her, one having the same name of an employee of the Jiangsu Botai group of companies. These fund-flows appear to be another instance of the Fund Transfer Arrangements.
- (k) In relation to the irregularities observed during the review of the bank record statements and the books of the Company, the Independent Investigator conducted interviews with Ms. Bai Li, two former accounts managers of the Company, Ms. Zhou and Mr. Zhang Yi, to understand the responses of key personnel regarding: (i) the lack of substantive contents in credit documents; (ii) the lack of corresponding loan drawdown and repayment records in bank record statements; and (iii) the existence of numerous personal financial transactions with persons having the same names as certain employees, in order to appreciate the authenticity of the receivable arising from the Outstanding Loans and the actual time when the receivable was formed (if the Outstanding Loans were actually drawn down). While the Independent Investigator has attempted to interview Mr. WL Bo and certain other former accounts staff and customer managers, the interview requests were turned down by them. During these interviews, the Independent Investigator was told that, among others:

*In relation to the lack of substantive contents in credit documents*

- Ms. Bai expressed that the Individual Borrowers were not the persons actually needing the Outstanding Loans nor the actual borrowers. Their borrowings were categorised as those of the Corporate Borrowers to avoid detection by the banking system of excessive private borrowing transactions which would affect the bank loans of the actual borrowers, so that the Outstanding Loans from the Company were distributed among multiple Individual Borrowers. She indicated that this arrangement was very common among private microfinance companies. Regarding the Independent Investigator's concerns about the lack of substantive contents in the credit documents, Ms. Bai admitted that the credit documents for the relevant individuals and companies were merely formalities and lacked substantive contents. The information on the relevant individuals was provided by the Corporate Borrowers, and the Company was unaware of their true identities and would not verify their qualifications. Ms. Bai speculated that these individuals were relatives or friends of the actual controllers of the Corporate Borrowers. The Outstanding Loans made to the Corporate Borrowers

were actually renewals (not new loans), representing overdue loans accumulated over several years, primarily related to upstream and downstream companies of Botai Group.

- The two former customer managers stated that they were responsible for preparing some of the loan application documents. When enquired about the individuals involved, their responses were largely the same as Ms. Bai Li's: they were merely nominee borrowers, while the actual borrowers were 15 Corporate Borrowers. They also indicated that they were unaware of the identities of the individuals in question, and the preparation of the loan documents relied primarily on materials provided by the Corporate Borrowers (i.e. the actual users of the funds). They emphasized that they would not inspect these documents. They explained that as customer managers, their responsibility was simply to prepare the documents and then submit them to the Loan Committee as required. They further pointed out that because the relevant loans were existing loans (i.e. essentially renewals of previously overdue loans), the documentation was merely a procedural formality.
- Ms. Zhou stated that the accounts department did not participate in the preparation of the relevant loan and credit documents and was not aware of the specific details of the credit documents.
- Mr. Zhang Yi stated that he joined the Company in around 2012 to work in risk control. Regarding the Outstanding Loans, he understood them to be existing loans (overdue loans) from the past and the relevant customers already existed when he joined the Company. During risk control reviews, the relevant staff might notice that the repayment qualifications and credit information did not quite meet the requirements. However, since these were all outstanding loans (overdue loans) accumulated over many years, unlike new loans, they did not require subsequent monitoring such as tracking repayment status.

*In relation to the lack of corresponding loan drawdown and repayment records in bank record statements*

- According to Ms. Bai, the current balance of the Outstanding Loans was the amount of overdue loans accumulated over several years. These were all genuine loans in the past, primarily made to upstream and downstream companies in the supply chain of Botai Group. The receivable arising from the Outstanding Loans was accumulated through repeated loan renewals and refinancing, and therefore, there were no related transaction records during the Review Period. The relevant loan customers had been the Company's customers for a long time. However, later due to the pandemic, the supply chain of Botai Group was severely disrupted, resulting in a large number of overdue payments. Because of the long timeframe (several years on a rolling basis), it was impossible to determine exactly when each Outstanding Loan was actually drawn down; nor was it possible to confirm the specific time when the receivable arising from such Outstanding Loan was formed.
- The two former customer managers stated that they were unaware of the arrangements as shown in the bank record statements. They explained that the loans they handled were simply existing loans, and they were merely following procedures to complete the formality. They had no details as to whether subsequent loans would be drawn down. The relevant customers were mainly referred to them in several ways: (i) companies introduced to them by existing customers, who needed loans; and (ii) existing customers transferred by their predecessors who they needed to follow up. The two former customer managers expressed that they could not recall who the initial customer managers were as there had been multiple rotations before them. When being asked for the records of the transfer of the relevant customers, they said that they had not kept such records. As to the actual time of drawdowns of the Outstanding Loans, they said that they were unclear as they happened a long time ago.
- Ms. Zhou gave the same account as Ms. Bai. She stated that the current receivable arising from the Outstanding Loans was accumulated over several years, and that they were once genuine loans, mainly made to upstream and downstream companies of Botai Group's supply chain. The lack of corresponding records in bank record statements was because the relevant loan agreements from 2023 to 2024 were all procedural loan renewals conducted as a formality, without any actual drawdown and repayment. As to the specific timing of these transactions, due to the amount of time elapsed (several years on a rolling basis), it was impossible to determine exactly when each transaction occurred. Furthermore, since the initial recipients of the loan proceeds may not necessarily be the borrowers currently shown on the books of the Company, and numerous other borrowers were involved in past operations, it was

uncertain whether the actual recipients were these companies. Since the funds may have been transferred to other designated accounts, it was impossible to trace these transactions further back. The loan agreements related to the Outstanding Loans were shown to have been signed in 2023 to 2024. This was because if a direct extension was used, it would raise concerns about the recovery of the receivable, requiring substantial impairment provisions. Therefore, to avoid impairment, new loan agreements would be signed as opposed to by way of loan extension.

- Mr. Zhang Yi stated that he did not know about the cash flow arrangements of the Company.

*In relation to the existence of numerous personal financial transactions with persons having the same names as certain employees*

- Ms. Bai confirmed that the individuals in question were indeed former employees of the Company, and the use of their personal bank cards was primarily to demonstrate the cash flow of previously accumulated overdue loans (i.e. the Fund Transfer Arrangements). She was less clear on the specifics and stated that the accounts department was responsible for the arrangements.
- Ms. Zhou expressed that the individuals in question were indeed former employees of the Company. Because lending activities (including loan drawdown, repayment, and interest collection) required corresponding cash flow, but the Outstanding Loans currently on the books were all overdue loans accumulated in the past, there was no actual cash flow matching the loan ledgers. Therefore, to avoid significant impairment loss, frequent same-day or next-day inflows and outflows were conducted using employees' personal bank cards to demonstrate the cash flow of drawdown and repayment (i.e. the Fund Transfer Arrangements). However, after March 2023, due to the shortage in operating funds, subsequent drawdown and repayments were essentially unsupported by cash flow. Financially, there were no supporting documents for entries regarding drawdown, repayment, and interest collection, so these were simply recorded directly in the books of the Company. As to whether the use of employees' personal bank accounts was authorised, she stated that the relevant employees should likely have given their consent when being asked for by the Company.

The Independent Investigator also interviewed the existing executive Directors, namely Mr. Tian Zhenyong (田真庸) (“**Mr. Tian**”), Mr. Zhang Zhuo (張卓) (“**Mr. Zhang Zhuo**”) and Ms. Huang Min (黃敏) (“**Ms. Huang**”), and an independent Director, Ms. Zhang Lingling (張玲玲) (“**Ms. Zhang**”) (who served as an independent Director throughout the Review Period). As regards the Outstanding Loans:

- Mr. Tian, who took over as the chairman of the Board in January 2025, and Ms. Huang, who was appointed an executive Director in January 2025, stated in their interviews that they were completely unaware of the actual situation regarding the Outstanding Loans when they took office, and that the previous members of the Board had not disclosed the true status of the Outstanding Loans to them. The existing Board's understanding of the Company's specific assets and liabilities mainly relied on the audit reports issued by the previous auditors of the Company. They expressed that given the unqualified opinions issued in the previous years, the new management of the Company unanimously believed that the assets currently shown on the books were loan receivable arising from normal lending operations, and they did not have significant concerns about its recoverability. After the existing Board took over, new auditors were engaged. Following the auditors' initial audit, the existing Board first learned that the recoverability of the current accounts receivable was questionable.
  - Mr. Zhang Zhuo, a former non-executive Director and an existing executive Director, stated that he did not participate in the actual operational decisions of the Company before assuming the role of executive Director in January 2025. As a former non-executive Director, he was previously unaware of the actual situation regarding the Outstanding Loans and was not informed, through Board meetings or other means, of any significant doubts about the recoverability of the Outstanding Loans.
  - Ms. Zhang, who served as an independent Director throughout the Review Period, also stated that she was not informed of the status regarding the recoverability of the Outstanding Loans at any relevant Board meetings nor was the recoverability discussed at these meetings. She only learned of the situation after the existing Board appointed the existing auditors to conduct the audit in January 2025.
- (I) The Independent Investigator was unable to obtain detailed information about the 15 actual borrowers of the Outstanding Loans through electronic forensic investigation. The information related to the Corporate Borrowers stored on the two computers was mainly credit assessment reports, the contents of which, upon inspection, were largely identical to the physical credit documents obtained by the Independent Investigator.

## **2. *Independent Investigation conclusions***

- (a) The credit documents related to the Outstanding Loans lacked substantive contents. The assessment by the Company of the repayment ability and qualifications of the borrowers and the guarantors relied solely on verbal descriptions without any substantial supporting documents. Furthermore, there were instances of, among others, identical information and mutual guarantees between the guarantors and the borrowers. The persons interviewed expressed that the customers were primarily long-term overdue customers (i.e. customers having their original loans renewed due to such loans not having been repaid on time), who were mainly upstream and downstream companies related to Botai Group. Therefore, the credit documents were compiled merely as a formality for compliance purposes, and no subsequent corresponding monitoring measures were implemented.
- (b) Notwithstanding that the Outstanding Loans as shown in the loan ledgers and related documents (agreements, credit information) were loans made by the Company in 2023 and 2024, a comparison with independently obtained bank record statements revealed no corresponding records of loan drawdown and repayment/interest collection for that period. The persons interviewed stated that the actual situation was that these were receivable arising from overdue loans accumulated over many years, and the loan agreements signed in 2023 to 2024 were essentially renewals, generating no actual cash flow matching the business.
- (c) As to the actual time and details of drawdown of the Outstanding Loans (i.e. the actual time when the current receivable was formed), the person interviewed indicated that the receivable had accumulated over several years and it was impossible to trace the actual time and details of drawdown of each Outstanding Loan.
- (d) Based on background checks, interviews, and information from, among others, guarantee letters issued by Botai Group and Liantai Guangchang as well as repayment demand letters from the Company, the actual users of the proceeds from the Outstanding Loans appear to be suppliers or business-related companies of Botai Group and Liantai Guangchang. However, since the cash flow of the Company's bank accounts during the Review Period were mostly generated by the Fund Transfer Arrangements involving personal bank cards of the Company's employees, coupled with the situation that the Independent Investigator was not able to interview the borrowers, the Independent Investigator was unable to conduct further in-depth investigations into the circumstances surrounding the actual drawdown of the Outstanding Loans (such as the actual drawdown arrangements and timeline) and the use of the proceeds from the Outstanding Loans.

Therefore, in general, after examining the entire set of credit documents, corresponding accounts vouchers, and the results of the multi-dimensional comparison of the independently obtained bank record statements conducted by the Independent Investigator, and considering the existing limitations, the Independent Investigator does not have sufficient evidence to confirm (i) the authenticity of the receivable arising from the Outstanding Loans and (ii) the actual time when the receivable was formed.

### **C. Recoverability of the Outstanding Loans**

#### **1. Key findings by the Independent Investigator**

- (a) Notwithstanding that the Independent Investigator was unable to find loan records corresponding to the RMB898 million in the Outstanding Loans in the bank record statements for the Review Period, the Independent Investigator learned from the interviews conducted that the relevant loans were overdue receivable accumulated over the years, which once had genuine drawdown records, and the relevant borrowers were genuine debtors. It was just that the Company had been rolling over loans, which could not be repaid, as new loans.
- (b) To understand the recoverability of the Outstanding Loans, the Independent Investigator first conducted preliminary background checks on their 15 actual borrowers. According to publicly available information, among these actual borrowers, 12 had filed for bankruptcy in two batches in November 2024 and February 2025 and one was deregistered in October 2024.
- (c) Based on the interviews conducted and the documents reviewed by the Independent Investigator, the actual destination of the loan proceeds appears to be upstream and downstream companies of Botai Group, the controlling shareholder of the Company. According to publicly available information, the Independent Investigator has noted that Botai Group and Liantai Guangchang, the second largest shareholder of the Company, also filed for bankruptcy in October 2024 and Liantai Guangchang's bankruptcy reorganisation plan was approved on 3 November 2025.
- (d) Based on the interviews with Ms. Bai and Ms. Zhou conducted by the Independent Investigator, the Company has not yet filed any related claims with the court or the bankruptcy administrator of Botai Group and Liantai Guangchang. The Independent Investigator also found no public record of the Company initiating legal proceedings against any borrowers.

- (e) The Independent Investigator was unable to find information regarding the current business operations of the 15 actual borrowers of the Outstanding Loans during the electronic forensic investigation. As previously mentioned, the information related to the Corporate Borrowers stored on the two computers mainly consisted of credit assessment reports, the contents of which, upon inspection, were largely identical to the physical credit documents obtained by the Independent Investigator.

## **2. *Independent Investigation conclusions***

Given that:

- (a) currently, most of the 15 Corporate Borrowers (allegedly the actual borrowers) have filed for bankruptcy, their bankruptcy reorganisation process is underway, and as at the date of the Investigation Report the Company had not filed any claims or initiated any legal or other proceedings against them;
- (b) based on the interviews conducted and the related documents reviewed by the Independent Investigator, the proceeds of the Outstanding Loans were primarily directed to upstream and downstream companies of Botai Group and the publicly available information indicates that Botai Group has also filed for bankruptcy;
- (c) the Independent Investigator has proposed interviewing the actual borrowers of the Outstanding Loans to understand the Company's current situation, but the Company has expressed that as its relationship with such borrowers has broken down, they have declined to be interviewed;
- (d) during the interview with Ms. Bai, she expressed that she was unaware of the actual use and specific arrangements of the funds and that the operations of Botai Group and Liantai Guangchang were all handled by her father Mr. WL Bo. Mr. NB Bo also expressed the same view in the interview with him; and
- (e) the Independent Investigator has attempted to interview Mr. WL Bo, the former chairman of the Board and also the controlling shareholder of Botai Group, but he has declined to be interviewed due to illness,

as to the recoverability of the Outstanding Loans, as at December 2024, the provisions for impairment on the Outstanding Loans amounted to approximately RMB310 million. However, since these Outstanding Loans have been repeatedly rolled over, time can no longer be used as the basis for assessing the provisions. Based on the interviews, the ledger and cash flow analysis, the electronic forensic investigation and background checks conducted by it, the Independent Investigator was unable to obtain sufficient evidence to assess accurately the recoverability of the Outstanding Loans.

## **D. Assessment in the Group's ability to continue as a going concern**

### **1. Key findings by the Independent Investigator**

- (a) Based on the interview with Ms. Bai conducted by the Independent Investigator regarding the Group's ability to continue as a going concern, she stated that since she resigned from her positions as executive Director and the general manager of the Company in early 2025, she had no longer been involved in the operation of the Company's business and therefore was not very familiar with the Company's operation.
- (b) In the interview with Ms. Zhou, the former financial controller of the Company, she stated that she had left the Company and was no longer involved in the financial management of the Company. Currently, she mainly helps to handle certain matters concerning the Outstanding Loans.
- (c) Although the Independent Investigator has extended an interview request to Mr. WL Bo, the former chairman of the Board, he has declined the request due to health reasons.
- (d) Subsequently the Independent Investigator interviewed the existing executive Directors, namely Mr. Tian, Mr. Zhang Zhuo and Ms. Huang. All of them stated that as the Outstanding Loans were still under investigation, while the Company was currently pursuing new business, it was sorting out its existing business as a priority, including assessing the recoverability of the Outstanding Loans and the impact of the Unauthorised Guarantees on the Company.

### **2. Independent Investigation conclusions**

Based on the findings as set out above, since:

- (a) the Independent Investigator is unable to obtain sufficient evidence to assess accurately the recoverability of the Outstanding Loans, and the receivable arising from the Outstanding Loans of approximately RMB898 million is currently the Company's main assets on its books;
- (b) the Company is now facing litigation in the sum of approximately RMB144 million related to guaranteed loans and also the relevant court judgments show that the Company, as defendant, was ordered to bear joint and several liability for the related guarantees.; and
- (c) as the Company has not commenced other business operations, the Independent Investigator is also unable to obtain from the Company, among others, profit forecasts regarding its future business, the Independent Investigator is unable to obtain sufficient information during the Independent Investigation to further assess

the Group's ability to continue as a going concern.

#### **IV. MAJOR LIMITATIONS OF THE INDEPENDENT INVESTIGATION**

The findings of the Independent Investigation are subject to certain limitations (the "**Limitations**"). The key limitations include, but not limited to, the following:

1. the depth of the Independent Investigation and the compilation of the Independent Report are subject to time constraints. The Independent Investigation officially commenced on 24 November 2025, and as at the date of the Independent Report, the Independent Investigator had not had sufficient time to conduct further necessary investigative work (including but not limited to the steps outlined below) to provide a more in-depth and detailed study and analysis of its findings to-date;
2. despite requests made to the Company for conducting interviews with certain individuals related to the matters being investigated, as at the date of the Independent Report, the Independent Investigator had been unable to interview certain individuals including Mr. WL Bo, certain former employees and independent non-executive directors of the Company, the legal representatives and de facto controllers of certain randomly-drawn corporate borrowers of the Outstanding Loans and certain randomly-drawn individual borrowers of the Outstanding Loans;
3. as at the date of the Investigation Report, the Company had not been able to fulfill some of the document requests from the Independent Investigator;
4. since most of the employees of the Company had left the Company by the end of September 2024, the Independent Investigator was informed that the computers used by these former employees during their employment with the Company had been formatted or scrapped. Therefore, the Independent Investigator was unable to extract complete data from their company emails and work computers. Currently, only two computers are stored (as stated by the Company, they were used by business and finance staff, but their specific identities could not be confirmed), and the Independent Investigator is only able to extract data from these two computers. Electronic forensic investigation revealed that the data stored on these computers mainly consisted of loan-related business data and the Company past financial data; and

5. Based on the loan ledgers and guarantee details obtained initially for understanding the information pertaining to the Independent Investigation, the Independent Investigator has defined the Review Period as the time frame during which the relevant Outstanding Loans were drawn down and the Unauthorised Guarantees occurred, namely 2022 to 2025. However, as the Independent Investigation progressed, the Independent Investigator has noticed that the information recorded in the financial books and loan ledgers did not reflect the true situation of the Outstanding Loans, and the formation time of the relevant assets under the Outstanding Loan may involve transactions which took place several years ago. Owing to the limited availability of data over several years and the urgency of the Independent Investigation, the Independent Investigation only focuses on transactions between 2022 and 2025 (i.e. the Review Period), and the Independent Investigator is currently unable to conduct a more in-depth investigation into the Company's lending records, bank statements, credit information, etc., from previous years.

## **V. OPINIONS AND RECOMMENDATIONS OF THE SPECIAL COMMITTEE**

The Special Committee has reviewed the Investigation Report (including the Limitations). After due and detailed discussion, the Special Committee is of the view that the contents and findings in the Investigation Report are reasonable and acceptable. The Special Committee also considered the nature of the Limitations encountered by the Independent Investigator in its Independent Investigation and concluded that the Limitations are reasonable under the circumstances of the Independent Investigation. Accordingly, the Special Committee has recommended that the Board adopt the findings of the Independent Investigation.

Having considered the findings of the Independent Investigator as contained in the Investigation Report, the Special Committee noted that the Unauthorised Guarantees and the Outstanding Loans were given or otherwise created when Mr. WL Bo acted as the chairman of the Board and an executive Director and were primarily caused by:

1. the then executive Directors and certain senior management of the Company at the material times having deliberately orchestrated or otherwise implementing the rolling over of the underlying overdue loans of the Outstanding Loans in the form of new loans (rather than extensions or renewals) through the Fund Transfer Arrangements, as a means to avoid making provisions for impairment in the books of the Company;
2. the unauthorised use by Mr. WL Bo of the Company seal in the execution of the Unauthorised Guarantees purportedly on behalf of the Company for loans granted to companies owned by, or otherwise related to or affiliated with, Mr. WL Bo; and
3. Mr. WL Bo having purposely concealed the existence of the Unauthorised Guarantees (except for the one which was purportedly approved by Board resolution as mentioned in paragraph A(1)(e) above) from the then existing Board at the material times.

In view of the above, the Special Committee is of opinion that Mr. WL Bo has failed to (i) act honestly and in good faith in the overall interests of the Company; (ii) act for proper purpose; (iii) put Company's assets into proper use; (iv) avoid actual and potential conflicts of interest; (v) fully and fairly declare his interests in proposed transactions or arrangements; and (vi) exercise reasonable care, skill, and diligence. Accordingly, the Special Committee is of the view that Mr. WL Bo should be responsible for the loss suffered by the Group due to his dereliction of duty.

Further, the Special Committee has made the following recommendations (the "**Recommendations**") to the Board:

1. To consider reporting the Unauthorised Guarantees to the relevant law enforcement authorities as soon as practicable.
2. To obtain legal advice and consider taking appropriate actions (including legal proceedings) as soon as practicable to claim against Mr. WL Bo for loss and damages that the Company has suffered or may suffer arising from the Unauthorised Guarantees.
3. To consider actions against the persons involved in the Unauthorised Guarantees and the Outstanding Loans, including removal or dismissal of the relevant officers and staff of the Company who are still with the Company.
4. To obtain financial advisers' advice and legal advice as soon as practicable as to whether there has been any breach of relevant rules and whether relevant reporting with regulatory authorities is required in connection with the Unauthorised Guarantees and the Outstanding Loans.
5. To provide trainings to the management and employees of the Company to improve their knowledge in accounting, financial and business management, and legal knowledge.
6. To provide regular training on regulatory and legal topics to the management and employees of the Group including compliance with the Listing Rules, which must also include training on directors' responsibilities, the code on corporate governance; notifiable and connected transactions requirements under the Listing Rules, and financial reporting requirements under the Listing Rules. This is to familiarise them with the Company's internal control procedures, their responsibilities under the Listing Rules and the requirements under the relevant laws and regulations.
7. To engage an internal control consultant to review the internal control system of the Group (in particular, regarding the safe-keeping and use of the Company seal) and carefully consider the recommendations from the internal control review and take corrective actions in order to strengthen the Group's internal control system and effectively cover all major management and internal control systems including financial, operational and regulatory control and risk management functions.

8. To engage a compliance adviser to maintain compliance with the Listing Rules.

## **VI. OVERALL RESPONSES OF THE BOARD**

The Board has reviewed the contents of the Investigation Report and considers that the Investigation Report has addressed part of the Resumption Guidance in relation to the Audit Matters (i.e. the Unauthorised Guarantees, the Outstanding Loans and the recoverability of the Outstanding Loans) and will continue to work towards fulfilling the remaining Resumption Guidance.

The Board has also reviewed the Recommendations made by the Special Committee and concurs with the view of the Special Committee on the Independent Investigation that the Unauthorised Guarantees, the Outstanding Loans and any loss and damage suffered or to be suffered by the Company substantially stemmed from Mr. WL Bo's failure to discharge his director's duties. The Board also concurs with the Special Committee's observations that the Group's internal control was not properly implemented, reviewed and updated, or was deficient. The Board has resolved to implement the Recommendations made by the Special Committee as soon as practicable.

As at the date of this announcement, the Recommendations set out in paragraphs 1, 2 and 7 under section V above have been implemented.

The Company will make announcements to update its shareholders and potential investors on any substantial development of the implementation of the Recommendations as and when appropriate.

## **VII. CONTINUED SUSPENSION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2025 and will remain suspended until the Company fulfils the Resumption Guidance. The Company will make further announcement(s) as appropriate or as required under the Listing Rules and the SFO.

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

By Order of the Board  
**Yangzhou Guangling District Taihe Rural  
Micro-finance Company Limited**  
**Tian Zhenyong**  
*Chairman*

Yangzhou, the People's Republic of China, 30 September 2026

*As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Tian Zhenyong, Ms. Huang Min and Mr. Zhang Zhuo; one non-executive Director, namely Mr. Lu Qi; and three independent non-executive Directors, namely Mr. Hung Hing Man, Ms. Cheung Sau Lan and Mr. Chan Man Chun.*