

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

COMPLETION OF INTERNAL CONTROL REVIEW

This announcement is made by the board (the “**Board**”) of directors of Yangzhou Guangling District Taihe Rural Micro-finance Company Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) 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).

Reference is made to the announcement (the “**Announcement**”) of the Company dated 25 June 2026 in relation to the engagement of Cheng & Cheng Risk Advisory Services Limited (“**C&C**”), an independent internal control consultancy firm, to conduct an internal control review of the Group (the “**Internal Control Review**”). Capitalised terms used herein shall have the same meanings as those defined or given in the Announcement unless otherwise specified.

BACKGROUND

As set out in the Announcement, the Company has engaged C&C to assess the Group’s internal controls covering the period from January 2022 to June 2026 (the “**Review Period**”).

According to the report (the “**Internal Control Review Report**”) of the Internal Control Review dated 18 September 2026 and issued by C&C, the Internal Control Review process was conducted by C&C in accordance with the principles of “Internal Control - Integrated Framework (2013)” of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework and the relevant code of conduct issued by the Institute of Internal Auditors.

The key procedures conducted by C&C are as follows:

- (a) consulting with the management (the “**Management**”) of the Group or the relevant persons-in-charge to understand the Group’s existing procedures, policies, and control measures, and to identify whether they comply with the compliance requirements under the Listing Rules; conducting compliance tests based on key areas to assess the effectiveness of the Group’s internal control design and operation;
- (b) analyzing and reviewing the financial and operational guidelines provided by the Group, identifying any discrepancies between actual operations and the provisions of the guidelines through observation of actual business practices; making recommendations to the Group regarding anomalies in the current policy, including revising the written procedures for the relevant operating cycles and strengthening existing internal controls; and
- (c) conducting tests on internal control activities to identify potential anomalies and their impact on the Group; providing recommendations to the Management for improvement and enhancement of existing processes and policies.

The Internal Control Review is a comprehensive internal control review conducted based on the Group’s current operations and processes to objectively assess and review the effectiveness of the internal control policy.

KEY FINDINGS OF THE INTERNAL CONTROL REVIEW

The key findings of the Internal Control Review, the corresponding rectification by the Group and the results of follow-up review of C&C are summarized as follows:

	Key findings	Rectification by the Group	Results of follow-up review of C&C
A. Filing and Recording of Financial Information			
1.	Financial data lacks substantive supporting documentation According to the Company's regulations, loan drawdown requirements are as follows: (a) Transfer payment. After both parties signed and sealed the loan voucher, the account manager submits it to the finance department, where the cashier reviews it according to the various elements of the loan drawdown. If it meets the requirements, a transfer cheque is issued (cash payment is prohibited). After being signed and sealed by the Company's authorized reviewer, it is given to the borrower. After the borrower signed the "Transfer Check Receipt Register," he/she transfers the funds to the designated	The Company strictly manages its operations in accordance with the "Loan Operation Procedures of the Company". First, it ensures that all documents, including loan vouchers, signed approvals, cheque stubs, bank receipts and receipt records are filed in a complete and accurate manner. Second, it strengthens the responsibility of financial auditing and review, clearly defining the auditing obligations of cashiers and reviewers for the authenticity, completeness, and compliance of original vouchers, and preventing entries without a basis. The Company also conducted special training for management and financial personnel, emphasizing the loan drawdown requirements and documents	C&C has reviewed the Company's "Loan Operation Procedures of the Company" and confirmed that the requirements for current fund receipt and payment operations have been supplemented and improved in terms of complete supporting documents, sufficient accounting basis, and complete data chain. To ensure that relevant management and financial personnel have fully grasped the requirements for controlling the entire loan drawdown process, C&C has obtained training records from relevant personnel regarding the above-mentioned procedures and confirmed that they were aware of and agreed to comply with the above regulations. No major internal control anomalies were identified.

	Key findings	Rectification by the Group	Results of follow-up review of C&C
	financial institution, and the loan drawdown is completed; and (b) The account manager records the loan in the credit register. Upon reviewing the Company's loan documents, C&C noted that the supporting documents attached to the loan drawdown vouchers from January 2022 to December 2024 consisted of a loan receipt signed internally by the Company and a handwritten bank cheque stub. Furthermore, these documents lacked bank receipts (to obtain other deduction records) as proof of subsequent loan drawdown.	outlined in the "Loan Operation Procedures of the Company", and reviewed previous instances of missing bank receipts to strengthen financial risk awareness and enhance financial professional skills.	
B. Compliance with the disclosure requirements under the Listing Rules			
2.	Failure to timely disclose lending and guarantee matters in accordance with Chapter 13 of the Listing Rules The Company's Outstanding Loans and Unauthorized Guarantees, in terms of both nature and scale, have triggered the mandatory disclosure standards prescribed by Rules 13.09, 13.13, 13.16 and 13.20 of the Listing Rules. Upon inspection, it was	The Company has organized training sessions on the identification and disclosure requirements of inside information under the Listing Rules for all financial staff and management at all levels, strengthening their compliance awareness and practical capabilities, in order to prevent the recurrence of similar disclosure violations.	C&C has verified through the official website of the Stock Exchange that the Company has consistently fulfilled its information disclosure obligations regarding various significant matters and their latest developments. In addition, C&C has obtained and reviewed the records of the Company's special training on the identification and disclosure of

	Key findings	Rectification by the Group	Results of follow-up review of C&C
	found that the Company did not fulfill its obligation to announce inside information in a timely manner, nor did it disclose the relevant information as required.		inside information, confirming that all participants have been fully informed of and have a thorough understanding of the latest disclosure requirements and compliance management of inside information under the Listing Rules. No significant internal control anomalies were found.
3.	Failure to publish annual results and annual report within the time limit stipulated under the Listing Rules Affected by the Outstanding Loans and Unauthorized Guarantees, the Company has been unable to publish its 2024 annual report, 2025 interim report and 2025 annual report in a timely manner.	The Company is currently advancing the appointment of a new audit team and is simultaneously providing the team with financial data for the years 2024 and 2025 to facilitate the smooth conduct of the audit, ensuring that the relevant audit reports can be published, and proactively providing the Stock Exchange with a written explanation for the delayed disclosure of results and the rectification plan. Meanwhile, the Company will strengthen daily communication and coordination with external auditors, the Audit Committee, and relevant business departments, hold regular audit progress meetings to promptly address major issues identified during the audit process, and continuously	Upon verification with the Company's management during interviews, it has been confirmed that the Company will complete the appointment procedures for the new audit team on 21 August 2026. The relevant audit preparation work is progressing as planned, and the preparation, audit and publication of the 2024 annual report, 2025 interim report, and 2025 annual report are scheduled to be completed by late September 2026. Currently, no significant internal control anomalies have been identified.

	Key findings	Rectification by the Group	Results of follow-up review of C&C
		monitor and escalate risky issues that may affect the announcement of results and the publication of the annual report. This is to ensure that the Company complies with the Listing Rules' requirements on the timing of disclosing financial information and to avoid trading suspension or other regulatory consequences due to delayed disclosure.	
4.	Failure to disclose and publish notifiable transactions in accordance with Chapter 14 of the Listing Rules regarding lending and guarantee matters The Company has not, in respect of Outstanding Loans and Unauthorized Guarantees, conducted the relevant transactional aggregation assessment and made disclosure arrangements in accordance with Chapter 14 of the Listing Rules, nor has it published any notifiable transaction announcements regarding these matters.	The Company has updated the "Loan Operation Procedures of the Company" and "Financing Guarantee Business Risk Management Measures of the Company", which clearly specify the disclosure and compliance matters regarding notifiable transactions: (1) Loans/guarantee matters of the same classification should be summarized and identified according to the time period and transaction nature, and applicable size tests should be conducted in accordance with Rule 14.22 to determine whether the disclosure obligation is triggered; (2) The company secretary shall	C&C has obtained the "Loan Operation Procedures of the Company" and "Financing Guarantee Business Risk Management Measures of the Company", and confirmed that the Company has established rules and regulations for disclosure and compliance requirement in relation to notifiable transactions. C&C also obtained training records and signed circulation of the aforementioned procedures, confirming that the attendees were aware of and agreed to comply with the same. No significant internal control anomalies were identified. As at the date of the Internal Control Review Report, the Company has not involved in any new lending or guarantee

	Key findings	Rectification by the Group	Results of follow-up review of C&C
		coordinate the compliance review of transactions under Chapter 14 of the Listing Rules. Upon receiving transaction instructions or completion information, he/she shall simultaneously assess whether aggregation is applicable and triggers disclosure obligations, and promptly initiate the announcement procedure when necessary; (3) The Company will establish a register management policy for loans and guarantees, which shall be regularly summarized by the finance department and the company secretary. After each loan/guarantee execution, an “aggregated size tests + disclosure judgment” must be conducted to avoid non-compliance with disclosure requirements due to dispersed individual transactions. At the same time, the Company has provided financial staff and the company secretary with special training on the “principle of aggregated size tests of a series of transactions” under Rule 14.22	business, so C&C has not assessed the execution of the “Loan Operation Procedures of the Company” and “Financing Guarantee Business Risk Management Measures of the Company” regarding disclosure and compliance requirements of notifiable transactions.

	Key findings	Rectification by the Group	Results of follow-up review of C&C
		and has conducted a thorough review of the existing Outstanding Loans and Unauthorized Guarantee to improve its ability to identify those separately granted loans and guarantees that nevertheless require aggregation.	
5.	Failure to disclose and publish connected transactions in accordance with Chapter 14A of the Listing Rules regarding lending and guarantee matters On 8 June 2024, the Company formulated the “Management Policy for Connected Transactions of the Company”. Under Article 14, “Disclosure Requirements” it is explicitly stated that “For any one-off connected transaction that meets the applicable threshold, the Company must publish an announcement on the HKEX website within one business day; for major transactions, the Company shall issue a circular and convene a general meeting as required; the annual and interim reports shall fully disclose information concerning connected parties, transaction details, pricing policies and annual review opinions”.	The Company has reiterated to its finance department and management at all levels the provisions regarding the disclosure requirements of connected transactions as stipulated in the “Connected Transaction Management Policy of the Company”, requiring relevant personnel to fully understand procedures of identifying connected transactions, internal reporting, time management and external disclosure. This is to ensure timely identification of various connected transactions and compliance with corresponding procedures, and to prevent delayed or omitted disclosures. Once the Special Committee completes its investigation into the Outstanding Loans and Unauthorized Guarantees, the Company will, in accordance with the relevant requirements of the Listing Rules	C&C has obtained and reviewed the signed circulation of the “Loan Operation Procedures of the Company” and “Financing Guarantee Business Risk Management Measures for Financing Guarantee Business of the Company” and confirmed that the relevant personnel were aware of and agreed to comply with these procedures. No significant internal control anomalies were identified. As of the date of the Internal Control Review Report, the Special Committee had not yet completed its investigation into related-party transactions involving outstanding loans and unauthorized guarantees, and therefore the Company had not yet issued an announcement to fulfill its corresponding information disclosure obligations.

	Key findings	Rectification by the Group	Results of follow-up review of C&C
	However, it was found that the Company did not comply with Rules 14A.35, 14A.68 and 14A.71 of the Listing Rules and related management provisions, by failing to disclose and make announcement regarding the connected transactions involving Outstanding Loans and Unauthorized Guarantees. In addition, the Company did not truthfully disclose relevant connected relationships to the market in its annual report 2022, annual report 2023 and interim report 2024.	requirements of the Listing Rules, publish an announcement as soon as possible regarding the related party transactions involved in these matters and fulfill its corresponding information disclosure obligations.	
6.	Execution of approval authority is inconsistent with the Group's relevant procedures To strengthen the prevention and control of risks associated with the Company's credit assets, and to effectively improve and standardize the credit approval process, the Company has formulated the "Interim Measures for Credit Approval of the Company". The measures stipulate that the Company adopts a two-level authorization control policy for credit approval, with the higher	The Company has organized special training on the aforementioned "Interim Measures for Credit Approval of the Company" for all financial staff and management at all levels. The training focuses on clarifying the standards for hierarchical authorization, the approval boundaries at each level, and the applicable rules for financing guarantee business, as well as strengthening the compliance awareness of key personnel in implementing the hierarchical approval mechanism.	C&C has obtained and reviewed the training records for the Company's implementation of the "Interim Measures for Credit Approval of the Company", and confirmed that all attendees have been fully informed of and understand the requirements for hierarchical approval authority management. No significant internal control anomalies have been identified. As at the date of the Internal Control Review Report, the Company has not engaged in new lending or guarantee business. It was therefore unable to

	Key findings	Rectification by the Group	Results of follow-up review of C&C
	level vested in the Loan Review Committee (“LRC”) and the lower level vested in the General Manager. The authorization standards vary between credit applicants—enterprise or individual—and classified by credit amount with RMB500,000 as the threshold: (1) Credit facilities or single loan of less than RMB500,000, and the corresponding loan extension where the interest rate is not lower than the Company's standard rate shall be approved at the second level (General Manager); (2) Credit facilities or single loan of RMB500,000 or above, and the corresponding loan extension, or all credit business with an interest rate lower than the Company's standard rate shall be submitted for first-level approval (Loan Review Committee). In addition, the Company's “Procedures for Financing Guarantees of the Company” regarding the approval process for financing guarantee business also follows the above credit classification approval mechanism.		assess the execution of the hierarchical approval authority under the “Interim Measures for Credit Approval of the Company”.

	Key findings	Rectification by the Group	Results of follow-up review of C&C
	Upon inspection, it was found that Outstanding Loans and Unauthorised Guarantees were directly and solely approved by the actual controller and the General Manager, circumventing the hierarchical approval procedures set out in the Company's credit authorization management policy.		
C. Customer background checks, due diligence, risk assessment, mortgage and guarantee management, and overdue payment collection procedures			
7.	Entire set of credit assessment materials lacks substantive supporting documents The Company's implemented "Procedures for Financing Guarantees of the Company" and "Interim Measures for Credit Approval of the Company" explicitly stipulate that the following aspects which should be the review focuses: basic element, subject qualification, credit policy, credit risk, soft data, verification of the borrower's authenticity and actual use of funds, verification of the guarantor's authenticity and willingness to guarantee.	The Company has required a comprehensive rectification in credit documentation to strictly eradicate guarantee irregularities such as mutual guarantees and single person multiple guarantees, strengthening pre-loan investigations, verification of the authenticity of information and improving credit file management to ensure that the entire credit business process is compliant and under control. The Company has held a special meeting, during which the management attached great importance to the credit business processes, ensuring that all colleagues	C&C obtained the meetings materials to review the attendees' sign-in record and meeting agenda, and confirmed that the attendees were informed and agreed to comply with the aforementioned regulations. Currently, the Company has not engaged in credit business, and no significant internal control anomalies have been identified. In addition, C&C obtained the policies of All Things Life Technology Co. Ltd. ("All Things Life") concerning background checks on suppliers and customers. Upon verification, the due diligence cover key dimensions such as the qualifications of

	Key findings	Rectification by the Group	Results of follow-up review of C&C
	Through on-site interviews and collection of information, it was discovered that: 1) Supporting documents for the assets and repayment capacity of the borrowers and guarantors are missing; 2) The information is highly similar leading to questionable authenticity; 3) The banking statement are of the same formats, and none bears a bank seal; 4) "Mutual guarantee behavior": the borrower simultaneously acts as guarantor for the other borrower; 5) "Single guarantor for multiple borrowers": one guarantor provides guarantees for multiple borrowers; 6) The content of various business contracts is highly similar. All the above reflect a lack of substantive support in the entire set of credit materials.	involved in such business are aware of the workflows. They also reiterated the key review requirements of the "Procedures for Financing Guarantees of the Company" and "Interim Measures for Credit Approval of the Company", making sure that all business personnel fully understand and thoroughly grasp the same.	cooperating entities, operational stability and performance capability. The pre-approval risk assessment procedures for customers and suppliers are generally implemented as required, and relevant files are properly maintained. No significant internal control anomalies were found.
8.	Group's relevant procedures do not explicitly stipulate the valuation, registration, and periodic revaluation of collateral The Company's implemented the "Procedures for Financing Guarantees of the Company" and "Interim Measures for Credit Approval of the Company" clearly outline the operational process, with	The Company has promptly revised and improved the "Procedures for Financing Guarantees of the Company" and "Interim Measures for Credit Approval of the Company", supplementing and clarifying management requirements for collateral valuation, registration and periodic revaluation. At pre-lending stage, a comprehensive verification of the	C&C has reviewed the revised "Procedures for Financing Guarantees of the Company" and "Interim Measures for Credit Approval of the Company", both of which have clearly standardized the procedures for collateral valuation, collateral registration and periodic revaluation of collateral. C&C has also obtained the training records and signed

	Key findings	Rectification by the Group	Results of follow-up review of C&C
	specific requirements of each stage of acceptance, investigation and evaluation, review, approval, contract signing, loan disbursement and post-loan management. It was discovered that the regulations did not specify the valuation, registration and periodic revaluation of collateral, resulting in a lack of uniform standards and implementation basis for collateral management, which is not conducive to effective credit risk prevention and control.	ownership, authenticity and legality of the collateral must be conducted. The Company shall engage a compliant institution to perform a fair valuation and retain a complete valuation report. The processes for collateral registration and filing must be strictly implemented to ensure the legitimacy and effectiveness of collateral procedures and the clarity of ownership. A normalized collateral management mechanism should be established, with periodic revaluation cycles set according to asset types, dynamic updating of collateral value, timely identification of asset depreciation, ownership defects, expiration of procedures, and other risks, thereby fully improving the closed-loop management of collateral guarantees. At the same time, the Company has also conducted specialized training for management, business and financial staff, emphasizing collateral valuation, registration and periodic evaluation as stipulated in the “Procedures for Financing Guarantees of the Company” and “Interim Measures for Credit Approval of the	circulation of the aforementioned procedures, confirming that the relevant personnel who attended the training were aware of and agreed to comply with these procedures. No significant internal control anomalies were identified. As at the date of the Internal Control Review Report, the Company has not engaged in new lending or guarantee business. C&C has only checked the provisions in the “Procedures for Financing Guarantees of the Company” and “Interim Measures for Credit Approval of the Company” regarding collateral valuation, registration and periodic revaluation, and no significant internal control anomalies were found.

	Key findings	Rectification by the Group	Results of follow-up review of C&C
		Company". Furthermore, a review of previously unperformed or incomplete collateral valuation, registration and periodic revaluation matters has been conducted to enhance business capabilities.	
D. Seal management process			
9.	Company seal was taken out of the office without registration, without person-in-charge accompanying According to Article 10 of the "Seal Management Policy of the Company", the administrative seal is principally limited to internal company use; where a company seal must be taken off-site for use, the "Off-site Seal Use Registration Form" must be filled out and approved by the General Manager, and the seal shall be jointly transported by both the authorized user and seal custodian. Based on interviews and examination of seal-use records, it was identified that there were instances in which the former Chairman and former General Manager	The Company immediately prohibited unauthorized and unaccompanied off-site use of seal, strictly enforcing the Policy clauses. Regardless of management level, a registration form must be completed specifying reason, documents on which the seal is used, use period and return time in case of intended external use of seal. Only after completing the prescribed approval process can the seal be taken out. In parallel, a dual control mechanism i.e. user and custodian for off-site use of seal must be strictly implemented. Under no circumstances may any person carry the seal off-site alone, and the seal must never be allowed to leave the seal custodian's supervision.	C&C considered that the Company's rectification measures constrain daily operations through immediate standardization of the seal use process, implementation of dual supervision, dissemination of regulations and job oversight which are effective in addressing the management loopholes related to off-site seal use. C&C has concurrently obtained the training records of relevant staff for the aforementioned training, confirming that they were aware of and agreed to comply with the same. No significant internal control anomalies were found.

	Key findings	Rectification by the Group	Results of follow-up review of C&C
	directly took the company seal out without complying with the registration and approval procedures, and were also not accompanied by seal custodian. The off-site use of the seal was not subject to appropriate oversight, posing risks of misappropriation and illegal use of company seal.	The Company also conducted special training for current Directors, current general managers, seal administrators and all employees, emphasizing the procedures for application, use, takeout and custody of seal stipulated in "Seal Management Policy of the Company". It also reviewed previous incidents of senior executives carrying seals spontaneously, aiming to enhance all staff's awareness of seal compliance management, standardization of seal use procedures and their capabilities of identifying and preventing off-site risks. This is to eliminate management loopholes such as unauthorized takeout and unauthorized seal use.	
10.	No verification of the use of company seal The Company stated in its "Seal Management Policy of the Company" that the seals should be properly and clearly affixed, with upright text. However, upon spot check of sealed documents, it was found that the seal	Upon verification, the wrong use of seal was a standalone human error caused by the negligence of the handling personnel. No similar issue was found in other seal use incidences after a comprehensive inspection. In response to this issue, a special training on seal management and seal approval procedures has been conducted for all employees, emphasizing	C&C has confirmed that this instance of improper use of seal was an isolated operational error, with no widespread similar issues. The Company has completed seal use training for all employees and has inserted a verification steps to ensure consistency between the contracting entity and the seal before use. The rectification work is essentially

	Key findings	Rectification by the Group	Results of follow-up review of C&C
	verification was inadequate, without ensuring that the subject and signatory were the same party. A specific issue was identified: The borrower submitted a business supporting document named "Transport Framework Agreement" where Party B signing the agreement was the borrowing entity. However, the company seal was affixed where the Company was not the signatory, resulting in wrong use of seal.	the importance to verify the identities of contracting party, the unit using the seal and the ownership of the seal. The pre-use review requirements must be strictly enforced to prevent similar mistakes from occurring in the future.	complete. It is recommended that future verification of the seal-using entity be incorporated as a mandatory check in routine approvals to strengthen process control and prevent recurrence of similar issues. No significant internal control anomalies were found.
11.	No standardized register management policy Although the Company has issued the "Seal Management Policy of the Company" clarifying the management requirements related to the application, approval and use of seal, it was found that the policy does not include specific provisions regarding the registration of seal usage in registers, nor has it established a standardized mechanism for seal use register management. As a result, the records of seal use lack a unified basis for retention and traceability.	The Company has revised the existing "Seal Management Policy of the Company", supplementing specific provisions for the management of seal use register, clarifying the requirements for register. The register must record, for each use of seal, the date, purpose, document name, type of seal, applicant, approver, handler and custodian. If the seal is taken out, the register must also record the relevant period, the location of use, accompanying personnel, and the status upon return. Copies of the sealed documents should simultaneously be filed,	C&C has obtained the "Seal Management Policy of the Company" and confirmed that the Company has in place corrective measures in response to missing provisions in the register management, including policy revisions, the creation of a register template and clarifying responsibilities for registration and verification, covering points of internal control anomalies. At the same time, C&C has reviewed signed circulation and training records of relevant staff concerning the above policy, confirming that they were aware of and agreed to

	Key findings	Rectification by the Group	Results of follow-up review of C&C
		ensuring that every use and take out of seal is fully traceable and verifiable. Concurrently, the Company has conducted training for seal administrators on the specific provisions for the management of the seal use register in the "Seal Management Policy of the Company", and it has reviewed previous irregular management issues such as unregistered removal of seal, lack of approval and incomplete registers. This aims to enhance the compliance risk identification and control capabilities throughout the entire process of use, removal and custody of seal, and to strictly prevent unauthorized removal, absence of registers and procedural omissions.	comply with the same. No significant internal control anomalies were found. C&C has confirmed that the policy now fully stipulates, as required, key information such as the date of seal use registration, the purpose of seal use, document name, type of seal, approval for application, handling and safekeeping of the seal and verification upon return. The seal use process leaves complete traces and registration elements are sound. At this stage, the Company's full-process control mechanisms for seal application, use, external carrying, safekeeping and register archiving are well-established. During the review period, no irregularities such as unauthorized seal use, unauthorized take out, or register omissions were found. No significant internal control anomalies were identified.
E. Management of providing external guarantee			
12.	Giving external guarantees without approval from the Board or the	The Company will strictly adhere to the provisions of the "Financing Guarantee	C&C has reviewed the Company's "GAC Rules of Procedure" and confirmed that it

	Key findings	Rectification by the Group	Results of follow-up review of C&C
	guarantee approval committee Under Article 4 of the "Financing Guarantee Business Risk Management Measures of the Company", it is stipulated that the Company shall establish a guarantee approval committee ("GAC"), which is responsible for risk management and final review of guarantee projects. Besides, Article 4 of the "Duties and Meeting Procedures of the Board of the Company" also clearly states that the Board shall exercise the following powers: "(iii) Within the scope of authorization, the Company's venture investments, significant connected transactions, asset pledges and other guarantee matters may be determined at the general meeting." According to the policy, financing guarantee-related business shall undergo final review by the GAC and/or be determined by the Board. Nonetheless, based on the on-site interviews and information obtained, the preparatory work for the establishment of the GAC has been postponed given that the Company's financing guarantee business	Business Risk Management Measures of the Company" and "Duties and Meeting Procedures of the Board", standardizing its organizational structure and approval decision-making mechanisms. It plans to establish the GAC, including its composition, rules of procedure, review authority and workflow in order to prevent the LRC from substituting for the GAC in performing the ultimate authority for reviewing guarantee projects. On the other hand, the Company has conducted special training for Directors, with a focus on interpreting the requirements for independent review of guarantee projects, GAC's review authority, meeting review standards, voting rules and duty traceability management provisions as stipulated in the "Financing Guarantee Business Risk Management Measures of the Company" and "Duties and Meeting Procedures of the Board". It has carried out case reviews addressing past governance anomalies where the LRC replaced the GAC in exercising ultimate approval authority, clarifying the responsibility boundaries of	stipulates job responsibilities, rules of procedure, work processes, and annual performance arrangements. Meanwhile, we confirmed with the management that the company is not currently engaged in financing guarantee business, and the establishment of the GAC of the company is temporarily suspended. If the board of directors conducts a prudent assessment and decides to restart financing guarantee business, the company will complete the establishment of the organizational structure of GAC as soon as possible and simultaneously equip it with review personnel who meet the job requirements. No major internal control abnormalities were found.

	Key findings	Rectification by the Group	Results of follow-up review of C&C
	has been suspended. If the Board subsequently decides to resume the guarantee business after careful consideration, the Company will establish the organizational structure of GAC as soon as practicable and simultaneously appoint review personnel with appropriate qualifications.	different review bodies and strengthening attendees' awareness of independent and prudent review so as to ensure that all subsequent guarantee projects shall undergo a dedicated ultimate review process, and the hierarchical decision-making and check-and-balance for guarantee business would be properly implemented.	
13.	Insufficient review of background of persons for which guarantees were given The Company has issued the "Financing Guarantee Business Risk Management Measures of the Company" and "Financing Guarantee Operating Procedures of the Company" containing specific regulatory requirements for pre-guarantee risk control, post-guarantee risk inspection and key guarantee processes. However, through inspecting the Company's summary of unauthorized guarantees in which a total of 15 debtors (i.e. guaranteed parties) were involved, it was found that most of the 15 guaranteed	The Company has revised the "Financing Guarantee Business Risk Management Measures of the Company" and "Financing Guarantee Operating Procedures of the Company", inserting mandatory identification and verification checklist for connected party into the chapter on the admission review of guarantee objects. The amendment has made it a must-have item in pre-guarantee review determining whether the guaranteed party is connected to the Company's existing credit clients, while also clarified the dimensions of background check and requirements for document retention. The due diligence and approval process for business operations has been	C&C has reviewed the revised guarantee-related management regulations, which have established clear and detailed control provisions for the qualification review of guarantee targets. C&C also obtained the signed circulation and training records of relevant staff, confirming that the relevant staff were aware of and agreed to comply with the policy. No significant internal control anomalies were found. Moreover, C&C also considered that the revised guarantee-related management regulations comprehensively define the scope and determination criteria of various connected parties, providing a basis for the Company to conduct front-end due diligence. The Company has

	Key findings	Rectification by the Group	Results of follow-up review of C&C
	parties (all enterprises) were the corporate borrowers of the aforementioned Outstanding Loans.	optimized. When the business department accepts a guarantee application, it must cross-check against the Company's existing loan client roster. During the risk control department's review stage, the overlap with credit clients must be strictly verified. Guarantee applications involving connected parties or overlapping client entities are to be separately submitted for approval, strictly controlling the risks associated with mutual guarantees and circular guarantees.	strengthened risk prevention for connected guarantees and cross-guarantees at both the operational and policy level by setting up checkpoints such as an identification and verification checklist, customer directory cross-checks and independent review for connected guarantees. No significant internal control anomalies were found. Currently, the Company has not initiated any new financing guarantee business, and the relevant rules have been internally communicated and implemented. C&C has examined the provisions related to the qualification review of guarantee targets set out in the "Financing Guarantee Operating Procedures of the Company" and "Financing Guarantee Business Risk Management Measures", and no significant internal control anomalies were found.
14.	Failure to report to the Board or the Audit Committee on a regular basis The "Financing Guarantee Business Risk Management Measures of the Company" stipulates that after its guarantee business department completes each post-	The Company has revised its "Financing Guarantee Business Risk Management Measures of the Company", inserting a special mechanism for regular risk assessment of guarantee business. The revision clarifies the frequency of risk	C&C has reviewed the Company's revised "Loan Operation Procedures of the Company" and "Financing Guarantee Business Risk Management Measures of the Company", confirming that it has formulated rules and regulations for

	Key findings	Rectification by the Group	Results of follow-up review of C&C
	guarantee inspection, it should promptly submit the "Post-Guarantee Inspection Report" and relevant materials to its risk management department together with any risk issues. If significant risks are found during the inspection, a handling plan should be promptly formulated and submitted to the risk management department and relevant senior management. Based on on-site interviews and data collection, it was found that the Company has not established a regular guarantee risk assessment mechanism and has not submitted guarantee risk assessments and risk control information to the Board or the Audit Committee as required. The escalation mechanism for guarantee risks has not been implemented.	assessments, the scope of assessments, the assessment procedures and document filing requirements, covering key contents such as guarantee business risk investigation, changes in the operations of guarantee entities, fluctuations in performance capability, associated risks and compensation risks, thereby addressing the Company's institutional shortcomings in the absence of regular guarantee risk assessment mechanisms. The Company strictly implements the risk classification reporting policy, requiring its guarantee business department to complete post-guarantee inspections on schedule and submit the "Post-Guarantee Inspection Report" and risk warning materials. The risk management department will consolidate and review the overall risk status of guarantee business, progress in risk handling and implementation of internal controls. It will also periodically submits special reports on guarantee risk assessment and risk control work to the Board and the Audit Committee. These ensure top-down	regular assessment of guarantee risk and Board reporting. C&C also obtained relevant staff's signatures, training records and circulation of the above-mentioned regulations. It is considered that the relevant staff were aware of and agreed comply with the same. No significant internal control anomalies were found. As at the date of the Internal Control Review Report, the Company has not engaged in any new lending or guarantee business, C&C has examined the provisions regarding regular assessment of guarantee risk and Board reporting in the "Loan Operation Procedures of the Company" and "Financing Guarantee Business Risk Management Measures of the Company", and has not identified significant internal control anomalies.

	Key findings	Rectification by the Group	Results of follow-up review of C&C
		closed-loop supervision and dynamic management of guarantee risks, guaranteeing timely assessment, handling and reporting of major risks. Furthermore, the Company has conducted specialized training for Directors, management and guarantee business staff, emphasizing post-guarantee inspection management requirements, regular risk assessment processes, risk warning reporting, hierarchical handling and escalation mechanism of significant risk events. The training has also reviewed previous management anomalies, such as failure to conduct regular risk assessments and report risk control status to the Board and the Audit Committee, the awareness and risk control capabilities of management and business staff regarding potential guarantee business risks, compliance responsibilities, and escalation of significant risk have been comprehensively enhanced. This ensures the effective implementation and sustained operation of all risk management and control policy.	

	Key findings	Rectification by the Group	Results of follow-up review of C&C
F. Cash and fund management process			
15.	Cashflow records do not match the corresponding drawdown and repayment of outstanding loans The Company stipulates in its "Loan Operation Procedures of the Company" that: 1) Transfer payment: after the loan voucher is signed and sealed by both parties, the account manager shall submit the same to the finance department. The cashier examines the grant of loan according to various criteria and issues a cheque if it is satisfactory (cash payment is prohibited). After the authorized reviewer signs and affixes the seal, it is handed over to the borrower who would sign in the "Transfer Cheque Receipt Register" and the transfer would be performed at the designated financial institution. The procedures of granting loan have been completed. 2) The account manager shall record the loan in the credit register. Based on review of bank statements, loan disbursement records and other supporting documents relating to the outstanding loan	The Company has comprehensively enhanced its financial reconciliation policies and loan-fund verification procedures and standardized the reconciliation requirements throughout the entire loan disbursement and principal-and-interest repayment process. It has also strengthened the internal controls over financial reconciliations for new business by establishing mandatory requirements for finance personnel to match loan-fund transactions on an item-by-item basis, conduct dual reviews and perform monthly reconciliations. The Company strictly requires consistency among its loan register, accounting records and bank statements. All loan disbursement and repayment transactions must be recorded on the basis of authentic and valid bank statements and bank receipts, thereby preventing unsupported accounting entries and discrepancies between the accounting records and the underlying transactions.	C&C has reviewed the revised "Financial Management Policy of the Company" and formed a view that the Company has standardized its regulations regarding bank account management and reconciliation procedures. At the same time, C&C also obtained signatures on circulation and training records of relevant personnel related to the revised regulations, confirming that the relevant personnel were aware of and agreed to comply with the same. No significant internal control anomalies were found. On the other hand, C&C has conducted inspections based on provisions in the revised "Financial Management Policy of the Company" regarding detailed cash inflows and outflows, transaction amounts, transaction dates and counterparty information, confirming that the current financial accounting and reconciliation management are standardized and effective. No significant internal control anomalies were found.

	Key findings	Rectification by the Group	Results of follow-up review of C&C
	portfolio, it was identified multiple instances in which the fund flows for loan disbursements and the repayment of principal and interest were inconsistent with the underlying transactions in terms of transaction dates, amounts received or paid, and counterparty information. As a result, the fund-flow records for loan disbursements and repayments could not be reconciled. The Company has suspended all new lending, and no new loan disbursement or repayment transactions have arisen. This issue is a legacy control deficiency relating to the existing loan portfolio.	By improving its financial policies, refining its reconciliation procedures and reinforcing the accountability of finance personnel for review, the Company has strengthened the standardization, authenticity and traceability of its financial management of loan funds. This will ensure that, if the Company resumes its lending business, all fund-flow and accounting records will be properly matched, compliant and subject to appropriate controls. Moreover, the Company provided specialized training to the General Manager and finance personnel, with particular emphasis on the accounting standards applicable to loan funds, the three-way reconciliation process for loan disbursements and repayments, and the requirements for recording transactions based on bank statements and original supporting documents. The training also included a retrospective review of discrepancies in fund-flow records relating to the legacy loan portfolio and anomalies in account reconciliation. It reinforced the responsibilities of finance personnel for	

	Key findings	Rectification by the Group	Results of follow-up review of C&C
		reviewing accounting records, matching transactions on an item-by-item basis and investigating discrepancies, thereby enhancing the ability of management and finance personnel to identify and mitigate financial risks arising from inconsistencies between accounting records and underlying transactions, as well as non-compliant accounting practices.	
16.	Existence of fund transfer arrangements without real business substance The Company formulated “Loan Operation Procedures of the Company” to set out requirements for transfer payment: after the loan voucher is signed and sealed by both parties, the account manager to submit the same to the finance department. The cashier examines the grant of loan according to various criteria and issue a cheque if it is satisfactory (cash payment is prohibited). After the authorized reviewer signs and affixes the seal, it is handed over to the borrower who would sign in the "Transfer Cheque Receipt Register" and the transfer would be performed at the designated financial institution. The	The Company has strictly standardized the approval process for corporate fund payments and clearly stipulated that transfers from corporate accounts to employees' personal accounts must be accompanied by supporting materials such as approval forms, contracts, debt notes and expense documentation. Before making payments, the finance department will review the authenticity of the transactions, any unauthorized large-value transfers without supporting evidence are strictly prohibited. Concurrently, a control mechanism for fund payment approvals and document verification has been improved to address the issue of idle funds. Going forward, the	C&C has examined the revised “Loan Operation Procedures of the Company” and "Financial Management Policy of the Company", and considered that the Company has in place regulations for approval of corporate fund payments. C&C also reviewed the signatures on circulation and training records of relevant personnel regarding the aforementioned regulations, confirming that the relevant personnel were aware of and agreed to comply with the same. No significant internal control anomalies were found. C&C has obtained the bank statements and financial books of All Things Life from January 2025 to June 2026 to perform sample check and verification of corporate

	Key findings	Rectification by the Group	Results of follow-up review of C&C
	procedures of granting loan have been completed. Based on the Company's detailed bank transaction records from January 2022 to December 2024, it was found that a great number of large-value transactions related to employees' personal accounts, in which funds of identical or similar amounts were transferred in-and-out on the same or consecutive days. This indicated idle funds turnover without substantive business activities.	Company will strengthen the pre-transfer approval, attachment verification and post-transfer transaction sampling for transfers from corporate accounts to employees' personal accounts. Each similar transaction amount and rapid inter-directional transaction will be inspected individually and underlying business background would be traced. The Company will strictly implement the procedures for granting loans and payment management requirements set out in the "Loan Operation Procedures of the Company" in order to prevent fund transfers without substantive business support.	payments, corporate-to-individual transfers and other fund transfer records, it was found that all payments during this period were supported by corresponding business justifications and approval procedures. No instances of unauthorized transfers, idle large fund movements or abnormal inter-directional transactions of similar amounts were discovered. At this stage, no significant internal control anomalies were found in the Company's fund payment approvals, attachment verification and statement checks.
17.	Incomplete financial supporting documents The Company has formulated the "Financial Management Policy of the Company" to stipulate management rules concerning job responsibilities, funds, assets and expenses. However, the policy does not include specific provisions regarding the collection of accounting voucher attachments, filing of original	The Company has refined its "Financial Management Policy of the Company" by supplementing special sections on the management of original financial vouchers, archiving of supporting documents and custody of accounting archives. The revised version clarifies that all types of fund payment transactions must have the full set of materials, including bank transfer receipts, approval	C&C has examined the revised "Financial Management Policy of the Company" and confirmed that, in response to anomalies in the management of original financial documents, incomplete retention of supporting documentation and weaknesses in accounting records management, the Company has supplemented the relevant provisions of its financial management policies. The

	Key findings	Rectification by the Group	Results of follow-up review of C&C
	documents or the retention and safekeeping of financial materials, resulting in gaps in the management requirements for financial materials. Upon spot check of the financial accounting vouchers and attached materials from January 2022 to December 2024, it was found that only handwritten cheque stubs were retained for transfer-type transactions, without corresponding formal bank transfer receipts as original voucher support. The voucher attachments and accounting records were incomplete which did not comply with the standards for financial voucher archive management.	documents and business contracts, bound together with the vouchers for archiving, in order to clear gaps in policy management. Besides, financial personnel were provided with training on financial policy and basic accounting work standards, specifying the list of attachments for original vouchers and archiving standards. Going forward, the dual-verification mechanism for voucher attachments must be strictly implemented in fund receipt and payment transactions occur, and regular self-inspections of voucher archives must be conducted.	revised provisions clearly specify the standards for collecting supporting documents for fund receipt and payment transactions, the scope of records to be archived, and the requirements for records retention, thereby addressing gaps in the Company's existing basic financial management framework. No significant internal control anomalies were found. C&C also obtained the signatures on circulation and training records of relevant personnel regarding the revised policy, confirming that the relevant personnel were aware of and agreed to comply with the same. No significant internal control anomalies were found. C&C further examined the relevant provisions in the "Financial Management Policy of the Company" regarding the attachments for fund receipt and payment vouchers in relation to payment application approval documents, bank transfer receipts, business contracts and related supporting materials, which have clarified the requirements for complete

	Key findings	Rectification by the Group	Results of follow-up review of C&C
			voucher attachments, adequate accounting basis and a complete data chain. No significant internal control anomalies were found.
G. Disclosure and compliance of notifiable transactions and connected transactions, as well as disclosure of material information			
18.	No identification criteria and classification control process of notifiable transactions Upon verification, it was found that the Company has not established a unified standard for identifying notifiable transactions. As a result, personnel in business, finance and risk control lacked a consistent basis for determining whether large-value loans, external guarantees, financial support and other transactions constituted notifiable transactions. The Company has also not formulated clear implementation standards for the mandatory calculation of the five percentage ratios and has failed to identify Outstanding Loans and Unauthorized Guarantees that have reached the disclosure threshold through size tests.	The Company has established the "Procedures for Disclosure of Material Matters of the Company" to include the above-mentioned standards for identifying notifiable transactions, the classification and control procedures. This policy has uniformly defined the scope of notifiable transactions, clarified the calculation for the five size tests, and specified the criteria for determining the aggregation of consecutive similar transactions. At the same time, it also clarified that the company secretary shall coordinate the management work on identifying, classifying, calculating percentages, assessing aggregation and subsequently disclosing notifiable transactions.	C&C has reviewed the Company's newly formulated "Procedures for Disclosure of Material Matters of the Company", and agreed that the Company has taken steps to strictly standardize the identification criteria and classification procedures for notifiable transactions. C&C also obtained the circulation records signed by all staff in the finance department and the company secretary regarding the aforementioned procedures, confirming that the relevant staff were aware of and agreed to comply with the same. No significant internal control anomalies were found. As at the date of the Internal Control Review Report, the Company has not engaged in any new notifiable transactions, and therefore the execution of the identification and classification of

	Key findings	Rectification by the Group	Results of follow-up review of C&C
	In addition, there were instances where multiple natural persons were used as nominal borrowers to split loans and issue separate guarantee contracts, providing large financing to connected parties under the same actual control entity. The internal control process did not require aggregate size tests for all loans and guarantee transactions under the same actual controlling entity. The Company thus failed to aggregate a series of transactions of a similar nature in accordance with the Listing Rules when assessing its disclosure obligations.		notifiable transactions set out in the "Procedures for Disclosure of Material Matters of the Company" has not been evaluated.
19.	No list of connected persons On 8 June 2024, the Company formulated its "Connected Transactions Management Policy of the Company" in which "Article 5 Dynamic Management of the Register" explicitly stated that "the compliance department is responsible for establishing a dynamic register of connected persons, updating monthly and reviewing quarterly for reporting to the Board and the Audit Committee. All business projects must verify connected relationships before	The Company has reiterated to its compliance department provisions regarding the management of the list of connected persons in the "Connected Transactions Management Policy of the Company", and requested the department to establish a dynamic mechanism for updating the list of connected persons for continuous identification purpose such as actual controllers, Directors, senior management and their contacts, to ensure that connected relationships can be fully	C&C has reviewed the signed circulation records of all personnel in the Company's compliance department regarding the new policy, confirming that the relevant personnel were aware of and agreed to comply with the same. No material internal control anomalies were found. Additionally, C&C has further acquired the latest "List of Senior Management's Connected Companies" ensuring that the Company has implemented the routine management of connected persons in

	Key findings	Rectification by the Group	Results of follow-up review of C&C
	initiation. Circumventing verification procedures is strictly prohibited. The register information must be archived and retained long-term." The actual transaction counterparts involved in the Company's Outstanding Loans and Unauthorised Guarantee businesses were connected persons controlled by its controlling shareholder, Botai Group, and the second-largest shareholder, Liantai Guangchang, whereby multiple connections existed, including cross-shareholdings, overlapping senior management and shared contact details. Upon investigation and verification, the Company has not established a registration list and initial identification for connected persons, and therefore was unable to promptly identify the aforementioned connected transactions.	recognized in significant transactions, preventing compliance risks caused by omissions in identifying connected persons.	accordance with the requirements set out in the policy. No material internal control anomalies were found.
20.	Failure to comply with shareholders' approval requirement under Chapter 14A of the Listing Rules regarding lending matters The Company formulated the "Pre-	The Company has reiterated to employees in business, compliance, risk control and finance departments, as well as all senior management, the tiered pre-approval rules in the "Pre-Approval Procedures for Connected Transactions of	C&C has reviewed the circulation records signed by the relevant employees regarding the policy, confirming that the relevant employees were aware of and agreed to comply with the same. No significant internal control anomalies were

	Key findings	Rectification by the Group	Results of follow-up review of C&C
	Approval Procedures for Connected Transactions of the Company" on 8 June 2024, aiming to standardize the hierarchical pre-approval process for connected transactions set out as below: (1) Level One: Minor transactions that are non-credit and non-guarantee, where all three percentage ratios calculated under the Listing Rules are below 0.1% and fall under the Exchange's scope of de minimis transactions which will be subject to final approval by the General Manager; (2) Level Two: Transactions with percentage ratios between 0.1% and 5% or with an amount of HK\$500,000 to HK\$5,000,000; are ordinary connected transactions involving connected loans and connected guarantees (without amount exemption) which will be approved by the Board (with connected directors abstaining); (3) Level Three: Material connected transactions where the percentage ratios are $\geq 5\%$, single transaction	the Company" which have clarified the approval authority and process requirements at each level, standardizing the pre-approval management of connected transactions, and preventing non-compliant connected transactions from being conducted without approval or beyond the scope of approval.	found. As at the date of the Internal Control Review Report, the Company has not engaged in any new connected transactions. C&C has thus not yet evaluated the implementation of the hierarchical approval procedures for connected transactions as stipulated in the "Pre-Approval Procedures for Connected Transactions of the Company".

	Key findings	Rectification by the Group	Results of follow-up review of C&C
	amount exceeding HK\$5,000,000, recurring transaction amount exceeding the annual limit, significant asset and equity are involved, which require preliminary approval by the Board and final approval by independent shareholders at a general meeting. The actual transaction counterparts involved in the Company's Outstanding Loans and Unauthorized Guarantee businesses were connected persons controlled by its controlling shareholder, Botai Group, and the second-largest shareholder, Liantai Guangchang, whereby multiple connections existed, including cross-shareholdings, overlapping senior management and shared contact details. Upon verification, it was found that this batch of large-value connected loan transactions was not tabled at a general meeting of the Company for approval and was instead solely approved by the actual controllers and former General Manager, who had significant conflict of interest.		

	Key findings	Rectification by the Group	Results of follow-up review of C&C
21.	Approval process for guarantee matters are inconsistent with the Group's relevant procedures According to Article 4 of Chapter 1 of the "Financing Guarantee Business Risk Management Measures of the Company", formulated by the Company on 1 October 2014, the Company should establish the GAC which is responsible for the centralized and final risk assessment of guarantee projects. According to Article 4 of Chapter 2 of the "Duties and Meeting Procedures of the Board of the Company" also clearly states that the Board shall exercise the following powers: "(iii) Within the scope of authorization, the Company's venture investments, significant connected transactions, asset pledges and other guarantee matters may be determined at the general meeting.". In addition, "Meeting Procedures of Shareholders Meetings of the Company" stipulates that the convening of a general meeting should follow strict notification and	The Company has reiterated to its finance, compliance, risk control departments, and personnel at all levels the relevant provisions of the "Financing Guarantee Business Risk Management Measures of the Company", clarifying that all financing guarantee businesses must undergo ultimate risk review conducted by GAC. Moreover, the Company has formulated the "Rules of Procedure for the GAC", standardizing the review and decision-making procedures for credit and guarantee businesses. The policy has clearly defined the organizational structure of the GAC, rules of procedure, review authority and workflow, specifying that the GAC is responsible for the ultimate risk review of all types of guarantee businesses. In addition, the Company has organized special training sessions on the above regulations across finance, compliance, risk control departments, and personnel at all levels, emphasizing the requirements of the guarantee business approval process, the ultimate review	C&C has reviewed the "Financing Guarantee Business Risk Management Measures of the Company", and "Rules of Procedure for GAC of the Company", ensuring that the Company has established institutional regulations regarding the approval process for guarantee business and final authority and responsibilities of GAC. C&C has interviewed the Company's management and learned that the preparatory work for the establishment of the GAC has been put on hold given the Company's full suspension of financing guarantee business. If the Board in the future decides to resume guarantee-related business after careful consideration, the Company will set up the organizational structure of the GAC as soon as practicable and simultaneously appoint review personnel with appropriate qualifications. C&C has also reviewed the circulation records signed by the relevant employees regarding the policy, confirming that the relevant employees were aware of and

	Key findings	Rectification by the Group	Results of follow-up review of C&C
	recording procedures, and the scope of its powers does not explicitly exclude resolutions on specific businesses such as guarantees. According to the aforementioned internal documents, relevant financing guarantee businesses should be subject to final review by the GAC, and/or decisions made by the Board, rather than falling under the purview of a general meeting. Based on the interviews, the Company's then Chief Financial Officer and former General Manager indicated that due to the Company's relatively small number of guarantee transactions and fixed group of approval personnel, the GAC was not established as required, and guarantee projects were uniformly reviewed by the LRC instead. However, upon examination of litigation materials related to the Unauthorised Guarantees, it was found that multiple resolution documents were issued in the name of shareholders' meeting, which was not following the above institutional requirements.	responsibilities of the GAC, review of connected guarantees and seal management regulations, thereby strengthening employees' compliance awareness in guarantee business.	agreed to comply with the same. No significant internal control anomalies were found. As at the date of the Internal Control Review Report, the Company has not engaged in any new guarantee business. Thus C&C has not evaluated the execution of the "Financing Guarantee Business Risk Management Measures of the Company" in terms of guarantee business approval procedures.

	Key findings	Rectification by the Group	Results of follow-up review of C&C
22.	No real-time monitoring and over-limit warning mechanism for the annual caps of connected transactions On 8 June 2024, the Company formulated the "Management Policy for Connected Transactions of the Company", Article 13 "Special Control for Continuing Transactions" of which clearly stated that: "At the beginning of each year, the Company shall enter into framework agreements for continuing connected transactions, specifying the annual caps and the basis of calculation. Once the aggregate transaction amount reaches 90% of the relevant annual caps, the Company shall immediately suspend any new transactions and initiate the procedures for revising the annual caps and making the required compliance disclosures. At the end of each year, the independent non-executive Directors and external auditors shall complete a special review, the results of which shall be publicly disclosed." However, it was found that the Company has not yet established a real-time monitoring and over-limit warning	The Company has reiterated to its finance department and management at all levels the requirements concerning continuous control of the annual caps on connected transactions which emphasized monitoring of the cumulative amount of connected transactions, issuing early warnings approaching the limit, in order to avoid compliance risks associated with exceeding the caps. Furthermore, the Company signed a framework agreement for ongoing connected transactions at the beginning of 2026, specifying the annual caps, calculation and pricing standards, thereby standardizing the special management of continuing connected transactions.	C&C has reviewed the circulation records signed by the relevant employees regarding the policy, confirming that the relevant employees were aware of and agreed to comply with the same. No significant internal control anomalies were found. C&C has also obtained the Company's 2026 annual framework agreement for continuing connected transactions, confirming that the Company has established clear and unified regulations regarding the annual caps for continuing connected transactions, the basis for calculating the annual caps, and transaction pricing standards. No significant internal control anomalies were found. As at the date of the Internal Control Review Report, the Company has not encountered any instance of exceeding the annual caps. Thus C&C has not evaluated the execution of the "Financing Guarantee Business Risk Management Measures of the Company" in terms of management of continuing connected transactions.

	Key findings	Rectification by the Group	Results of follow-up review of C&C
	mechanism for connected transactions' annual caps.		
23.	No clear identifying and disclosure-triggering mechanism for material information and no clear disclosure management policy Regarding the complete default of loans totaling RMB898 million, unauthorized external guarantees amounting to RMB144 million, the concentrated bankruptcy of upstream and downstream connected entities and the controlling shareholders, as well as multiple large-scale litigations—all of which constituted significant risks warranting immediate disclosure—the Company has no mandatory reporting channels for business, risk control or financial matters. The Board and independent non-executive Directors were not informed of relevant major operational and financial red flags in advance. The Company also lacked an end-to-end control mechanism for the collection, review and public disclosure of material information. Upon investigation, it was found that the	The Company has formulated the "Procedures for Disclosure of Material Matters of the Company", which clearly defines the identification and determination standards for various major information, such as non-performing loans, illegal guarantees, large-scale litigation, connected debt crises, and significant operational anomalies. It stipulates that once employees identify matters meeting these criteria, they must follow a tiered reporting process involving initial departmental review, assessment by the company secretary, and approval by the Board. The policy further specifies that the Chairman bears ultimate responsibility for disclosure, while the company secretary serves as the central coordinator for all disclosure matters.	C&C has acquired the Company's newly formulated "Procedures for Disclosure of Material Matters of the Company", and confirmed that it has taken steps to strictly standardize the identification criteria and classification procedures for notifiable transactions. C&C has also reviewed the circulation records signed by all employees in finance department, the company secretary, and Directors to confirm that they were aware of and agreed to comply with the aforementioned procedures. No significant internal control anomalies were found. As at the date of the Internal Control Review Report, the Company had no material discloseable information. Thus C&C has not evaluated the execution of the "Financing Guarantee Business Risk Management Measures of the Company" in terms of control and management of material information.

	Key findings	Rectification by the Group	Results of follow-up review of C&C
	Company had not established criteria for identifying material information, implemented a trigger-based escalation process for material matters, or designated the company secretary and responsible personnel in the relevant departments to oversee the disclosure of material information.		
H. Integrity and professional competence of the Management/any persons having a significant influence on the Company's management and operations			
24.	Certain Directors at the material time lacked independent judgment and sense of prudence Based on the interviews conducted, both the former General Manager and a then non-executive Director stated that they had approved the relevant resolutions and signed the documents relating to the Outstanding Loans and Unauthorized Guarantees at the request of, and based on their trust in their father, who was the ultimate controlling shareholder. They did not independently scrutinize or raise further enquiries regarding those transactions, escalate the matters to the Board, or seek	The Company will continuously organize specialized training on the Listing Rules and the Board's responsibilities and powers for all current Directors and senior management, aiming to enhance their compliance awareness and professional risk control capabilities, and ensure that their performance meets the corporate governance requirements of listed issuers.	C&C has sampled and reviewed the training records of the specialized training on the Listing Rules and the Board's duties and responsibilities, confirming that all current Directors and senior management personnel have attended the training and were aware of their respective duties and responsibilities. Overall compliance awareness and professional risk control capabilities have been enhanced. No significant internal control anomalies were found.

	Key findings	Rectification by the Group	Results of follow-up review of C&C
	advice from external compliance advisers. Accordingly, the independent review and due diligence procedures supporting the overall decision-making process were inadequate.		
25.	Failure to comply with the conflict of interest reporting and abstention procedures under the Listing Rules regarding lending and guarantee matters On 8 June 2024, the Company formulated the "Management Policy for Connected Transactions of the Company", Article 12 "Recusal Rules" of which explicitly stated that "connected Directors, shareholders, and personnel must proactively declare connected relationships and fully recuse themselves from deliberation, voting, and approval. Any approval resolution made without recusal shall be invalid, and the responsible persons shall be held accountable in accordance with regulations. The meeting minutes must clearly record the individuals who abstained from voting and the reasons."	The Company has reiterated to its Directors, shareholders, and business personnel the principles and requirements regarding conflict of interest declaration and recusal as stipulated in the "Management Policy for Connected Transactions of the Company". It clarifies that relevant personnel must proactively and truthfully declare any connected relationships and potential conflict of interest in transactions involving their own interests, and strictly follow the procedures for abstaining from voting, in order to prevent any violations of connected transaction regulations caused by failure to declare or abstain.	C&C has reviewed the circulation records signed by the relevant Directors, shareholders and business personnel regarding the policy, confirming that they were aware of and agreed to comply with the same. No significant internal control anomalies were found. As at the date of the Internal Control Review Report, the Company has not encountered any instance of conflict of interest. Thus C&C has not evaluated the execution of the "Financing Guarantee Business Risk Management Measures of the Company" concerning the declaration and avoidance procedures for conflict of interest.

	Key findings	Rectification by the Group	Results of follow-up review of C&C
	Upon investigation, it was found that former key personnel of the Company, including the chairman of the Board, executive Directors and non-executive Directors, had significant connected interests at the level of controlling shareholders or relatives with enterprises that had overdue actual loans and guarantee debtors, but failed to fulfill their obligation to declare conflict of interest throughout the entire process; in Board meetings and shareholders' meetings involving connected guarantees, connected Directors and connected shareholders did not abstain from voting.		
26.	Anomalies in procedures for declaration and assessment of interests of independent non-executive Directors Upon verification, it was found that before and after the review of material connected transactions such as lending and guarantees, the management did not disclose to the independent non-executive Directors the significant interests of the actual controllers and executive Directors in relation to the transaction counterparts, nor did they require the independent non-	The Company has formulated the "Management Rules for the Declaration of Interests and Independence Assessment of Independent Non-Executive Directors" to standardize the procedures for independent non-executive Directors to declare upon appointment, promptly report changes in interests, and submit annual written independence declarations. Each year, the Nomination Committee leads the annual independence assessment of	C&C has obtained and reviewed the "Management Rules for Declaration of Interests and Independence Assessment of Independent Non-Executive Directors" which has been approved by the Board, and confirmed that the Company has established written policies to strictly regulate the procedures for the declaration of interests and assessment of independent non-executive Directors. C&C has also obtained the circulation records signed by all Directors, confirming

	Key findings	Rectification by the Group	Results of follow-up review of C&C
	executive Directors to declare potential conflict of interest, resulting in the independent non-executive Directors being unable to obtain complete operational information and find it difficult to make independent and objective judgments on the relevant matters.	independent non-executive Directors, and the company secretary will perform ledger filing, which shall establish and maintain a central register of declarations for long-term reference.	that they were aware of and agreed to comply with the aforementioned policy. No significant internal control anomalies were identified. Furthermore, C&C has also reviewed the relevant onboarding materials of the Company's senior management, and confirmed that the appointment of the current independent non-executive Directors has fully complied with the requirements of director independence and conflict of interest management under the Listing Rules. No significant internal control anomalies were identified.
27.	No written “Code of integrity and code of conduct for the Management” The Company was involved in serious non-compliance incidents, including the ultimate controller’s unauthorized use of the company seal to provide substantial connected guarantees to third parties, the falsification of credit documentation, and the failure of connected Directors to declare conflict of interest. During the investigation, it was noted that the Company had not yet	The Company has established a written “Code of integrity and code of conduct for the Management” which clearly defines the professional ethics, performance standards, integrity obligations and prohibited behaviors for Directors, senior management and key business managers, thereby standardizing the compliance responsibilities and integrity duties of the Management. At the same time, the Company has conducted specialized training on the	C&C has reviewed the Company's newly formulated “Code of integrity and code of conduct for the Management” , confirming that it has in place written policy to strictly regulate the performance, professional ethics and compliance obligations of the management. C&C also obtained training records and circulation records signed by all management personnel concerning the code, ensuring that the relevant personnel were aware of and agreed to comply with

	Key findings	Rectification by the Group	Results of follow-up review of C&C
	established a written “Code of integrity and code of conduct for the Management”.	“Code of integrity and code of conduct for the Management” at all levels to ensure that all of them are aware of and understand the performance standards, integrity requirements and prohibited provisions outlined in the code.	the same. No significant internal control anomalies were identified.
28.	Handover procedures for departing senior staff are not regulated in the “Responsibilities and rules of procedure of the board of directors of the Company” Upon reviewing of the Company's "Duties and Meeting Procedures of the Board", it was found that the policy did not establish regulations on departure of the senior management. During the notice period after the former chairman of the Board, general managers, chief financial officers and other core management personnel, key business documents were not handed over as required, and a large amount of electronic data was destroyed. Besides, the Company did not implement special audit for departing senior executives, resulting in major risk matters such as a large number	The Company has updated its Company's "Duties and Meeting Procedures of the Board of the Company", adding regulations on resignation of senior management. It clarifies that before leaving, core executives must hand over all business files, electronic registers and lists of unresolved risk matters, The Company shall conduct a special audit upon departure, implement a mechanism for itemized disclosure and confirm any risk matters during the handover.	C&C reviewed the Company's revised "Duties and Meeting Procedures of the Board of the Company", and confirmed that it has in place regulatory measures for senior management's resignation. C&C has also obtained training records and circulation records signed by relevant personnel regarding the revised policy, ensuring that they were aware of and agreed to comply with the same. No significant internal control anomalies were identified. C&C has simultaneously examined recent materials related to senior management's resignation, confirming that the Company has implemented the procedures for resignation of senior management and key business management personnel in accordance with the latest "Duties and

	Key findings	Rectification by the Group	Results of follow-up review of C&C
	of overdue loans and substantial illegal guarantees not being fully handed over or adequately disclosed.		Meeting Procedures of the Board". No significant internal control anomalies were identified.
29.	The requirements for Directors' continuing professional development are not regulated Upon verification, it was found that the Company has not established clear regulations regarding Directors' participation in continuous professional development and updating of knowledge and skills as required by the Listing Rules.	The Company has formulated the "Corporate Governance Policy of the Company", which clearly regulates the continuous professional development of Directors, requiring Directors to continuously participate in compliance training and to promptly update their knowledge regarding the Listing Rules, corporate governance, risk management and industry operations, ensuring that Directors possess the professional capabilities necessary to perform their duties.	C&C has reviewed the Company's newly formulated "Corporate Governance Policy of the Company", confirming that it has established institutional regulations for the continuous professional development of Directors. At the same time, C&C has also obtained the circulation records signed by all Directors regarding the aforementioned policy, confirming that they were aware of and agreed to comply with the same. No significant internal control anomalies were identified. Additionally, C&C has reviewed the Company's recent training records related to the continuous professional development of Directors, ensuring that it has adhered to the relevant provisions of the "Corporate Governance Policy of the Company", and has strictly implemented the continuous education and professional capability enhancement of Directors. No significant internal control anomalies were identified.

RESULTS OF THE INTERNAL CONTROL REVIEW AND THE FOLLOW-UP REVIEW

C&C has conducted a follow-up review regarding the rectification status of the internal control findings mentioned above, the results of which were reported in the Internal Control Review Report. C&C has confirmed that the Group has implemented remedial measures in accordance with C&C's recommendations - including the formulation, updating, and promulgation of new policies and procedures - to strengthen the internal control of the Group across various areas. These include the filing and recording of financial information; disclosure requirements under the Listing Rules; archiving and record-keeping of financial data; customer due diligence; seal management; management of external guarantees; cash and fund management; disclosure and compliance regarding notifiable and connected transactions; and the integrity and professional competence of the Management and other individuals with significant influence over the Company's management and operations. C&C has reviewed the implementation of these new policies and examined supporting documentation confirming their proper and comprehensive execution; no material internal control issues were identified. In summary, the rectification of the above internal control findings has been substantially completed; the Group's internal control system is now in place and improved, and adequate internal control measures have been established to ensure compliance with the Listing Rules.

VIEWS OF THE SPECIAL COMMITTEE AND THE BOARD ON THE INTERNAL CONTROL REVIEW

The Special Committee and the Board have reviewed the findings and remedial actions taken and considered that, given (i) the segregation of duties and authorities among various work units of the Group; (ii) the comprehensive work process and requirements for written records within the internal management structure of the Group; and (iii) regular reviews to be conducted by independent third party internal control advisers in the future, the Company has in place adequate internal control system to meet its obligations under the Listing Rules.

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.