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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

	2024 RMB'000	2023 RMB'000	Changes %
OPERATING RESULTS			
Interest income	31,793	52,218	-39.1%
Loss for the year attributable to owners of the parent	(1,070,197)	(8,233)	12,898.9%
Basic loss per share	(1.78)	(0.01)	17,700.0%
FINANCIAL POSITION			
Loans and accounts receivables	—	872,746	-100.0%
Share capital	600,000	600,000	0.0%
Total assets	40	886,918	-100.0%
Net (liabilities)/assets	(199,160)	871,726	-122.8%
Net (liabilities)/assets attributable to owners of the parent	(200,826)	869,767	-123.1%
Dividends			
– Proposed final dividend (per share)	—	—	N/A

The board (the “**Board**”) of directors (the “**Director(s)**”) of Yangzhou Guangling District Taihe Rural Micro-finance Company Limited (the “**Company**”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2024 (the “**Reporting Period**”), together with comparative figures for the year ended 31 December 2023, as follows:

Consolidated Statement of Profit or Loss

Year ended 31 December 2024

(Amounts expressed in RMB unless otherwise stated)

		Year ended 31 December	
	Notes	2024	2023
Interest income	3	31,792,538	52,217,633
Interest expense	3	—	(20,476)
Interest income, net	3	31,792,538	52,197,157
Provision for impairment losses of loans, accounts and other receivables, net		(900,962,948)	(51,611,534)
Provision of provision for guarantee losses, net		(176,045,564)	(2,156,632)
Administrative expenses		(7,144,881)	(10,117,686)
Selling and marketing expenses		—	(359,900)
Other revenues and other gains		1,412,187	1,786,003
Other expenses		(526,238)	(129,725)
LOSS BEFORE TAX		(1,051,474,906)	(10,392,317)
Income tax (expense)/benefit	4	(19,015,786)	2,031,702
LOSS FOR THE YEAR		(1,070,490,692)	(8,360,615)
ATTRIBUTABLE TO:			
Owners of the parent		(1,070,197,098)	(8,232,972)
Non-controlling interests		(293,594)	(127,643)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	5		
Basic		(1.78)	(0.01)
Diluted		(1.78)	(0.01)

Consolidated Statement of Comprehensive Income

Year ended 31 December 2024
(Amounts expressed in RMB unless otherwise stated)

	Year ended 31 December	
	2024	2023
LOSS FOR THE YEAR	(1,070,490,692)	(8,360,615)
Other comprehensive loss		
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods (net of tax):		
Net loss on equity instruments designated at fair value through other comprehensive income	(396,063)	(103,937)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	(396,063)	(103,937)
Other comprehensive loss for the year, net of tax	(396,063)	(103,937)
Total comprehensive loss for the year	(1,070,886,755)	(8,464,552)
ATTRIBUTABLE TO:		
Owners of the parent	(1,070,593,161)	(8,336,909)
Non-controlling interests	(293,594)	(127,643)

Consolidated Statement of Financial Position

Year ended 31 December 2024

(Amounts expressed in RMB unless otherwise stated)

		As at 31 December	
	Notes	2024	2023
ASSETS			
Cash and cash equivalents		30,511	279,027
Loans and accounts receivables	6	—	872,746,195
Equity investments designated at fair value through other comprehensive income		—	396,063
Property and equipment		—	1,426,793
Deferred tax		—	11,503,618
Other assets		9,064	565,949
TOTAL ASSETS		39,575	886,917,645
LIABILITIES			
Deferred income		26,855	26,855
Income tax payable		9,612,490	1,135,663
Liabilities from guarantees		178,309,130	2,263,566
Lease liabilities		—	1,535,362
Other liabilities		11,251,563	10,229,907
TOTAL LIABILITIES		199,200,038	15,191,353
EQUITY			
Equity attributable to owners of the parent			
Share capital	7	600,000,000	600,000,000
Reserves		112,704,683	113,100,746
(Accumulated losses)/Retained earnings		(913,530,843)	156,666,255
(Deficit)/Equity attributable to owners of the parent		(200,826,160)	869,767,001
Non-controlling interests		1,665,697	1,959,291
TOTAL (DEFICIT)/EQUITY		(199,160,463)	871,726,292
TOTAL EQUITY AND LIABILITIES		39,575	886,917,645

Tian Zhengyong
Director

Zhang Zhuo
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2024
(Amounts expressed in RMB unless otherwise stated)

	Attributable to owners of the parent								
	Reserves								
					Fair value reserve of financial assets at fair value through other comprehensive income	(Accumulated losses)/Retained earnings		Non- controlling interests	Total equity
	Share capital	Capital reserve	Surplus reserve	General reserve			Total		
Balance as at 1 January 2023	600,000,000	54,417,191	49,484,934	9,302,558	—	164,899,227	878,103,910	2,086,934	880,190,844
Loss for the year	—	—	—	—	—	(8,232,972)	(8,232,972)	(127,643)	(8,360,615)
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	—	—	—	—	(103,937)	—	(103,937)	—	(103,937)
Balance as at 31 December 2023	600,000,000	54,417,191	49,484,934	9,302,558	(103,937)	156,666,255	869,767,001	1,959,291	871,726,292
Balance as at 1 January 2024	600,000,000	54,417,191	49,484,934	9,302,558	(103,937)	156,666,255	869,767,001	1,959,291	871,726,292
Loss for the year	—	—	—	—	—	(1,070,197,098)	(1,070,197,098)	(293,594)	(1,070,490,692)
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	—	—	—	—	(396,063)	—	(396,063)	—	(396,063)
Balance as at 31 December 2024	600,000,000	54,417,191	49,484,934	9,302,558	(500,000)	(913,530,843)	(200,826,160)	1,665,697	(199,160,463)

Notes to Financial Statements

Year ended 31 December 2024

(Amounts expressed in RMB unless otherwise stated)

1. CORPORATE AND GROUP INFORMATION

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

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

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

The Company obtained its business licence with Unified Social Credit No. 91321000682158920M. The legal representatives of the Company are Tian Zhenyong and Chan Chun Hin. Its registered office is located at Beizhou Road, Lidian Village, Guangling District, Yangzhou City.

The principal activities of the Company and its subsidiaries (the “**Group**”) are including granting of loans to “Agriculture, Rural Areas and Farmers”, providing service of financial guarantees, and acting as an agent providing automotive services and others.

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

Notes to Financial Statements

Year ended 31 December 2024
(Amounts expressed in RMB unless otherwise stated)

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries

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

Name	Place of incorporation	Percentage of equity attributable to the Company			Principal activities
		Issued registered share capital	Direct	Indirect	
Hainan Luhang Lianche Technology Co., Ltd. (海南路航鏈車科技有限公司)	PRC/ Chinese Mainland	RMB 100,000,000	100%	—	Internet and related services
Hainan Jialan Information Technology Co., Ltd. (海南迦藍信息技術有限責任公司)	PRC/ Chinese Mainland	RMB 5,000,000	—	55%	Internet and related services
Shenzhen Taiyuan Biotechnology Co., LTD (深圳市泰源生物科技有限公司)	PRC/ Chinese Mainland	RMB 90,000,000	100%	—	Internet and related services
Shenzhen Herun Biotechnology Co., LTD (深圳和潤生物科技有限公司)	PRC/ Chinese Mainland	RMB 10,000,000	—	51%	Internet and related services

Notes to Financial Statements

Year ended 31 December 2024
(Amounts expressed in RMB unless otherwise stated)

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) (which include all International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations) issued by the International Accounting Standards Board (“IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial instruments which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) except when otherwise indicated.

2.2 INVESTIGATION

On 29 October 2024, the People’s Court of Hanjiang District, Yangzhou City, Jiangsu Province (the “**People’s Court of Hanjiang**”) accepted applications for bankruptcy liquidation (破產清算) against the Company’s major shareholders, Jiangsu Botai Group Co., Ltd. (“**Botai Group**”) and Jiangsu Liantai Fashion Shopping Mall Real Estate Co., Ltd. (“**Liantai Guangchang**”). Details of which are set out in the Company’s announcement dated 31 October 2024 and 14 November 2024.

At an extraordinary general meeting (the “**EGM**”) of the Company was held on 19 January 2025, certain directors forming the then board of directors of the Company (the “**Former Board**”) were removed by reason that certain directors are unable to perform their duties as directors of the Company because of the bankruptcy liquidation proceedings of Botai Group and Liantai Guangchang. On the same date, the capacity of one of the remaining directors was redesigned and there were appointments of new directors to the board (the “**Current Board**”). Details of the removal, redesignation and appointment of directors are set out in the “Directors” section of the directors’ report of the Group dated 30 September 2026.

After resuming control by the Current Board after the EGM, representatives of the Company and/or the new management (the “**Current Management**”) preliminarily discovered that certain key personnel involving in daily management, operation and financing of the Group have resigned in September 2024. In addition, certain items, including certain accounting records, computer hardware and records, belonging to the Group were missing and the bank account of the Company in Hong Kong was suspended due to inactivity.

In addition, the Current Management identified various incidents involving the Former Board of the Company from the then auditors of the Company, including (i) recoverability of certain loans and accounts receivables, (ii) the recognition of impairment loss on certain loans and accounts receivables, and (iii) certain unauthorised guarantees provided by the Group in respect of borrowings of Botai Group and its associated companies and (iv) the assessment of the Group’s ability to continue as a going concern (“**Audit Matters**”).

In view of the above, the Current Board of the Company established a special investigation committee (the “**SC**”) comprising all the independent non-executive Directors to investigate the Audit Matters covered the period from 1 January 2022 to 30 October 2025 with the aim at finding the facts relevant to the Audit Matters (collectively the “**Investigation**”). The SC appointed an external forensic team from an independent accounting firm as the investigator (the “**Forensic Investigator**”) and a legal adviser to assist the SC in the Investigation.

Notes to Financial Statements

Year ended 31 December 2024
(Amounts expressed in RMB unless otherwise stated)

2. ACCOUNTING POLICIES (continued)

2.2 INVESTIGATION (continued)

Details of the Investigation findings are set out in the Company's announcement dated 30 September 2026.

The Current Board's and SC's view on the recoverability of certain loans and accounts receivable and the recognition of impairment loss on certain loans and accounts receivable

On early September 2026, an updated report on the Investigation (the "Investigation Report") was received from the Forensic Investigator reporting the key findings of the Investigation.

During the course of the preparation of the consolidated financial statements of the Company for the year ended 31 December 2024, the Current Board and the SC reviewed the Investigation Report, including its findings and limitations. Notwithstanding those limitations, they considered that the Investigation had comprehensively investigated the Audit Matters and adequately addressed the SC's concerns to the extent practicable.

The Company's records showed 153 one-year loan agreements entered into during 2023 and 2024 with 106 named borrowers, comprising 16 corporate borrowers and 90 individual borrowers. According to the persons interviewed by the Forensic Investigator, these agreements represented repeated rollovers of overdue loans accumulated over several years, rather than new advances. The actual dates of the original advances could not be established.

The other significant findings reported by the Forensic Investigator are summarised below:

- For the 90 individual borrowers, there is no substantive documentation evidencing asset ownership or repayment capacity, the submitted materials by the individual borrowers are highly similar across borrowers and their authenticity is questionable.
- Among the 16 corporate borrowers, there are multiple interconnections, including common equity relationships, shared ultimate controllers, overlapping contact details and common senior management or legal representatives; several corporate borrowers also show various forms of association with Baotai Group and its associated companies and Former Board.
- Guarantee letters bearing the seals of Botai Group or Liantai Guangchang provided joint and several guarantees for the relevant corporate borrowers' 2024 loan limits. The letters described the relevant corporate borrowers as suppliers of Botai Group or business affiliates of Liantai Guangchang, respectively
- Collection notices issued by the Company in 2024 categorised the loans of the 90 individual borrowers and one corporate borrower under amounts due from the remaining 15 corporate borrowers. Together with the loan applications and interview evidence, this indicated that the former were nominee borrowers and the latter were the actual borrowers.
- Examination of bank statements and accounting records did not identify cash flows that match the details of the grant of new loans and repayments for the unsettled loans.

Notes to Financial Statements

Year ended 31 December 2024

(Amounts expressed in RMB unless otherwise stated)

2. ACCOUNTING POLICIES (continued)

2.2 INVESTIGATION (continued)

The Forensic Investigator also identified fund transfer arrangements involving employees' personal bank accounts. Interviewees explained that these arrangements were used to represent disbursements and repayments of previously accumulated overdue loans and to avoid significant impairment losses. The Forensic Investigator could not establish the original drawdown dates or the actual use of the loan proceeds and was unable to obtain sufficient evidence to confirm the authenticity of the receivables arising from the outstanding loans or the actual dates on which those receivables arose.

In addition, based on public information reviewed by the Forensic Investigator from the National Enterprise Bankruptcy Reorganisation Case Information Website (“全国企业破产重整案件信息网”), court records and corporate information portals, of the 15 actual borrowers, 12 borrowers already filed for bankruptcy in two batches in November 2024 and February 2025, and one borrower was deregistered on 8 October 2024.

The Forensic Investigator was unable to obtain sufficient evidence to assess accurately the recoverability of the outstanding loans. Separately, having considered the investigation findings and other information available, the Current Board concluded that there was no reasonable expectation of recovering the contractual cash flows and approved the write-off of the entire gross outstanding balance in the consolidated financial statements for the year ended 31 December 2024.

The Current Board's and SC's view on certain unauthorised guarantees provided by the Group in respect of borrowings of Botai Group and its associated companies

During the course of the preparation of the consolidated financial statements of the Company for the year ended 31 December 2024, the Current Board discovered the Company has provided certain unauthorised guarantees in respect of borrowings of Botai Group and its associated companies.

During the year ended 31 December 2024 and up to the date of this report, the Company was sued by multiple creditors and some of the Company's bank accounts were frozen following receipt of court summonses. Through these proceedings, the Current Management became aware that, between 2022 and 2024, guarantees and counter-guarantees were executed in the Company's name, bearing the Company seal and the seal or signature of Mr. Bo Wanlin, the former chairman and an executive director. Except for one guarantee supported by a purported Board resolution signed by certain then directors, the Forensic Investigator did not identify records or evidence of approval by the Board, the Loan Committee or the Guarantee Committee. These contracts were executed in respect of borrowings by certain corporate borrowers (including Botai Group and its associated companies) from various creditors. As the underlying borrowings have become overdue, the Company, as joint guarantor, has been subject to claims by multiple creditors.

As of the date of this report, the aggregate outstanding principal balance of such unauthorised guarantees amounts to RMB 144 million. Based on available details and litigation materials, this balance relates to 23 guarantee transactions involving 9 creditors and 15 borrowers. Of these, 11 transactions are secured by property mortgages and 1 transaction is secured by an equity pledge over the Company's shares. The mortgaged properties belong to former directors of the Company. Up to the date of this report, 18 of the guarantee transactions have been subject to litigation initiated by creditors.

Notes to Financial Statements

Year ended 31 December 2024
(Amounts expressed in RMB unless otherwise stated)

3. ACCOUNTING POLICIES (continued)

2.2 INVESTIGATION (continued)

The Current Board assesses its potential obligations arising from these financial guarantees at the reporting date, based on the developments of the litigation and external legal advice obtained. In view of the facts identified above, the Current Board concluded that these financial guarantees had become credit-impaired during the current year. As a result, the Group measured ECL on a lifetime basis and recognised an impairment loss of RMB176.05 million (including interests and related charges) for the year ended 31 December 2024, with a corresponding financial guarantees liability in the consolidated statement of financial position.

2.3 GOING CONCERN BASIS

The Group incurred a loss of RMB1,070.49 million for the year ended 31 December 2024 and, as of that date, the Group had net liabilities of RMB199.16 million. In addition, the Group's available bank balances and cash amounted to RMB30,511.00 as at 31 December 2024. As further described in note 2.2, the Group has ceased its micro-lending business, and the financial guarantees giving rise to these liabilities were entered into without proper corporate authorisation and are the subject of on-going legal proceedings and enforcement actions, in the course of which certain of the Company's bank accounts have been frozen. These conditions indicate the existence of material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve its financial position which include, but are not limited to, the following:

(i) Collection of outstanding loans and accounts receivables

The Current Board is considering to adopt a more assertive approach to recover impaired loans and accounts receivables. This includes measures such as filing statements of claims or winding-up petitions, subject to professional advice. These actions aim to expedite the recovery process and improve the Group's cash flow.

(ii) Legal action against former director in relation to unauthorised guarantees

The Current Board is considering taking appropriate actions (including legal proceedings) as soon as practicable to claim against former director for loss and damages that the Company has suffered or may suffer arising from the unauthorised guarantees.

Notes to Financial Statements

Year ended 31 December 2024

(Amounts expressed in RMB unless otherwise stated)

2. ACCOUNTING POLICIES (continued)

2.3 GOING CONCERN BASIS (continued)

(iii) Subsequent settlement and restructuring of unauthorised guarantees obligations

Subsequent to the end of the reporting period and up to the date of approval of these consolidated financial statements, the Group has reached a preliminary consensus on a phased settlement and restructuring plan with certain creditors in respect of the Group's unauthorised guarantee obligations with an aggregate principal of approximately RMB144.0 million. As at the date of approval of these consolidated financial statements, (a) guarantee obligations with a principal of approximately RMB4.0 million had been settled in full and the relevant creditor had withdrawn its claim; (b) in respect of guarantee obligations with a principal of approximately RMB40.0 million, the Group had proposed for an agreement with relevant creditor on releasing the guarantee obligations; and (c) in respect of the remaining guarantee obligations with a principal of approximately RMB100.0 million, repayment schedules had been communicated with the relevant creditors, pursuant to which repayments will commence from 2028 onwards by instalments, certain of which will be made following the disposal of the mortgaged properties.

(iv) Cash inflow from operations

The Group is working to expand its operations into Hong Kong. The ultimate goal is to generate sufficient operating cash flow to reduce liabilities and support the Group's financial needs.

Notes to Financial Statements

Year ended 31 December 2024
(Amounts expressed in RMB unless otherwise stated)

2. ACCOUNTING POLICIES (continued)

2.3 GOING CONCERN BASIS (continued)

(v) New financing facilities

Subsequent to the end of the reporting period and up to the date of approval of these consolidated financial statements, the Company has obtained certain new financing facilities, including a standby facility of HK\$400 million and a credit line facility of HK\$50 million in Hong Kong, and other local credit line facilities in the Chinese Mainland, to support the cashflow of the Group. The drawdown of certain facilities are conditional on the successful resumption of trading in the Company's H shares on The Stock Exchange of Hong Kong Limited on or before 30 November 2026 (or such later date as may be agreed in writing), subject to the execution of formal loan agreements and the completion of the required security arrangements.

(vi) Other fund raising activities

On July 2025 and April 2026, a subsidiary of the Company and the Company entered into loan facilities agreement with independent third parties for an aggregate principal amount of RMB41 million. As at the date of this report, RMB28 million has been drawn down. These loans are unsecured, carries interest at 5% per annum, and are repayable two years from the respective draw-down date. The lenders are entitled to convert the outstanding loan balances into equity shares of the Company upon satisfaction of certain specified conditions.

The Company continues to explore various avenues to raise funds to meet the needs of the Group. The Current Board believes that, taking into account the above plans and measures, the Group will have sufficient working capital to satisfy its present requirements soon.

The Company will continue to take proactive measures so to resolve its liquidity issue and will publish an appropriate announcement if there is any material development in accordance with the Listing Rules 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 directors of the Company have reviewed the Group's cash flow projections prepared by the management. The cash flow projections cover a period of not less than 12 months from the date of approval of these consolidated financial statements. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notes to Financial Statements

Year ended 31 December 2024

(Amounts expressed in RMB unless otherwise stated)

2. ACCOUNTING POLICIES (continued)

2.3 GOING CONCERN BASIS (continued)

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through the following:

- (a) whether the lenders under the above facilities will advance the loans to the Group as and when required. Should the lenders be unable or fail to provide the loans under the above facilities, the Group would not have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due;
- (b) the timing and extent of the cash outflows required to settle the Group's obligations under the financial guarantees and the related legal proceedings and enforcement actions (including the frozen bank accounts), and whether the actual amounts ultimately payable exceed the amounts provided in these consolidated financial statements;
- (c) the successful and timely implementation of the plans to expand its operations into Hong Kong and control costs so as to generate adequate net cash inflows; and
- (d) the successful renewal and/or refinancing of its certain borrowings.

Should the Group failed to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

Notes to Financial Statements

Year ended 31 December 2024
(Amounts expressed in RMB unless otherwise stated)

2. ACCOUNTING POLICIES (continued)

2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

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

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

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

Notes to Financial Statements

Year ended 31 December 2024

(Amounts expressed in RMB unless otherwise stated)

2. ACCOUNTING POLICIES (continued)

2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

- (c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2.5 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and amendments to IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements.

IFRS 18	<i>Presentation and Disclosure in Financial Statements³</i>
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures³</i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments²</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁴</i>
Amendments to IAS 21	<i>Lack of Exchangeability¹</i>
Annual Improvements to IFRS Accounting Standards — Volume 11	<i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7²</i>

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

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

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

⁴ No mandatory effective date yet determined but available for adoption

Notes to Financial Statements

Year ended 31 December 2024
(Amounts expressed in RMB unless otherwise stated)

2. ACCOUNTING POLICIES (continued)

2.5 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Further information about those IFRSs that are expected to be applicable to the Group is described below.

IFRS 18 replaces IAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as IAS 8 Basis of Preparation of Financial Statements. As at consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 Statement of Cash Flows, IAS 33 Earnings per Share and IAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other IFRSs. IFRS 18 and the consequential amendments to other IFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRSs. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 Consolidated Financial Statements, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRSs. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19. Some of the Company's subsidiaries are considering the application of IFRS 19 in their specified financial statements.

Amendments to IFRS 9 and IFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Notes to Financial Statements

Year ended 31 December 2024

(Amounts expressed in RMB unless otherwise stated)

2. ACCOUNTING POLICIES (continued)

2.5 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed. However, the amendments are available for adoption now.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRS Accounting Standards — Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying Guidance on implementing IFRS 7), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 7 Financial Instruments: Disclosures: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the Guidance on implementing IFRS 7 for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the Guidance on implementing IFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- IFRS 9 Financial Instruments: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Notes to Financial Statements

Year ended 31 December 2024
(Amounts expressed in RMB unless otherwise stated)

2. ACCOUNTING POLICIES (continued)

2.5 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

- IFRS 10 Consolidated Financial Statements: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- IAS 7 Statement of Cash Flows: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

3. INTEREST INCOME, NET

	Year ended 31 December	
	2024	2023
Interest income on:		
Loans receivable	31,792,500	52,215,344
Cash at banks	38	2,289
Subtotal	31,792,358	52,217,633
Interest expense on:		
Lease liabilities	—	(20,476)
Subtotal	—	(20,476)
Interest income, net	31,792,538	52,197,157
Included: Interest income from impaired/write-off loans (Note 6)	—	680,290

Notes to Financial Statements

Year ended 31 December 2024

(Amounts expressed in RMB unless otherwise stated)

4. INCOME TAX EXPENSE/(BENEFIT)

	Year ended 31 December	
	2024	2023
Current income tax		
– Under-provision for prior years	335,821	—
– Current year	7,176,347	—
	7,512,168	—
Deferred income tax	11,503,618	(2,031,702)
Total	19,015,786	(2,031,702)

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

	Year ended 31 December	
	2024	2023
Loss before tax	(1,051,474,906)	(10,392,317)
Tax at the applicable tax rate	(262,868,726)	(2,598,079)
Under-provision in prior years	335,821	—
Expenses not deductible for tax	281,548,691	177,323
Deductible loss of unrecognised deferred income tax assets	—	389,054
Total tax expense/(benefit) for the year at the Group's effective tax rate	19,015,786	(2,031,702)

Notes to Financial Statements

Year ended 31 December 2024
(Amounts expressed in RMB unless otherwise stated)

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

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

	Year ended 31 December	
	2024	2023
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	(1,070,197,098)	(8,232,972)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation (i)	600,000,000	600,000,000
Basic and diluted loss per share	(1.78)	(0.01)

(i) Weighted average number of ordinary shares

	Year ended 31 December	
	2024	2023
Issued ordinary shares at the beginning of the year	600,000,000	600,000,000
Weighted average number of ordinary shares at the end of the year	600,000,000	600,000,000

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

6. LOANS AND ACCOUNTS RECEIVABLES

	31 December	
	2024	2023
Guaranteed loans	—	923,723,845
Collateral-backed loans	—	67,013
Unsecured loans	—	174,090
Loans receivable	—	923,964,948
Less: Allowance for impairment losses	—	51,218,753
Net loans receivable	—	872,746,195

Notes to Financial Statements

Year ended 31 December 2024
(Amounts expressed in RMB unless otherwise stated)

6. LOANS AND ACCOUNTS RECEIVABLES (continued)

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

31 December 2024				
Internal rating grades	Stage 1	Stage 2	Stage 3	Total
Normal	—	—	—	—
Special mention	—	—	—	—
Sub-standard	—	—	—	—
Doubtful	—	—	—	—
Loss	—	—	—	—
Total	—	—	—	—

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

Notes to Financial Statements

Year ended 31 December 2024
(Amounts expressed in RMB unless otherwise stated)

6. LOANS AND ACCOUNTS RECEIVABLES (continued)

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

	Stage 1 (12-month ECLs)	Stage 2 (Lifetime ECLs)	Stage 3 (Lifetime ECLs – impaired)	Total
Outstanding exposure as at 31 December 2023	873,476,485	19,437,360	31,051,103	923,964,948
New exposures	1,189,342,500	—	—	1,189,342,500
Exposure derecognised	(1,161,123,741)	—	—	(1,161,123,741)
Transfers to Stage 2	(60,660,000)	60,660,000	—	—
Transfers to Stage 3	(841,035,244)	(80,097,360)	921,132,604	—
Amounts written off	—	—	(952,183,707)	(952,183,707)
At 31 December 2024	—	—	—	—

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

Notes to Financial Statements

Year ended 31 December 2024

(Amounts expressed in RMB unless otherwise stated)

6. LOANS AND ACCOUNTS RECEIVABLES (continued)

An analysis of changes of the corresponding ECLs is as follows:

	Stage 1 (12-month ECLs)	Stage 2 (Lifetime ECLs)	Stage 3 (Lifetime ECLs – impaired)	Total ECL allowance
ECLs as at 31 December 2023	31,357,806	2,297,540	17,563,407	51,218,753
Net charge of the impairment	—	—	900,964,954	900,964,954
Transfers to Stage 3	(31,357,806)	(2,297,540)	33,655,346	—
Amounts written off	—	—	(952,183,707)	(952,183,707)
At 31 December 2024	—	—	—	—

	Stage 1 (12-month ECLs)	Stage 2 (Lifetime ECLs)	Stage 3 (Lifetime ECLs – impaired)	Total ECL allowance
ECLs as at 31 December 2022	26,346,594	3,759,619	17,247,977	47,354,190
Net charge/(reversal) of the impairment	6,195,048	(785,745)	44,075,550	49,484,853
Transfers to Stage 2	(593,864)	593,864	—	—
Transfers to Stage 3	(589,972)	(1,270,198)	1,860,170	—
Accreted interest on impaired loans (Note 4)	—	—	(680,290)	(680,290)
Amounts written off	—	—	(44,940,000)	(44,940,000)
At 31 December 2023	31,357,806	2,297,540	17,563,407	51,218,753

Movement in impairment of accounts receivables:

	31 December	
	2024	2023
At beginning of year	—	1,960
Charge for the year	—	(1,960)
At end of year	—	—

Notes to Financial Statements

Year ended 31 December 2024
(Amounts expressed in RMB unless otherwise stated)

7. SHARE CAPITAL

	31 December	
	2024	2023
Issued and fully paid	600,000,000	600,000,000

8. EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period.

Management Discussion and Analysis

The Group has been committed to providing flexible, convenient and efficient microfinance services to individual industrial and commercial households (個體工商戶), and three rural enterprises (三農企業) in Yangzhou City, providing customers with efficient and fast short-term business financing needs.

BUSINESS REVIEW

During the year ended 31 December 2024, the Group continued to pursue business opportunities and strengthen its market position. For the year ended 31 December 2024, the Group recorded interest income of approximately RMB31.8 million, representing a decrease of approximately 39.1% as compared to approximately RMB52.2 million for the year ended 31 December 2023; and loss after tax of approximately RMB1.1 billion, as compared with a loss after tax of approximately RMB8.4 million for the year ended 31 December 2023, which was mainly due to the increase in (i) provision for impairment losses of loans and other receivables, net; and (ii) provision for guarantee losses, net. As at 31 December 2024, the Group's balance of outstanding loans before allowance for impairment losses amounted to nil, representing a decrease of 100% as compared to approximately RMB924.0 million as at 31 December 2023, due to (i) entire provision made against the Group's balance of outstanding loans; (ii) and subsequently written-off allowances against the associated accumulated loss for the year ended 31 December 2024. The total assets of the Group as at 31 December 2024 were RMB39,575, representing a decrease of approximately 99.9% as compared to approximately RMB886.9 million as at 31 December 2023, and net liabilities were approximately RMB199.2 million as at 31 December 2024 while net assets were approximately RMB871.7 million as at 31 December 2023 attributable to loss after tax of approximately RMB1.1 billion from (i) provision for impairment losses of loans and other receivables, net; (ii) (ii) subsequently written-off allowances against the associated accumulated loss; and (iii) provision for guarantee losses, net, of approximately RMB1.1 billion in aggregate for the year ended 31 December 2024.

Number of customers

Our customer base primarily comprises individual proprietors in Yangzhou City. Our customers are engaged in a variety of industries, and a majority of which are also under the classification of AFR (三農) (i.e. agriculture, farmers and rural areas or, as the case may be, individuals or organisations engaged in agricultural businesses and/or rural development activities, and/or residing in rural areas) of the People's Bank of China. With high uncertainties in the economic environment, the operation status of some customers no longer aligns with the credit policies of the Company. Accordingly, the Company increased credit limits for some premium regular customers, resulting in increase in loan concentration this year, which also brought improvement in the situation of new overdue loans in current period. The Company will keep balancing benefit and risk, and actively respond to changes of economic environment. For the year ended 31 December 2023 and 2024, we granted loans to 235 and 191 customers, respectively.

Loan portfolio by size

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

	As at 31 December 2024		As at 31 December 2023	
	RMB'000	%	RMB'000	%
Less than or equal to RMB0.5 million				
– Guaranteed loans	—	—	110	—
– Collateralised loans	—	—	67	—
– Unsecured loans	—	—	174	—
	—	—	351	—
Over RMB0.5 million but less than or equal to RMB1 million				
– Guaranteed loans	—	—	1,803	0.2
– Collateralised loans	—	—	—	—
	—	—	1,803	0.2
Over RMB1 million but less than or equal to RMB2 million				
– Guaranteed loans	—	—	48,212	5.2
– Collateralised loans	—	—	—	—
	—	—	48,212	5.2
Over RMB2 million but less than or equal to RMB3 million				
– Guaranteed loans	—	—	214,586	23.2
– Collateralised loans	—	—	—	—
	—	—	214,586	23.2
Over RMB3 million but less than or equal to RMB4 million				
– Guaranteed loans	—	—	105,604	11.4
– Collateralised loans	—	—	—	—
	—	—	105,604	11.4

	As at 31 December 2024		As at 31 December 2023	
	RMB'000	%	RMB'000	%
Over RMB4 million but less than or equal to RMB5 million				
– Guaranteed loans	—	—	379,172	41.1
– Collateralised loans	—	—	—	—
	—	—	379,172	41.1
Over RMB5 million but less than or equal to RMB8 million				
– Guaranteed loans	—	—	125,147	13.6
– Collateralised loans	—	—	—	—
	—	—	125,147	13.6
Over RMB8 million but less than or equal to RMB10 million				
– Guaranteed loans	—	—	49,090	5.3
– Collateralised loans	—	—	—	—
	—	—	49,090	5.3
Total	—	—	923,965	100.0

Loan portfolio by security

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

	As at 31 December 2024		As at 31 December 2023	
	RMB'000	%	RMB'000	%
Guaranteed loans	—	—	923,724	100.0
Collateralised loans	—	—	67	0.0
Unsecured loans	—	—	174	0.0
Total	—	—	923,965	100.0

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

	As at 31 December 2024	As at 31 December 2023
Guaranteed loans	—	237
Collateralised loans	—	1
included: Guaranteed and collateralised loans	—	1
Unsecured loans	—	6
Total	—	244

Asset quality

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

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

PROVISIONING POLICIES AND ASSET QUALITY:

	As at 31 December 2024		As at 31 December 2023	
	RMB'000	%	RMB'000	%
Normal	—	—	873,477	94.5
Special-Mention	—	—	19,437	2.1
Substandard	—	—	11,110	1.2
Doubtful	—	—	16,716	1.8
Loss	—	—	3,225	0.4
Total	—	—	923,965	100.0

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

	As at 31 December 2024	As at 31 December 2023
Impaired loan ratio ⁽¹⁾	N/A	3.4%
Balance of impaired loans (RMB'000)	—	31,051
Total amount of loans receivable (RMB'000)	—	923,965
Allowance coverage ratio ⁽²⁾	N/A	165.0%
Allowance for impairment losses (RMB'000) ⁽³⁾	—	51,219
Balance of impaired loans (RMB'000)	—	31,051
Provisions for impairment losses ratio ⁽⁴⁾	N/A	5.5%
Balance of overdue loans (RMB'000)	—	50,488
Total amount of loans receivable (RMB'000)	—	923,965
Overdue loan ratio ⁽⁵⁾	N/A	5.5%

Notes:

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

FINANCIAL REVIEW

Interest income

Our interest income decreased by approximately 39.1% from approximately RMB52.2 million for the year ended 31 December 2023 to approximately RMB31.8 million for the year ended 31 December 2024. The Group's interest income on loans receivable is mainly affected by two factors: the daily balance of loans receivable and the effective interest rates that the Group charges its customers. The Group's average daily balance of loans receivable decreased from approximately RMB901.0 million for the year ended 31 December 2023 to approximately RMB436.4 million for the year ended 31 December 2024, mainly attributable to the provision for impairment losses of loans, accounts and other receivables of approximately RMB901.0 million for the year ended 31 December 2024.

Interest expense

Our interest expense was RMB20,476 and nil for the years ended 31 December 2023 and 2024, respectively. The amount for the year ended 31 December 2023 was from recognised lease liabilities related to the lease contracts in respect of our office.

Accrual of provision for impairment losses

We had accrual of provision for impairment losses of approximately RMB51.6 million and RMB901.0 million for the years ended 31 December 2023 and 2024, respectively. The significant increase in provision for impairment losses was due to entire impairment provided to loans and accounts receivables for the year ended 31 December 2024.

Overview of loans impairment losses recognised

The Company recorded impairments losses on loans receivable of RMB900.96 million for the year ended 31 December 2024, representing the entire balance of the loans and accounts receivables fully impaired for the year ended 31 December 2024.

Administrative expenses

Our administrative expenses decreased by approximately 29.4% from approximately RMB10.1 million for the year ended 31 December 2023 to approximately RMB7.1 million for the year ended 31 December 2024. Such decrease was primarily due to the decrease in the staff costs of the Group's subsidiaries.

Selling and marketing expenses

Our selling and marketing expenses decreased by approximately 100.0% from RMB2.8 million for the year ended 31 December 2023 to nil for the year ended 31 December 2024. Such decrease was mainly due to the decrease in the staff costs of the Group's subsidiaries and the marketing expenses.

Other income, net

We had net other income of RMB1.8 million and RMB1.4 million for the year ended 31 December 2023 and 2024 respectively. Such decrease was primarily due to the decrease in sale of goods and commission income.

Income tax expense/benefit

Income tax expense was approximately RMB19.0 million for the year ended 31 December 2024 while income tax benefit was approximately RMB2.0 million for the year ended 31 December 2023. The recognition of income tax expense for the year ended 31 December 2024 was primarily due to the increase in expenses not deductible in relation to the impairment losses recognised for the calculation of the PRC tax of a Group's PRC subsidiary.

Loss after tax

We recorded a loss after tax of approximately RMB1.1 billion for the year ended 31 December 2024 as compared to a loss after tax of approximately RMB8.4 million for the year ended 31 December 2023, which was mainly due to the increase in (i) provision for impairment losses of loans and other receivables, net; and (ii) provision for guarantee losses, net.

Total comprehensive loss

We recorded a total comprehensive loss of approximately RMB1.1 billion for the year ended 31 December 2024 as compared to a total comprehensive loss of approximately RMB8.5 million for the year ended 31 December 2023, which was mainly due to the increase in (i) provision for impairment losses of loans and other receivables, net; and (ii) provision for guarantee losses, net.

Significant investments

The Group has no significant investments during the year ended 31 December 2024 and up to the date of this announcement.

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

The Group has no material acquisitions or disposals of subsidiaries, affiliated companies and joint ventures during the year ended 31 December 2024 and up to the date of this announcement.

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

The Group has no specific future plans for material investments or capital assets during the year ended 31 December 2024 and up to the date of this announcement.

Foreign exchange risk

The Group operates principally in the People's Republic of China (the "PRC") with only limited exposure to foreign exchange rate risk arising primarily from certain bank deposits denominated in Hong Kong dollars ("HKD"). The management will continue to monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises. As at 31 December 2024, the Group did not have any outstanding hedge instruments.

Liquidity, financial resources and capital structure

As at 31 December 2024, the Group had cash and cash equivalents of approximately RMB0.03 million (31 December 2023: approximately RMB0.28 million). The Group's gearing ratio, representing the ratio of total net debt divided by capital and net debt, was nil as at 31 December 2024 (2023: nil).

During the year ended 31 December 2024, the Group did not use any financial instruments for hedging purposes.

Treasury policy

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

Indebtedness and charges on assets

The Group had no instalment loan during the year ended 31 December 2024. Meanwhile, the balance of lease liability was nil as at 31 December 2024 (2023: approximately RMB1.5 million).

Contingent liabilities

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

	As at 31 December	
	2024	2023
Financial guarantee contracts (RMB)	—	63,000,000

The Group provides financial guarantee services on an occasional basis.

Off-balance sheet arrangements

The Group did not have any off-balance sheet arrangements during the year ended 31 December 2024 and up to the date of this announcement.

DIVIDEND POLICY

The Board has adopted a dividend policy that, in recommending or declaring dividends, the Group shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value.

The Board has the discretion to declare and distribute dividends to the shareholders of the Company (“**Shareholder(s)**”), subject to the articles of the association of the Company (the “**Articles of Association**”) and all applicable laws and regulations and the factors set out below.

The Company has adopted a dividend policy pursuant to which it may declare and pay annual dividends to Shareholders of not less than 30% of the profit available for distribution, subject to, in each case, the Board’s decision after a comprehensive review of the Group’s financial results, cash flow situation, business conditions and strategies, future operations and earnings, capital requirements and expenditure plans, interests of Shareholders, any restrictions on payment of dividends and any other factors that the Board may consider relevant, and there is no assurance that dividends may be declared or paid in any given amount for any given financial year.

Depending on the financial conditions of the Group and the conditions and factors of the Group as set out above, dividends may be proposed and/or declared by the Board for a financial year or period as interim dividend, final dividend, special dividend and any distribution of net profits that the Board may deem appropriate. Any proposed dividend for a financial year will be subject to Shareholders’ approval. The Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate. Any dividend unclaimed shall be forfeited and shall revert to the Company in accordance with the Articles of Association.

FINAL DIVIDEND

After a comprehensive review of the Group's financial results, cash flow situation, business conditions and strategies, future operations and earnings, capital requirements and expenditure plans, interests of Shareholders, the Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

During the year ended 31 December 2024 and up to the date of this announcement, there is no arrangement under which any Shareholder has waived or agreed to waive any dividend.

DIVIDENDS

The Board does not recommend the payment of any dividend in respect of the year ended 31 December 2024 (2023: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group had 2 full-time employees (2023: 18 full-time employees). The quality of our employees is the most important factor in maintaining a sustainable development and growth of the Group and to improve to profitability of the Group. We offer a base salary with bonuses based on our employees' performance, as well as benefits and allowances to all of our employees as an incentive. The total employees remuneration of the Group for the year ended 31 December 2024 was approximately RMB1.6 million (2023: approximately RMB3.2 million).

CORPORATE DEVELOPMENT STRATEGIES AND OUTLOOK

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

China has strengthened counter-cyclical adjustments and introduced a number of highly-targeted policies and measures and its long-term development prospects are promising. As a result, corporate production and operations have improved, and the economic recovery trend has continued. Furthermore, China has laid out priorities for the country's three rural work in 2025, taking steady and incremental steps to sustain progress, and achieve tangible results in the interest of the people. Most of our customers are engaged in the three rural industry and will benefit from the supporting policies. We expect our customers will have a lower risk of default in repayment of loans. Meanwhile, we will stay cautious on the development of the economy, continue to assess its impacts on the financial position and operating results of the Group and take necessary actions to maintain the stability of its businesses, and has continued to implement more stringent risks control measures in order to reduce the expenditure and to achieve cost effectiveness. The Group will continue to develop steadily, seizing new opportunities and scaling our businesses to reach new levels of growth in order to maximise the protection of the Shareholders' interests.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2024.

AUDIT COMMITTEE

The Company established an audit committee (the "**Audit Committee**") on 31 January 2015 in accordance with Rules 3.21 to 3.23 of the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The written terms of reference of the Audit Committee was adopted in compliance with code provisions D.3.3 and D.3.7 of the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Audit Committee are to review and monitor the Group's financial reporting, risk management and internal control systems, oversee the audit process and to provide advice and comments to the Board. The Audit Committee consists of three independent non-executive Directors, being Mr. Hung Hing Man, Ms. Cheung Sau Lin and Mr. Chan Man Chun. Mr. Hung Hing Man currently serves as the chairman of the Audit Committee.

The Company's results and the results announcement for the year ended 31 December 2024 have been reviewed by the Audit Committee. The Audit Committee and the Board are of opinion that the preparation of such financial information complied with the applicable accounting standards, the requirements under the Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

CORPORATE GOVERNANCE AND COMPLIANCE OFFICER

The Company has complied with the code provisions set out in Part 2 of the Corporate Governance Code in Appendix C1 to the Listing Rules during the Reporting Period and up to the date of this announcement.

The compliance officer of the Company is Mr. Zhang Zhuo.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

During the year ended 31 December 2024, the Company has adopted a code of conduct regarding securities transactions by Directors and Supervisors on terms no less exacting than the required standard of dealings set out in Appendix C3 of the Listing Rules. Having made all reasonable enquires of all the Directors and supervisors of the Company ("**Supervisor(s)**"), each of them has confirmed that he/she has complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors and Supervisors adopted by the Company throughout the year. The Company will continue to ensure compliance with the code of conduct.

PUBLIC FLOAT

According to the information disclosed publicly and as far as the Directors are aware, during the Reporting Period and up to the date of this announcement, at least 25% of the issued shares of the Company was held by public Shareholders.

AUDITOR

The financial statements of the Company for the year ended 31 December 2024 have been audited by CLA Prism Hong Kong Limited, who will retire, and a resolution to re-appoint CLA Prism Hong Kong Limited as auditor of the Company will be proposed at the annual general meeting of the Company.

On 24 December 2024, Ernst & Young, was dismissed as the auditor of the Company.

On 1 January 2025, Confucius International CPA Limited Certified Public Accountants, was appointed as the auditor of the Company.

On 24 July 2026, Confucius International CPA Limited was removed as the auditor of the Company.

On 21 August 2026, CLA Prism Hong Kong Limited, Certified Public Accountants, was appointed as the auditor of the Company.

SCOPE OF WORK OF CLA PRISM HONG KONG LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2024 as set out in this preliminary announcement have been agreed by the auditor of the Company, CLA Prism Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2024. Nonetheless, it is noted that the work performed by CLA Prism Hong Kong Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by CLA Prism Hong Kong Limited on the preliminary announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is the extract of the Independent Auditor's Report from the auditor of the Company, CLA Prism Hong Kong Limited on the Group's draft consolidated financial statements:

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of Yangzhou Guangling District Taihe Rural Micro-finance Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the "Basis for Disclaimer of Opinion" section, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Opening balances and comparative information

In addition to the matters described in paragraph “Loans and accounts receivable, related interest income, impairment, write-off and disclosures” above, we were unable to obtain sufficient appropriate audit evidence regarding the opening balances of the Group as a whole as at 1 January 2024. Certain key personnel involved in the daily management, operation and financing of the Group resigned in September 2024, and the then directors of the Company were removed from office on 16 January 2025. Their departure, together with incomplete and inconsistent books and accounting records (including missing accounting records and computer hardware and records, as disclosed in note 2.2), has resulted in the inability of the Company and us to obtain sufficient information for the purpose of auditing the opening balances of the Group as at 1 January 2024, despite the directors' best efforts and all reasonable steps taken by them to resolve the relevant issues. We encountered significant difficulties in obtaining complete and timely data and records relating to the opening balances of the Group.

We were also unable to obtain all necessary written representations from management to corroborate information provided to us during the course of our audit as to the completeness and accuracy of data relating to opening balances. These scope limitations significantly impaired our ability to obtain sufficient appropriate audit evidence and increased the risk of material misstatements remaining undetected. As such, we are unable to satisfy ourselves as to the accuracy of the opening balances of the Group as at 1 January 2024 and whether all transactions of the Group for the year ended 31 December 2023 had been properly recorded and accounted for. In addition, we are unable to determine whether any adjustments might be necessary in respect of recorded or unrecorded transactions that constitute elements making up the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2023 presented as corresponding figures.

Due to the lack of sufficient financial information as aforementioned, we are unable to satisfy ourselves that proper books of accounts have been kept so as to give a true and fair view of the state of the Group's affairs and to present the consolidated financial statements in accordance with IFRS Accounting Standards, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Owing to the significance and pervasiveness of the matters described above, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated financial statements.

Consequently, in the absence of sufficient supporting documents and details of explanations relating to opening balances and comparative information, we have not been able to obtain sufficient appropriate audit evidence regarding the account balances as at 31 December 2023 and the results and cash flows of the Group for the year ended that date and the related notes to the consolidated financial statements. Any adjustments found to be necessary to the consolidated statement of financial position as at 31 December 2023 and 1 January 2024 would have corresponding consequential effects on the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2024.

Completeness of related-party disclosures

As disclosed in note 26 to the consolidated financial statements, the Group entered into certain related-party transactions during the years ended 31 December 2024 and 2023. Due to the lack of sufficient records, supporting documentation and explanations concerning the identification of related parties and the Group's relationships and transactions with them, we were unable to perform the audit procedures necessary to establish the completeness of related-party relationships, transactions, outstanding balances and commitments for those years.

We were also unable to obtain sufficient appropriate audit evidence through alternative audit procedures to determine whether all related-party relationships, transactions, outstanding balances and commitments requiring disclosure under IAS 24 Related Party Disclosures had been identified and appropriately disclosed. Consequently, we were unable to determine whether additions or amendments were necessary to the related-party disclosures in note 26 and elsewhere in the consolidated financial statements for the year ended 31 December 2024, including the corresponding information for 2023.

Material uncertainty related to going concern

We draw attention to note 2.3 to the consolidated financial statements, which states the Group incurred a net loss of approximately RMB1,070.49 million for the year ended 31 December 2024 and, as at 31 December 2024, the Group had net liabilities of approximately RMB199.16 million. The Group's liabilities from guarantees amounted to approximately RMB178.31 million as at 31 December 2024 (representing, as disclosed in note 2.2, guarantee principal of approximately RMB144.00 million together with related interest and penalties), while the Group had total cash amounting to approximately RMB30,511.

Nevertheless, the consolidated financial statements have been prepared on a going concern basis. The Group has been undertaking a number of plans and measures to improve its liquidity and financial position as set out in note 2.3 to the consolidated financial statements. The validity of the going concern assumption on which the consolidated financial statements have been prepared depends upon the successful implementation of these plans and measures, which are subject to uncertainty, including (i) whether the lenders under newly obtained financing facilities will advance the loans to the Group as and when required; and (ii) the timing and extent of the cash outflows required to settle the Group's obligations under the financial guarantees and the related legal proceedings and enforcement actions, and the successful implementation of the Group's other plans and measures as set out in note 2.3.

These events and conditions indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Should the Group fail to achieve the intended effects resulting from the plans and measures as mentioned in note 2.3, it might not be able to operate as a going concern, and adjustments would have to be made to write down the carrying amounts of the Group's assets to their net realisable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

EVENTS AFTER THE REPORTING PERIOD

After the financial year ended 31 December 2024 and up to the date of this announcement, there has been no significant event relevant to the business or financial performance of the Group that comes to the attention of the Directors.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.gltaihe.com). The annual report for the year ended 31 December 2024 containing all the information required by the Listing Rules will be available on the same websites in due course.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company 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 issued by the Stock Exchange. The Company will make further announcement(s) as appropriate or as required under the Listing Rules and the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

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 PRC, 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 Zhou; one non-executive Director, namely Mr. Lu Qi; and three independent non-executive Directors, namely Mr. Hung Hing Man, Ms. Cheung Sau Lin and Mr. Chan Man Chun.