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Join-Share 中盈盛达

共创 共享 共成长

Guangdong Join-Share Financing Guarantee Investment Co., Ltd.*

廣東中盈盛達融資擔保投資股份有限公司

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

(Stock Code: 1543)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017**

**HIGHLIGHT OF ANNUAL RESULTS FOR THE YEAR ENDED 31
DECEMBER 2017**

- Total revenue was approximately RMB264.2 million, representing an increase of approximately 4.4% as compared to last year.
- Net profit for the year and net profit margin were approximately RMB123.2 million and 46.6%, respectively.
- Profit before taxation amounted to approximately RMB168.0 million, representing a decrease of approximately 13.4% as compared to last year.
- Profit for the year attributable to equitable shareholders of the Company amounted to approximately RMB106.1 million, representing a decrease of approximately 7.2% as compared to last year.
- The payment of final dividends of RMB0.076 per share for the year ended 31 December 2017 is recommended by the Board.

The board (the “**Board**”) of directors (the “**Directors**”) of Guangdong Join-Share Financing Guarantee Investment Co., Ltd. (the “**Company**”) is pleased to release the annual results for the year ended 31 December 2017 of the Company and its subsidiaries (collectively, the “**Group**”), along with comparative figures from the year ended 31 December 2016, which should be read in conjunction with the following management discussion and analysis.

(All amounts in RMB thousands unless otherwise stated)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2017

(Expressed in RMB'000)

	<i>Note</i>	2017 RMB'000	2016 RMB'000
Guarantee fee income		141,584	133,795
Guarantee cost		(3,672)	(4,935)
Net guarantee fee income		137,912	128,860
Interest income		98,409	99,731
Interest expenses		(12,006)	(11,032)
Net interest income		86,403	88,699
Service fee from consulting services		39,923	35,449
Revenue	4	264,238	253,008
Other revenue	5	10,574	41,465
Share of (losses)/profits of associates		(528)	545
Provision written back for guarantee losses		19,944	10,497
Impairment losses	6(a)	(20,538)	(22,905)
Operating expenses	6(b)/(c)	(105,702)	(88,718)
Profit before taxation		167,988	193,892
Income tax	7	(44,784)	(49,991)
Profit for the year		123,204	143,901
Attributable to:			
Equity shareholders of the Company		106,069	114,333
Non-controlling interests		17,135	29,568
Profit for the year		123,204	143,901
Earnings per share			
Basic and diluted (<i>RMB per share</i>)	8	0.10	0.11

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

(Expressed in RMB'000)

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Profit for the year	<u>123,204</u>	<u>143,901</u>
Other comprehensive income to be classified to profit or loss in subsequent year:		
Net gain/(loss) on available-for-sale financial assets	1,480	(22,911)
Income tax arises from available-for-sale financial assets	<u>(370)</u>	<u>5,728</u>
Other comprehensive income for the year	<u>1,110</u>	<u>(17,183)</u>
Total comprehensive income for the year	<u><u>124,314</u></u>	<u><u>126,718</u></u>
Attributable to:		
Equity shareholders of the Company	107,179	97,150
Non-controlling interests	<u>17,135</u>	<u>29,568</u>
Total comprehensive income for the year	<u><u>124,314</u></u>	<u><u>126,718</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

(Expressed in RMB'000)

		31 December 2017	31 December 2016
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Assets			
Cash and bank deposits	9	611,520	770,195
Pledged bank deposits		185,474	185,837
Trade and other receivables	10	578,465	397,573
Loans and advances to customers	11	666,790	625,864
Available-for-sale financial assets		58,655	55,705
Receivable investments		23,000	8,225
Interest in associates		52,517	40,545
Fixed assets		11,688	10,232
Investment property		876	921
Intangible assets		2,842	1,353
Goodwill		419	419
Deferred tax assets		46,713	46,911
Total assets		2,238,959	2,143,780
Liabilities			
Interest-bearing borrowings	15	74,750	–
Liabilities from guarantees	12	172,614	172,379
Customer pledged deposits	13(a)	39,911	11,795
Accruals and other payables	13(b)	66,630	86,540
Current tax liabilities		31,898	36,513
Other financial instrument-liability component		69,193	78,487
Financial institution bonds	16	48,208	45,864
Total liabilities		503,204	431,578
NET ASSETS		1,735,755	1,712,202
CAPITAL AND RESERVES			
Share capital	14	1,066,667	1,066,667
Reserves		394,466	377,954
Total equity attributable to equity shareholders of the Company		1,461,133	1,444,621
Non-controlling interests		274,622	267,581
TOTAL EQUITY		1,735,755	1,712,202

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(For the year ended 31 December 2017)

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (the “**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (the “**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2017 comprise the Group and the Group’s interest in associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis except for available-for-sale financial assets that are stated at their fair value and liabilities from guarantees.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these impact on the accounting policies of the Group. However, additional disclosure has been made to satisfy the new disclosure requirements introduced by the amendments to HKAS 7, *Statement of cash flows: Disclosure initiative*, which require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

(a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgement:

Consolidation: whether the Group has de facto control over an investee.

(b) Sources of estimation uncertainty

Apart from information about the assumptions and their risk factors relating to fair value of financial instruments, other key sources of estimation uncertainty are as follows:

(i) *Impairment of receivables, loans and advances to customers and available-for-sale financial assets*

The Group reviews portfolios of receivables, loans and advances and available-for-sale financial assets periodically to assess whether any impairment losses exist and the amount of impairment losses if there is any indication of impairment. Objective evidence for impairment includes observable data indicating that there is a measurable decrease in the estimated future cash flows for receivables, loans and advances and available-for-sale financial assets. It also includes observable data indicating adverse changes in the repayment status of the debtors, or change in national or local economic conditions that causes the default in payment.

The impairment loss for receivables and loans and advances to customers that is individually assessed for impairment is the net decrease in the estimated discounted future cash flow of the assets. When the financial assets are collectively assessed for impairment, the estimate is based on historical loss experience for assets with credit risk characteristics similar to the financial assets. Historical loss experience is adjusted on the basis of the relevant observable data that reflect current economic conditions and the judgement based on management's historical experience. Management reviews the methodology and assumptions used in estimating future cash flows regularly to reduce any difference between loss estimates and actual loss.

The objective evidence of impairment for available-for-sale financial assets includes significant or continual decline in fair value of investments. When deciding whether there is significant or continual decline in fair value, the Group will consider the historical fluctuation records of market and debtors' credit condition, financial position and performance of related industry.

(ii) Impairment of non-financial assets

If circumstances indicate that the carrying amount of a non-financial asset may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in accordance with accounting policy for impairment of non-financial assets. The carrying amounts of non-financial assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the fair value less costs to sell and the value in use. In determining the value in use, expected future cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to the level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of the level of revenue and amount of operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

(c) Depreciation and amortisation

Fixed assets and intangible assets are depreciated and amortised using the straight-line method over their useful lives after taking into account estimated residual value. The useful lives and residual value are regularly reviewed to determine the depreciation and amortisation costs charged in each reporting period. The useful lives are determined based on historical experience of similar assets and the estimated technical changes. If there is an indication that there has been a change in the factors used to determine the depreciation, the rate of depreciation is revised.

(d) Provisions for guarantee losses

The Group makes reasonable estimate on costs required to fulfil the relevant obligation of guarantee contracts when the Group computes the provisions of guarantee losses. Such estimation is made based on the available information as of the balance sheet date and is determined by the Group's practical experience, default history of the business, taking into consideration of industry information and market data. It is possible that the practical experience and default history is not indicative of future loss on the guarantees issued. Any increase or decrease in the provision would affect profit or loss in future years.

(e) Deferred tax assets

Deferred tax assets arising from deductible temporary differences are recognised to the extent that it is probable that future taxable income will be available against which deductible temporary differences and tax losses can be utilised. The outcome of their actual utilisation may be different.

(f) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values for financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including 3 fair values and reports directly to financial officer.

(g) Judgement on the degree of control of investment

Control means that the Group has the power over an entity, and enjoys the variable returns by participating in relative activities of the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

4 REVENUE

The principal activities of the Group are provision of credit guarantee, loans and advances to customers and related consulting services in the PRC. Revenue represents net guarantee fee income, net interest income and service fee from consulting services. The amount of each significant category of net fee and interest income recognised in revenue is as follows:

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Guarantee fee income		
Financing guarantee fee income	107,729	120,109
Performance guarantee fee income	33,855	13,461
Litigation guarantee fee income	–	225
	<hr/>	<hr/>
Subtotal	141,584	133,795
Guarantee cost		
Re-guarantee expenses	(3,672)	(4,935)
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Net guarantee fee income	137,912	128,860
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Interest income		
– Loans and advances to customers	93,086	89,730
– Cash at banks and pledged bank deposits	5,323	10,001
	<hr/>	<hr/>
Subtotal	98,409	99,731
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Interest expenses		
– Borrowings from banks	(2,796)	–
– Interest expenses from financial institution bonds	(4,344)	(5,632)
– Interest expenses from other financial instruments liability component	(4,866)	(5,400)
	<hr/>	<hr/>
Subtotal	(12,006)	(11,032)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net interest income	86,403	88,699
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Service fee from consulting services	39,923	35,449
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Revenue	264,238	253,008
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5 OTHER REVENUE

	2017 RMB'000	2016 <i>RMB'000</i>
Investment income of receivable investments	4,866	1,015
Investment income from available-for-sale financial assets	2,788	895
Government grant	2,635	8,212
Reclassification from other comprehensive income on disposal of available for sale financial assets	–	20,583
Dividend income from investments	–	878
Disposal gain of available-for-sale financial assets (unlisted security)	–	640
Foreign exchange gains	–	7,695
Others	285	1,547
	<hr/>	<hr/>
Total	10,574	41,465
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6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Impairment and provision – charged/(written back)

	2017 RMB'000	2016 <i>RMB'000</i>
Receivables for default guarantee payments	(3,838)	15,171
Receivables from guarantee customers	17,869	5,684
Loans and advances to customers	6,081	2,050
Others	426	–
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	20,538	22,905
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(b) Staff costs

	2017 RMB'000	2016 <i>RMB'000</i>
Salaries, wages, bonuses and other benefits	52,596	45,183
Contributions to retirement schemes	4,077	3,507
	56,673	48,690

The Group is required to participate in pension schemes organized by the respective local governments of the People's Republic of China (the "PRC") whereby the Group is required to pay annual contributions for PRC based employees at certain rate of the standard wages determined by the relevant authorities in the PRC during the year. The Group has no other material obligation for payment of retirement benefits to the PRC based employees beyond the annual contributions described above.

(c) Other items

	2017 RMB'000	2016 <i>RMB'000</i>
Foreign exchange losses	5,559	–
Depreciation and amortisation	4,631	2,855
Operating lease charges: minimum lease payments	5,393	5,115
Auditors' remuneration		
– annual audit	2,130	1,700
– others	600	600

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss:

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Current tax		
Provision for PRC income tax for the year	44,956	55,812
Deferred tax		
Origination and reversal of temporary differences	(172)	(5,821)
Income tax expense	<u>44,784</u>	<u>49,991</u>

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Profit before taxation	<u>167,988</u>	<u>193,892</u>
Notional tax on profit before taxation, calculated at 25%	41,997	48,473
Effect of non-deductible expenses	1,481	1,518
Unrealised temporary differences	68	–
Others	1,238	–
Actual income tax expense	<u>44,784</u>	<u>49,991</u>

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company and the weighted average of ordinary shares in issue during the year, calculated as follows:

	2017	2016
Profit attributable to the equity shareholders of the Company (RMB '000)	106,069	114,333
Weighted average number of ordinary shares in issue for the purpose of basic earnings per share ('000)	<u>1,066,667</u>	<u>1,066,667</u>
Basic earnings per share (RMB per share)	<u><u>0.10</u></u>	<u><u>0.11</u></u>

(b) Weighted average number of ordinary shares

	2017	2016
Issued ordinary shares at 1 January ('000)	1,066,667	1,066,667
Effect of new issue ('000)	<u>—</u>	<u>—</u>
Weighted average number of ordinary shares at 31 December ('000)	<u><u>1,066,667</u></u>	<u><u>1,066,667</u></u>

- (c) There were no dilutive potential ordinary shares during the years ended 31 December 2017 and 2016, and therefore, diluted earnings per share are the same as the basic earnings per share.

9 CASH AND BANK DEPOSITS

(a) Cash and cash equivalents comprise:

	31 December 2017 RMB'000	31 December 2016 RMB'000
Cash in hand	23	11
Cash at banks	406,723	402,497
Cash and cash equivalents in the consolidated cash flow statement	406,746	402,508
Term deposits with banks	202,409	365,173
Restricted bank deposits	2,365	2,514
	611,520	770,195

The Group's operation of guarantees and loans to customers services in the PRC are conducted in RMB. RMB is not a freely convertible currency and the remittance of RMB out of the PRC is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

Restricted bank deposits represent secured deposits for bank borrowings and deposits received for the Group's guarantee business in accordance with tripartite custodian agreement among lending banks, guarantee customers and the Group. For the purpose of the consolidated cash flow statement, the Group's restricted bank deposits and term deposits with banks have been excluded from cash and cash equivalents.

10 TRADE AND OTHER RECEIVABLES

	<i>Note</i>	31 December 2017 RMB'000	31 December 2016 RMB'000
Receivables for default guarantee payments	(i)	257,458	234,129
Less: Allowance for doubtful debts		(43,332)	(55,898)
		214,126	178,231
Receivables from guarantee customers	(ii)	313,131	131,748
Less: Allowance for doubtful debts		(29,126)	(13,160)
		284,005	118,588
Interest receivables		18,950	21,871
Receivables from disposal of default guarantee payments and receivables from guarantee customers		32,898	49,983
Other receivables		9,708	13,859
		61,556	85,713
Deposits and prepayments		4,645	4,956
Repossessed assets		14,133	10,085
		18,778	15,041
		578,465	397,573

- (i) During the year ended 31 December 2017, the Group disposed of receivables for default guarantee payments amounted to RMB33,753,000 (2016: RMB130,290,000) (with allowances for doubtful debts of RMB905,000 (2016: RMB15,768,000)), without recourse to other parties at considerations amounted to RMB32,848,000 (2016: RMB114,523,000).
- (ii) During the year ended 31 December 2017, the Group disposed of receivables from guarantee customers amounted to RMB4,900,000 (2016: RMB9,514,000) with no allowance for doubtful debts without recourse at considerations amounted to RMB4,900,000 (2016: RMB8,563,000).

(a) **Ageing analysis:**

As of the end of the reporting period, the ageing analysis of receivables for default guarantee payments, based on the transaction date and net of allowance for doubtful debts, is as follows:

(i) ***Receivables for default guarantee payments***

	31 December 2017 RMB'000	31 December 2016 RMB'000
Within 1 year	27,620	67,744
Over 1 year but less than 2 years	70,854	48,183
Over 2 years but less than 3 years	37,429	45,823
Over 3 years	121,555	72,379
	<hr/>	<hr/>
Subtotal	257,458	234,129
	<hr/>	<hr/>
Less: allowance for doubtful debts	(43,332)	(55,898)
	<hr/>	<hr/>
	214,126	178,231
	<hr/>	<hr/>

Receivables for default guarantee payments are due from the date of payment.

(ii) ***Receivables from guarantee customers***

	31 December 2017 RMB'000	31 December 2016 RMB'000
Within 1 year	209,854	86,030
Over 1 year but less than 2 years	66,424	45,718
Over 2 years but less than 3 years	36,853	–
	<hr/>	<hr/>
Subtotal	313,131	131,748
	<hr/>	<hr/>
Less: allowance for doubtful debts	(29,126)	(13,160)
	<hr/>	<hr/>
	284,005	118,588
	<hr/>	<hr/>

Receivables from guarantee customers are due within 1 year from the date of payment.

11 LOANS AND ADVANCES TO CUSTOMERS

(a) Analysed by nature

	31 December 2017 RMB'000	31 December 2016 RMB'000
Entrusted loans	331,098	360,305
Micro-lending	371,220	303,782
	<hr/>	<hr/>
Gross loans and advances to customers	702,318	664,087
Less: Allowances for impairment losses		
– Individually assessed	(16,963)	(20,200)
– Collectively assessed	(18,565)	(18,023)
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Total allowances for impairment losses	(35,528)	(38,223)
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Net loans and advances to customers	666,790	625,864
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(b) **Analysed by industry sector**

	31 December 2017		31 December 2016	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Loans to individual business proprietors	221,480	32%	128,064	19%
Wholesale and Retail	220,105	31%	244,864	36%
Service Sector	157,637	22%	189,754	29%
Manufacturing	78,724	11%	76,047	11%
Construction industry	10,500	1%	12,000	2%
Transportation Warehousing and Postal service	4,500	1%	10,958	2%
Real estate and construction	2,372	1%	2,400	1%
Others	7,000	1%	–	0%
	<hr/>	<hr/>	<hr/>	<hr/>
Gross loans and advances to customers	702,318	100%	664,087	100%
	<hr/>	<hr/>	<hr/>	<hr/>
Less: Allowances for impairment losses				
– Individually assessed	(16,963)		(20,200)	
– Collectively assessed	(18,565)		(18,023)	
	<hr/>		<hr/>	
Total allowances for impairment losses	(35,528)		(38,223)	
	<hr/>		<hr/>	
Net loans and advances to customers	666,790		625,864	
	<hr/>		<hr/>	

(c) **Analysed by type of collateral**

	31 December 2017 RMB'000	31 December 2016 RMB'000
Secured loans	249,360	195,473
Unsecured loans	45,644	84,136
Others	407,314	384,478
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Gross loans and advances to customers	702,318	664,087
	<hr/>	<hr/>
Less: Allowances for impairment losses		
– Individually assessed	(16,963)	(20,200)
– Collectively assessed	(18,565)	(18,023)
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Total allowances for impairment losses	(35,528)	(38,223)
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Net loans and advances to customers	666,790	625,864
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- Secured Loans: Secured loans refer to the loan and advances which are secured by collateral that meets the following standards: (i) such collateral has been registered with the relevant governmental authorities; (ii) the market value of such collateral can be easily observed; and (iii) the Group has priorities over other beneficiaries on such collateral. Such collateral mainly includes real estates and land use rights.
- Unsecured Loans: Unsecured loans refer to the loan and advances which are not secured by collateral or counter-guaranteed.
- Others: Others refer to loans and advances guaranteed by guarantors, or secured by collateral, the market value of which may be subject to depreciation or cannot be easily observed, or on which the Group does not have priorities over other beneficiaries. Such collateral includes unregistrable real properties, land use rights, and registrable account receivables, vehicles, machineries, inventories and equity interests.

12 LIABILITIES FROM GUARANTEES

	31 December 2017 RMB'000	31 December 2016 RMB'000
Deferred income	124,074	103,895
Provisions for guarantee losses	48,540	68,484
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	172,614	172,379
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13 CUSTOMER PLEDGED DEPOSITS AND ACCRUALS AND OTHER PAYABLES

(a) Customer pledged deposits

Customer pledged deposits refer to deposits received from customers as collateral security of the credit guarantee issued by the Group. These deposits are interest-free, and will be returned to customers after the guarantee contracts expire.

According to Interim Measures for the Administration of Financing Guarantee Companies (《融資性擔保公司管理暫行辦法》), jointly formulated and issued by China Banking Regulatory Commission, the National Development and Reform Commission, the Ministry of Finance, the Ministry of Commerce, the People's Bank of China and the State Administration for Industry and Commerce on 8 March 2010, and the Notice of Inter-ministries Joint Meeting of Financing Guarantee Business Supervision Concerning the Regulation of the Management of Customer Deposits by Financing Guarantee Institutions (《融資性擔保業務監管部際聯席會議關於規範融資性擔保機構客戶擔保保證金管理的通知》) promulgated by the Inter-ministerial Joint Meeting of Financing Guarantee Business Supervision on 5 April 2012, if a financing guarantee company accepts customer pledged deposits from its guarantee customers, the outstanding customer pledged deposits should be kept in a restricted account under tripartite custody. For those cooperated banks agreeing to coordinate, the Group has kept part of the received customer pledged deposits in a restricted bank account under tripartite custody.

(b) Accruals and other payables

	31 December 2017 RMB'000	31 December 2016 RMB'000
Accrued staff cost	32,878	39,209
Principal and fixed return payable for other financial instrument-liability component	14,160	19,640
Receipts in advance	9,981	6,493
Dividends payable	1,931	–
Interest payable	149	–
Withholding income tax	445	155
Other payable	7,086	21,043
Total	66,630	86,540

14 CAPITAL, RESERVES AND DIVIDENDS

(a) Movement in components of equity

The reconciliation between the opening and closing of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Surplus reserve <i>RMB'000</i>	General reserve <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total <i>RMB'000</i>
Balance at 1 January 2016	1,066,667	43,107	67,086	67,220	144,868	1,388,948
Changes in equity for 2016:						
Profit for the year	—	—	—	—	107,898	107,898
Total comprehensive income	—	—	—	—	107,898	107,898
Appropriation to surplus reserve	—	—	10,791	—	(10,791)	—
Appropriation to general reserve	—	—	—	10,791	(10,791)	—
Dividends approved in respect of the previous year	—	—	—	—	(90,664)	(90,664)
Balance at 31 December 2016	<u>1,066,667</u>	<u>43,107</u>	<u>77,877</u>	<u>78,011</u>	<u>140,520</u>	<u>1,406,182</u>

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Surplus reserve <i>RMB'000</i>	General reserve <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total <i>RMB'000</i>
Balance at 1 January 2017	<u>1,066,667</u>	<u>43,107</u>	<u>77,877</u>	<u>78,011</u>	<u>140,520</u>	<u>1,406,182</u>
Changes in equity for 2017:						
Profit for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,540</u>	<u>102,540</u>
Total comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,540</u>	<u>102,540</u>
Appropriation to surplus reserve	-	-	10,254	-	(10,254)	-
Appropriation to general reserve	-	-	-	10,254	(10,254)	-
Dividends approved in respect of the previous year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(90,667)</u>	<u>(90,667)</u>
Balance at 31 December 2017	<u>1,066,667</u>	<u>43,107</u>	<u>88,131</u>	<u>88,265</u>	<u>131,885</u>	<u>1,418,055</u>

(b) Dividends

In accordance with the resolution of the Company's board of directors' meeting on 28 March 2018, the proposed dividends appropriations for the year ended 31 December 2017 are as follows:

- Declare cash dividends to all shareholders of RMB81,066,667 (2016: RMB90,666,667) representing RMB0.076 (2016: RMB0.085) per share before tax.

The profit appropriation resolution mentioned above has yet to be approved by the Company's shareholders.

15 INTEREST-BEARING BORROWINGS

The Group's interest-bearing borrowings are analysed as follows:

	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
Bank loans		
– Unsecured	50,000	–
– Secured	24,750	–
	74,750	–

At 31 December 2017, the secured bank loans of the Group were secured by bank deposits.

16 FINANCIAL INSTITUTION BONDS

	31 December 2017 RMB'000	31 December 2016 RMB'000
Financial institution bonds	48,208	45,864

Foshan Micro Credit issued financial institution bonds with par value of RMB25 million and RMB25 million on 26 September 2016 and 18 October 2016 respectively at the exchange center of Guangzhou Equity Exchange Co., Ltd. (廣州股權交易中心). The duration of the financial institution bonds are two years and the annual interest rate are 4%.

17 GUARANTEES ISSUED

At the end of each reporting period, the total maximum guarantees issued are as follows:

	31 December 2017 RMB'000	31 December 2016 RMB'000
Financing guarantee	2,741,411	3,092,771
Performance guarantee	6,933,344	3,152,802
Litigation guarantee	<u>340,512</u>	<u>366,847</u>
Subtotal	10,015,267	6,612,420
Less: Customer pledged deposits	<u>(39,911)</u>	<u>(11,795)</u>
Total	<u>9,975,356</u>	<u>6,600,625</u>

The total maximum guarantees issued represent the maximum potential loss that would be recognised if counterparties failed completely to perform as contracted.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

In 2017, the Group further deepened strategic transformation and upgrade and took a number of management measures including strategic transformation, focusing on principal businesses, structural adjustment, cost reduction and efficiency enhancement and personnel system reform, which laid a solid foundation for the Company's sustainable development. Under the guidance of the Board, the Company has prepared and published a new strategic plan with an aim of "becoming a systematic financing service provider with maximum synergy value for SMEs and individuals". The Company, upholding the core values of "co-creation, sharing and joint growth", will continue to thoroughly promote the transformation and upgrade of business strategies, striving to achieve the strategic objective of "overall enhancement of the Company's position in the industry".

In 2017, the Chinese economy changed from high-speed growth to high-quality development and was in a critical period for transformation of the way of development, optimization of economic structure, and change of growth impetus. In spite of slowed economic growth and increasing downward pressure in certain industries, our total revenue increased by approximately 4.4% over the last year.

During the reporting period, the Company was elected as the Vice Chairman of China Financial Guarantee Association (中國融資擔保業協會), the Chairman of Guangdong Credit Association (廣東省信用協會) and the Listed Company with Most Potential. Mr. Wu Liejin, the chairman of the Board, was awarded titles of "Guangdong Top Ten Influential Individuals in Economy (廣東十大經濟風雲人物)" and "Top 10 Huishang Leaders (十大徽商領袖)".

Business Overview

We are a leading financing guarantee services provider in Guangdong province, focusing on providing credit-based financing solutions to SMEs to satisfy their financing and business needs.

The business of the Group primarily comprises two segments, namely:

- (1) Guarantees: We provide guarantees on behalf of SMEs and individual business proprietors to guarantee the repayment of their loans or performance of their certain contractual obligations. The main products and services we provide are set out below:

Financing Guarantees	Non-financing Guarantees
Indirect financing guarantees	Attachment bonds
Direct financing guarantees	Construction contract bonds and other contract bonds

As of 31 December 2017, the net balance of our outstanding guarantee was approximately RMB10,015.3 million. For the year ended 31 December 2017, our net guarantee fee income was approximately RMB137.9 million.

SME lendings: We provided entrusted loans to SMEs and individual business proprietors, where we deposit our own funds into intermediary banks, which on-lend the funds to ultimate borrowers selected by us. Our entrusted loan business allows us to provide loans of relatively large amount through banks, usually ranging from approximately RMB1.0 million to approximately RMB40.0 million, and is not subject to geographical restriction. As of 31 December 2017, the balance of our entrusted loans was approximately RMB331.1 million.

- (2) We also provide micro-lending to SMEs, individual business proprietors and individuals in Foshan since July 2011 through Foshan Chancheng Join-Share Micro Credit Co., Ltd. (佛山禪城中盈盛達小額貸款有限公司) (“**Foshan Micro Credit**”), which was consolidated into our Group in June 2014. Foshan Micro Credit is permitted to conduct its operations in Chancheng District, Foshan, Guangdong province, the PRC. Due to limits imposed by certain laws and regulations, the amount of micro-lending that we may provide is up to RMB5.0 million. In general, the micro-lending that we provide has a term within one year. As of 31 December 2017, the balance of our micro-lending was approximately RMB371.2 million.

As of 31 December 2017, the net interest income from our SME lending business was approximately RMB86.4 million.

Major business activities undertaken by the Group during the year

During the year ended 31 December 2017, with an aim to strengthen the Group's overall market position, the major business activities undertaken by the Group during the year are set out as follows:

- (1) On 14 April 2017, Foshan Join-Share Supply Chain Services Co., Ltd. (“**Foshan Supply Chain**”), a newly established entity of the Company, provided relevant services to the existing and new customers with the need for supply chain management services. Foshan Supply Chain was put into operation in June 2017. Its registered capital amounted to RMB1.0 million.
- (2) On 28 July 2017, Join-Share (Hong Kong) Supply Chain Service Co., Ltd. (中盈盛達(香港)供應鏈服務有限公司) (“**Hong Kong Supply Chain**”), a newly established wholly-owned subsidiary of the Company, provided relevant services to the existing and new customers with the need for supply chain management services. Hong Kong Supply Chain was put into operation in June 2017. Its registered capital amounted to RMB0.3 million.
- (3) On 17 November 2017, Shenzhen Join-Share Commercial Factoring Co., Ltd. (深圳中盈盛達商業保理有限公司) (“**Shenzhen Factoring**”), a newly established wholly-owned subsidiary of the Company, provided relevant services to the existing and new customers with the need for commercial factoring services. Shenzhen Factoring was put into operation in February 2018. Its registered capital amounted to RMB50 million.

Financial Review

Net Guarantee Fee Income

Our net guarantee fee income increased by approximately RMB9.1 million, or approximately 7.0%, to approximately RMB137.9 million in 2017 from approximately RMB128.9 million in 2016. Our total guarantee fee income increased by approximately RMB7.8 million, or approximately 5.8%, to approximately RMB141.6 million in 2017 from approximately RMB133.8 million in 2016. Such increase was mainly attributable to (i) our adjustment to the structure of the guarantee business and prudent operation of the financing guarantee business, which resulted in a decrease of approximately RMB12.4 million, or approximately 10.3% in the financing guarantee fee income; (ii) our devotion of more efforts to carry out non-financing guarantee business, which resulted in an increase of RMB20.2 million or approximately 147.4% in our non-financing guarantee fee income, which partly offset the decrease in the financing guarantee fee income. The annualized average guarantee fee ratio for the year ended 31 December 2017 was approximately 1.6%, as compared to approximately 2.3% for the year ended 31 December 2016. The decrease in the annualized average guarantee fee

ratio in 2017 was mainly attributable to our adjustment to the structure of the guarantee business and great devotion in operation of the non-financing guarantee business. The guarantee fee ratio of our non-financing guarantee business is lower as compared with that of our financing guarantee business.

Net Interest Income

Our net interest income decreased by approximately RMB2.3 million, or approximately 2.6%, to approximately RMB86.4 million in 2017 from approximately RMB88.7 million in 2016, primarily due to a decrease of approximately 1.3% in the interest income and an increase of approximately 8.8% in the interest expense, respectively.

The interest income from our entrusted loan business for the year ended 31 December 2017 decreased by approximately RMB7.4 million or approximately 14.7% to approximately RMB42.6 million in 2017 from approximately RMB49.9 million in 2016, which was attributable to the increase in the proportion of entrusted loans with larger amount and lower interest rate to our entrusted loans combination for the year ended 31 December 2017. Our annualized average interest rate of entrusted loans decreased by approximately 15.4% for the same period.

The interest income from our micro-lending business for the year ended 31 December 2017 increased by approximately RMB10.7 million or approximately 26.9% to approximately RMB50.5 million in 2017 from approximately RMB39.8 million in 2016. Our average annual balance of the loans of our micro-lending increased by approximately 26.6% for the same period.

Service Fee from Consulting Services

Our service fee from consulting services increased by approximately RMB4.5 million, or approximately 12.7%, to approximately RMB39.9 million in 2017 from approximately RMB35.4 million in 2016, primarily due to our active development of consulting business.

Other Revenue

Our other revenue decreased by approximately RMB30.9 million, or approximately 74.5%, to approximately RMB10.6 million in 2017 from approximately RMB41.5 million in 2016, primarily due to (i) a decrease of approximately RMB20.6 million or approximately 100.0% of reclassification from other comprehensive income on disposal of available for sale financial assets from approximately RMB20.6 million in 2016 to nil in 2017; and (ii) a decrease of approximately RMB7.7 million or approximately 100.0% of gains from foreign exchange rate from approximately RMB7.7 million in 2016 to nil in 2017, and such decreases were partially offset by the increase in investment income from receivable investment from approximately RMB1.0 million in 2016 to approximately RMB4.9 million in 2017.

Provisions for Guarantee Losses

Provisions for guarantee losses primarily reflect our management's estimate on the level of provisions that is adequate for our guarantee business. We made provision written back for guarantee losses of approximately RMB19.9 million in 2017 compared to approximately RMB10.5 million in 2016, primarily due to a decrease of RMB351.4 million or approximately 11.4% of the balance of outstanding financing guarantee from approximately RMB3,092.8 million as of 31 December 2016 to approximately RMB2,741.4 million as of 31 December 2017.

Impairment Losses

Impairment losses mainly include impairment allowances the Group makes in relation to (i) receivables from guarantee customers which reflect the net amount of the capital portfolio of financing solutions we provided to customers not being able to be recovered by the Group; and (ii) loans and advances to customers primarily in the Group's entrusted loan and micro-lending businesses, which reflect the net amount of loans and advances to the customers not being able to be collected by the Group. Our impairment losses decreased by approximately RMB2.4 million, or approximately 10.5%, to approximately RMB20.5 million in 2017 from approximately RMB22.9 million in 2016, primarily due to (i) an increase of losses for the receivables from guarantee customers by approximately RMB12.2 million, or approximately 214.0%, from approximately RMB5.7 million in 2016 to approximately RMB17.9 million in 2017, (ii) an increase of impairment losses for loans and advances to customers by approximately RMB4.0 million, or approximately 190.5%, from approximately RMB2.1 million in 2016 to approximately RMB6.1 million in 2017, which was partially offset by a decrease of the impairment losses for the receivables of default guarantee payments by approximately RMB19.0 million, or approximately 125.0%, from approximately RMB15.2 million in 2016 to a reversal of RMB3.8 million in 2017.

Operating expenses

Our operating expenses increased by approximately RMB17.0 million, or approximately 19.2%, to approximately RMB105.7 million in 2017 from approximately RMB88.7 million in 2016, mainly attributable to (i) an increase of staff costs by approximately RMB8.0 million, or approximately 16.4%, to approximately RMB56.7 million in 2017 from RMB48.7 million in 2016; (ii) an increase of foreign exchange losses from nil in 2016 to approximately RMB5.6 million in 2017; and (iii) an increase of professional and consultancy fees by approximately RMB3.5 million, or approximately 49.3% to approximately RMB10.6 million in 2017 from approximately RMB7.1 million in 2016.

Profit before Taxation

As a result of the foregoing, our profit before taxation decreased by approximately RMB25.9 million, or approximately 13.4%, to approximately RMB168.0 million in 2017 from approximately RMB193.9 million in 2016. Our profit before taxation accounted for approximately 63.6% and 76.6% of our revenue in 2017 and 2016, respectively.

Income Tax

Our income tax decreased by approximately RMB5.2 million, or approximately 10.4%, to approximately RMB44.8 million in 2017 from approximately RMB50.0 million in 2016, primarily due to the decrease of our taxable profits.

Profit for the Year

As a result of the foregoing, our profit for the year decreased by approximately RMB20.7 million, or approximately 14.4%, to approximately RMB123.2 million in 2017 from approximately RMB143.9 million in 2016, and our net profit margin decreased to approximately 46.6% in 2017 from approximately 56.9% in 2016.

Capital Expenditure

Our capital expenditures consist primarily of expenditures for the purchase of motor vehicles, office and other equipments and office decorations. For the year ended 31 December 2017, our capital expenditures amounted to approximately RMB7.7 million, primarily due to the purchase of office premises in relation to our business expansion.

Capital Commitments and Contingent Liabilities

As at 31 December 2017, our outstanding capital commitments relating to the total maximum guarantee issued to our customers in relation to our guarantee business and the leases of our office premises amounted to approximately RMB10,015.3 million and RMB9.2 million, respectively.

The Group did not have any contingent liabilities as at 31 December 2017.

Charge on assets

As at 31 December 2017, the Group did not pledge any of its assets to secure any banking facility or bank loan.

Prospects and future developments in the business of the Group

(I) Development trend of the industry:

1. On 4 January 2016, the People's Government of Guangdong Province published the notice on the Implementation Plan for Promoting the Development of Financing Guarantee Industry of Guangdong Province (《關於促進廣東省融資擔保行業加快發展實施方案》), which requires to increase support for private guarantee institutions, vigorously develop, optimise and reinforce financing guarantee institutions, and support the sustainable development of financing guarantee institutions.
2. On 2 August 2017, the State Council published the Measures for the Supervision and Administration of Financing Guarantee Companies (《融資擔保公司監督管理條例》), which clarifies the development direction of financing guarantee institutions in the form of administrative regulation and requires to increase support for the financing guarantee industry.

We are of the view that the financing guarantee industry will maintain its sustainable, stable and healthy development under the support of the national policies and as driven by the strong financing demands of the SMEs in the PRC.

(II) Development strategy of the Company:

Looking into 2018, the economy in the PRC has shifted from high-speed growth to medium-and-high speed and high-quality development. In the shift period for economic growth and stage for deepening reform at the supply side, SMEs are likely to be confronted with large operation pressure, increase in default risk and other problems. In respect of policy, the publication and implementation of the measures in the financing guarantee industry indicate a clear idea on the business development of different types of financing guarantee institutions. We will further deepen strategic transformation and upgrade of our Group, exert more efforts to promote the reform of divisional system and fully utilize internet means and the Group's brand effects, striving to build the Group into "a systematic financing service provider with maximum synergy value for SMEs and individuals".

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

Capital Structure

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue its operation as a going concern, so that it can continue to provide returns for equity shareholders of the Company (the "**Shareholders**") and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure in order to maintain a balance between the higher equity holders/shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Foreign Exchange Risks

The Group operates and conducts business in the PRC, and all the Group's transactions, assets and liabilities are denominated in RMB. Most of the Group's cash and cash equivalents and pledged deposits are denominated in RMB, while bank deposits are placed with banks in the PRC. Any remittance from the PRC is subject to the restrictions on foreign exchange control imposed by the PRC government.

The Group has some bank deposits denominated in US dollars which exposes the Group to foreign exchange risks. The Group does not have a foreign currency hedging policy. However, the Group will continue to monitor closely its exposure to currency movement and take proactive measures.

Liquidity and Capital Resources

Our liquidity and capital requirements primarily relate to capital investments in the registered capital of our operating subsidiaries, extending micro-lending and entrusted loans, making default payments, maintaining security deposits at banks and other working capital requirements. We have in the past funded our working capital and other capital requirements primarily by equity contributions from Shareholders, cash flows from operations and bank borrowings and bonds payable.

As of 31 December 2017, our cash and cash equivalents was approximately RMB611.5 million.

The gearing ratios of the Group as at 31 December 2017 and 31 December 2016 were 22.5% and 20.1%, respectively. Such gearing ratio was computed by dividing total liabilities by total assets.

Indebtedness

As of 31 December 2017, private placement bonds issued by Foshan Micro Credit amounted to RMB50.0 million, and the interest-bearing borrowings amounted to approximately RMB74.8 million.

In addition, we had other financial instrument – liability component of approximately RMB69.2 million.

Off-Balance Sheet Arrangements

We enter into guarantee contracts with off-balance-sheet risk in the ordinary course of our business. The contract amount reflects the extent of our involvement in the financing guarantee business and also represents our maximum exposure to credit loss. As of 31 December 2017, our outstanding guarantee totaled approximately RMB10,015.3 million. Save as disclosed above, we have no other off-balance-sheet arrangements.

Significant investments

Save as disclosed under the section headed “Major business activities undertaken by the Group during the year” in this announcement, the Group had no significant investment for the year ended 31 December 2017.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

There were no material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2017.

Future Plans for Material Investments or Capital Assets

There was no specific plan for material investments or capital assets as at 31 December 2017.

EVENT AFTER REPORTING PERIOD

Yunfu Yuecai Puhui Financing Guarantee Co., Ltd. (雲浮市粵財普惠融資擔保股份有限公司) (“**Yunfu Yuecai**”) was renamed as Yunfu Puhui Financing Guarantee Co., Ltd. (雲浮市普惠融資擔保股份有限公司) with its registered capital changed from RMB150.0 million into RMB110.0 million. Guangdong Financing Re-Guarantee Company Limited* (廣東省融資再擔保有限公司) is no longer a shareholder of Yunfu Yuecai. The Company’s contribution to Yunfu Yuecai was changed from RMB30.0 million into RMB50.0 million with the shareholding in Yunfu Yuecai changed from 20% into 45.45%. The relevant industrial and commercial registration of changes was completed on 27 February 2018.

HUMAN RESOURCES

The total number of staff within the Group as at 31 December 2017 and 31 December 2016 was 265 and 256 respectively. The Directors believe that employees’ quality is the most important factor in maintaining the sustained development and growth of the Group and in raising its profitability. We offer a base salary with bonuses based on our employees’ performance and benefits and allowances to all our employees as an incentive. For the year ended 31 December 2017, we paid approximately RMB56.7 million to our employees as remuneration. We also offer trainings to our new employees twice a year. We believe both the performance-based salary and staff training play an important role in recruiting and retaining talent as well as enhancing employee loyalty.

The Group is required to participate in pension schemes organized by the respective local governments of the PRC whereby the Group is required to pay annual contributions for PRC based employees at certain rate of the standard wages determined by the relevant authorities in the PRC during the year. The Group has complied with the relevant requirements during the year ended 31 December 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2017, there was no purchase, sale or redemption of any listed securities of the Company by the Company or any of its subsidiaries.

AUDIT COMMITTEE

The Company established an audit committee of the Board (the “**Audit Committee**”) with written terms of reference in compliance with the Corporate Governance Code contained in Appendix 14 to the Listing Rules. As at the date of this announcement, the Audit Committee comprises three members, namely, Mr. Wu Xiangneng (chairman), Mr. Leung Hon Man and Mr. Huang Guoshen, two of whom are independent non-executive Directors. The Audit Committee has reviewed and discussed the annual results of the Group for the year ended 31 December 2017. The Audit Committee has also reviewed with the management and the Company’s auditors, KPMG, the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the audit of the consolidated financial statements for the year ended 31 December 2017.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to achieving high standards of corporate governance in order to safeguard the interests of shareholders and enhance corporate value and accountability of the Company. The Company has adopted the Corporate Governance Code (the “**CG Code**”) set out in Appendix 14 to the Listing Rules as its own code of corporate governance. During the year ended 31 December 2017, the Company had complied with the code provisions set out in the CG Code. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of practice for carrying out securities transactions by the directors and supervisors of the Company. Having made specific enquiry with the Directors and supervisors of the Company, they have confirmed their compliance with the relevant standards stipulated in the Model Code during the year ended 31 December 2017.

FINAL DIVIDEND

The Board recommends the distribution of a final dividend of RMB0.076 (before considering any tax effect) per share for the year ended 31 December 2017, amounting to RMB81,066,667 (the “**2017 Final Dividend**”) in aggregate.

According to the Articles of Association of the Company, dividend payable to holders of domestic shares will be paid in Renminbi, whereas dividend payable to holders of the H shares will be declared in Renminbi and paid in Hong Kong dollars. The exchange rate of which will be calculated in accordance with the related national regulations on foreign exchange control. The 2017 Final Dividend will be subject to approval at the forthcoming 2017 annual general meeting (the “AGM”) and is expected to be paid on or about Monday, 30 July 2018.

Pursuant to the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》), the Implementation Regulations of the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法實施條例》), the Administrative Measures of the State Administration of Taxation on Tax Convention Treatment for Non-resident Taxpayers (No. 60 of the Announcement of the State Administration of Taxation for 2016) (《國家稅務總局非居民納稅人享受稅收協定待遇管理辦法》) (國家稅務總局公告2016年第60號), the Notice of the State Administration of Taxation on the Questions Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 45 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), other relevant laws and regulations and other regulatory documents, the Company shall, as a withholding agent, withhold and pay individual income tax for the individual holders of H shares in respect of the dividend to be distributed to them. However, the individual holders of H shares may be entitled to certain tax preferential treatments pursuant to the tax treaties between the PRC and the countries (regions) in which the individual holders of H shares are domiciled and the tax arrangements between Mainland China, Hong Kong or Macau. For individual holders of H shares in general, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the individual holders of H shares in the distribution of the dividend. However, the tax rates applicable to individual holders of H shares overseas may vary depending on the tax treaties between the PRC and the countries (regions) in which the individual holders of H shares are domiciled, and the Company will withhold and pay individual income tax on behalf of the individual holders of H shares in the distribution of the dividend accordingly.

For non-resident enterprise holders of H shares, i.e., any shareholders who hold the Company’s shares in the name of non-individual shareholders, including but not limited to HKSCC Nominee Limited, other nominees, trustees, or holders of H shares registered in the name of other groups and organisations, the Company will withhold and pay the enterprise income tax at the tax rate of 10% for such holders of H shares pursuant to the Notice of the State Administration of Taxation on the Issues Concerning Withholding the Enterprises Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Who Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)).

Should the holders of H shares of the Company have any doubt in relation to the aforesaid arrangements, they are recommended to consult their tax advisors for relevant tax impact in the PRC, Hong Kong and other countries (regions) on the possession and disposal of the H shares of the Company.

The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the individual holders of H shares and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the individual holders of H shares or any disputes over the withholding mechanism or arrangements.

ANNUAL GENERAL MEETING

The AGM will be held on Wednesday, 6 June 2018, while the notice of the AGM will be published and dispatched to shareholders of the Company in the manner as stipulated under the Listing Rules when appropriate.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the shareholders' eligibility to attend the AGM, the register of members of the Company will be closed from Monday, 7 May 2018 to Wednesday, 6 June 2018, both days inclusive, during which no transfer of shares will be registered. Only shareholders of the Company whose names appear on the register of members of the Company on Wednesday, 6 June 2018 or their proxies or duly authorised corporate representatives are entitled to attend the AGM. In order to qualify for attending and voting at the AGM, all properly completed transfer documents accompanied with relevant share certificates must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H shares), or the Company's registered office in the PRC at Unit 2202–2212, 22/F, Chuangye Building, No. 215 Fenjiang Middle Road, Foshan, Guangdong, the PRC (for holders of domestic shares) not later than 4:30 p.m. on Friday, 4 May 2018.

In order to determine the shareholders entitled to the 2017 Final Dividend, the register of members of the Company will be closed from Tuesday, 12 June 2018 to Sunday, 17 June 2018, both days inclusive, during which no transfer of shares will be registered. Only shareholders of the Company whose names appear on the register of members of the Company on Sunday, 17 June 2018 are entitled to the 2017 Final Dividend. In order to qualify for receiving the 2017 Final Dividend which is still subject to approval of the shareholders at the AGM, all properly completed transfer documents accompanied with relevant share certificates must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H shares), or the Company's registered office in the PRC at Unit 2202–2212, 22/F, Chuangye Building, No. 215 Fenjiang Middle Road, Foshan, Guangdong, the PRC (for holders of domestic shares) not later than 4:30 p.m. on Monday, 11 June 2018.

ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2017 will be dispatched to shareholders and made available on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Company (www.join-share.com) in April 2018.

By order of the Board
Guangdong Join-Share Financing Guarantee Investment Co., Ltd.*
Wu Liejin
Chairman

Foshan, the PRC, 28 March 2018

As of the date of this announcement, the executive directors of the Company are Mr. Wu Liejin (Chairman) and Mr. Xie Yongdong; the non-executive directors of the Company are Mr. Zhang Minming, Ms. Gu Lidan, Ms. Wu Yanfen and Mr. Huang Guoshen; and the independent non-executive directors of the Company are Mr. Wu Xiangneng, Mr. Leung Hon Man and Mr. Liu Heng.

* *for identification purpose only*