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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 2015

HIGHLIGHTS OF ANNUAL RESULTS OF 2015

- Total revenue was approximately RMB285.6 million, representing a decrease of approximately 7.1% as compared to last year.
- Net profit for the year and net profit margin were approximately RMB142.8 million and 50.0%, respectively.
- Profit before taxation amounted to approximately RMB192.6 million, representing a decrease of approximately 9.0% as compared to last year.
- Profit for the year attributable to equitable shareholders of the Company amounted to approximately RMB112.1 million, representing a decrease of approximately 22.8% as compared to last year.
- The payment of final dividends of RMB0.085 per share for the year ended 31 December 2015 is recommended by the Board.

The board of directors (the “**Board**”) of Guangdong Join-Share Financing Guarantee Investment Co., Ltd. (the “**Company**”) is pleased to release the audited annual results for the year ended 31 December 2015 of the Company and its subsidiaries (collectively, the “**Group**”), along with comparative figures from 2014.

(All amounts in RMB thousands unless otherwise stated)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2015

	Note	2015	2014
Guarantee fee income		140,582	170,434
Re-guarantee expenses		<u>(9,376)</u>	<u>(7,060)</u>
Net guarantee fee income		<u>131,206</u>	<u>163,374</u>
Interest income		131,702	107,413
Interest expenses		<u>(10,626)</u>	<u>(5,258)</u>
Net interest income		<u>121,076</u>	<u>102,155</u>
Service fee from consulting services		<u>33,352</u>	<u>41,814</u>
Revenue	4	285,634	307,343
Other revenue	5	28,800	20,992
Share of profits of associates		–	2,355
Net gain on disposal of subsidiaries		–	473
Provisions for guarantee losses		(2,533)	(8,146)
Impairment losses		(27,358)	(29,361)
Operating expenses		<u>(91,928)</u>	<u>(82,035)</u>
Profit before taxation	6	192,615	211,621
Income tax	7	<u>(49,785)</u>	<u>(54,867)</u>
Profit for the year		<u>142,830</u>	<u>156,754</u>
Attributable to:			
Equity shareholders of the Company		112,104	145,258
Non-controlling interests		<u>30,726</u>	<u>11,496</u>
Profit for the year		<u>142,830</u>	<u>156,754</u>
Earnings per share			
Basic and diluted (<i>RMB per share</i>)	8	<u>0.14</u>	<u>0.18</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

For the year ended 31 December 2015

	<i>Note</i>	2015	2014
Profit for the year		<u>142,830</u>	<u>156,754</u>
Other comprehensive income to be classified to profit or loss in subsequent year:			
Net gain on available-for-sale financial assets		9,721	3,101
Income tax arises from available-for-sale financial assets		<u>(2,431)</u>	<u>(775)</u>
Other comprehensive income for the year		<u>7,290</u>	<u>2,326</u>
Total comprehensive income for the year		<u>150,120</u>	<u>159,080</u>
Attributable to:			
Equity shareholders of the Company		119,394	147,584
Non-controlling interests		<u>30,726</u>	<u>11,496</u>
Total comprehensive income for the year		<u>150,120</u>	<u>159,080</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	2015	2014
Assets			
Cash and cash equivalents	9	866,247	858,328
Pledged bank deposits		260,565	240,321
Trade and other receivables	10	303,455	219,338
Loans and advances to customers	11	637,974	357,367
Available-for-sale financial assets		28,576	18,497
Receivable investments		32,875	120,500
Fixed assets		3,772	4,860
Intangible assets		1,809	232
Goodwill		419	419
Deferred tax assets		35,362	32,466
Total assets		<u>2,171,054</u>	<u>1,852,328</u>
Liabilities			
Interest-bearing borrowings		–	75,000
Liabilities from guarantees	12	163,269	175,415
Customer pledged deposits	13	6,871	14,505
Accruals and other payables	13	101,028	135,094
Current tax liabilities		42,259	35,314
Other financial instrument – liability component		86,748	92,983
Financial institution bonds		48,836	–
Total liabilities		<u>449,011</u>	<u>528,311</u>
NET ASSETS		<u>1,722,043</u>	<u>1,324,017</u>
CAPITAL AND RESERVES			
Share capital	14	1,066,667	800,000
Reserves		370,965	251,705
Total equity attributable to equity shareholders of the Company		<u>1,437,632</u>	<u>1,051,705</u>
Non-controlling interests		<u>284,411</u>	<u>272,312</u>
TOTAL EQUITY		<u>1,722,043</u>	<u>1,324,017</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

1 STATEMENT OF COMPLIANCE

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

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 and the Company. 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.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- *Amendments to HKAS 19, Employee benefits: Defined benefit plans: Employee contributions*
- *Annual Improvements to HKFRSs 2010–2012 Cycle*
- *Annual Improvements to HKFRSs 2011–2013 Cycle*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new or amended HKFRSs are discussed below:

Amendments to HKAS 19, Employee benefits: Defined benefit plans: Employee Contributions

The amendments introduce a relief to reduce the complexity of accounting for certain contributions from employees or third parties under defined benefit plans. When the contributions are eligible for the practical expedient provided by the amendments, a company is allowed to recognise the contributions as a reduction of the service cost in the period in which the related service is rendered, instead of including them in calculating the defined benefit obligation. The amendments do not have an impact on these financial statements as the defined benefit plans operated by the Group are wholly funded by contributions from the Group and do not involve contributions from employees or third parties.

Annual Improvements to HKFRSs 2010–2012 Cycle and 2011–2013 Cycle

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, HKAS 24, Related party disclosures has been amended to expand the definition of a “related party” to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group’s related party disclosures as the Group does not obtain key management personnel services from management entities.

3 SEGMENT REPORTING

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group’s most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group’s various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of deferred tax assets. Segment liabilities include all liabilities managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortization of assets attributable to those segments.

The Group manages its business by business lines. Consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group defines reporting segments based on the following operating segments:

Guarantee business

This segment represents the provision of a range of guarantee services and related consulting service to customers. These guarantee services include financing guarantee, performance guarantee and litigation guarantee. The consulting services include debt financing, internal control and risk management related consulting services to the guarantee customers.

SME lending

This segment represents the provision of a range of loan and related financing consulting services to the small and medium sized and micro enterprises ("SMEs") or the owners of SMEs.

Others

This segment represents the aggregation of other non-significant business lines and the operational results of the headquarters.

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 and 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:

	2015	2014
Guarantee fee income		
Financing guarantee fee income	134,446	167,999
Performance guarantee fee income	5,900	2,106
Litigation guarantee fee income	236	329
	<u>140,582</u>	<u>170,434</u>
Subtotal	140,582	170,434
Less: Re-guarantee expenses	(9,376)	(7,060)
Net guarantee fee income	<u>131,206</u>	<u>163,374</u>
Interest income		
– Loans and advances to customers	119,644	96,403
– Cash at banks and pledged bank deposits	12,058	11,010
	<u>131,702</u>	<u>107,413</u>
Subtotal	131,702	107,413
Interest expenses		
– Borrowings from banks	(3,448)	(2,462)
– Interest expenses from financial institution bonds	(1,413)	–
– Interest expenses from other financial instruments liability component	(5,765)	(2,796)
	<u>(10,626)</u>	<u>(5,258)</u>
Subtotal	(10,626)	(5,258)
Net interest income	<u>121,076</u>	<u>102,155</u>
Service fee from consulting services	<u>33,352</u>	<u>41,814</u>
Revenue	<u>285,634</u>	<u>307,343</u>

5 OTHER REVENUE

	2015	2014
Government grant	7,470	2,487
Available-for-sale financial assets (listed security) reclassified from equity on disposal	9,312	-
Dispose gain of available-for-sale financial assets (unlisted security)	-	1,080
Investment income of receivable investments	6,129	7,037
Investment income from available-for-sale financial assets	4,570	10,046
Foreign exchange gains	1,058	-
Others	261	342
	<u>28,800</u>	<u>20,992</u>

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Impairment and provision – charged/(reversed)

	2015	2014
Receivables for default guarantee payments	14,551	22,160
Receivables from guarantee customers	3,634	3,070
Loans and advances to customers	9,173	8,276
Receivable from HanTang Securities Co., Ltd. (i)	-	(4,145)
	<u>27,358</u>	<u>29,361</u>

- (i) Receivable from HanTang Securities Co., Ltd. represents the purchase of national debt, which was deposited in a custodian account at HanTang Securities Co. Ltd. 漢唐證券有限責任公司 (“**HanTang Securities**”). The official name of HanTang Securities is in Chinese, and the English translation is for reference only.

(b) Staff costs

	2015	2014
Salaries, wages, bonuses and other benefits	40,482	39,629
Contributions to retirement schemes	1,299	1,297
	41,781	40,926

The Group is required to participate in pension schemes organised 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

	2015	2014
Depreciation and amortization	2,985	1,829
Operating lease charges: minimum lease		
– Payments hire of property	5,691	6,045
Auditors' remuneration		
– Annual audit	613	128
– Initial Public Offering of the H Shares of the Company ("IPO") audit	2,347	294
Listing expense upon IPO (i)	4,256	325

(i) The transaction costs were charged by the professional parties in connection with the listing of the ordinary shares of the Company on the Main Board of the Stock Exchange on 23 December 2015. These costs were charged to profit or loss except to the extent that costs directly attributable to the issuance of incremental shares for IPO were recognised in equity upon listing.

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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

	2015	2014
Current tax		
Provision for PRC income tax for the year	55,111	67,995
Deferred tax		
Origination and reversal of temporary differences	<u>(5,326)</u>	<u>(13,128)</u>
Income tax expense	<u>49,785</u>	<u>54,867</u>

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

	2015	2014
Profit before taxation	<u>192,615</u>	<u>211,621</u>
Notional tax on profit before taxation, calculated at 25%	48,159	52,905
Effect of non-deductible expenses	4,814	6,523
Effect of non-taxable income	<u>(3,188)</u>	<u>(4,561)</u>
Actual income tax expense	<u>49,785</u>	<u>54,867</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:

	2015	2014
Profit attributable to the equity shareholders of the Company (<i>RMB thousands</i>)	112,104	145,258
Weighted average number of ordinary shares in issue for the purpose of basic earnings per share (<i>thousands shares</i>)	<u>806,575</u>	<u>800,000</u>
Basic earnings per share (<i>RMB per share</i>)	<u><u>0.14</u></u>	<u><u>0.18</u></u>

(b) Weighted average number of ordinary shares

	2015	2014
Issued ordinary shares at 1 January (<i>thousands shares</i>)	800,000	800,000
Effect of shares upon IPO (i) (<i>thousands shares</i>)	<u>6,575</u>	<u>–</u>
Weighted average number of ordinary shares at 31 December (<i>thousands shares</i>)	<u><u>806,575</u></u>	<u><u>800,000</u></u>

(i) On 23 December 2015, the Company was listed on the Main Board of the Stock Exchange, with 266,666,667 shares issued.

There were no dilutive potential ordinary shares during the years ended 31 December 2015 and 2014, and therefore, diluted earnings per share are the same as the basic earnings per share.

9 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	2015	2014
Cash in hand	13	23
Cash at banks	<u>542,991</u>	<u>568,766</u>
Cash and cash equivalents in the consolidated cash flow statement	543,004	568,789
Term deposits with banks	320,744	285,581
Restricted bank deposits	<u>2,499</u>	<u>3,958</u>
	<u>866,247</u>	<u>858,328</u>

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 represented the received guarantee business pledged customer deposit with tripartite custodian agreement among lending bank, guarantee customer 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>	2015	2014
Receivables for default guarantee payments	<i>(i)</i>	202,028	171,095
Less: Allowance for doubtful debts		(56,978)	(56,753)
		145,050	114,342
Receivables from guarantee customers	<i>(ii)</i>	69,055	40,084
Less: Allowance for doubtful debts		(7,476)	(4,282)
		61,579	35,802
Receivable from HanTang Securities		–	2,684
Less: Allowance for doubtful debts		–	(2,684)
		–	–
Interest receivables		14,150	9,403
Amount due from related parties		–	173
Receivables from disposal of default guarantee payments		18,414	18,414
Other receivables		20,576	13,828
		53,140	41,818
Deposits and prepayments	<i>(iii)</i>	35,343	13,447
Reposessed assets		8,343	7,601
IPO services fees		–	6,328
		43,686	27,376
		303,455	219,338

As at 31 December 2015, receivables from guarantee customers, other receivables, deposits and prepayments and reposessed assets expected to be recovered or recognised as expense after more than one year is RMB22.57 million (2014: RMB22.02 million). All of the remaining trade and other receivables are expected to be recovered or recognised as expense within one year.

- (i) During the year ended 31 December 2015, the Group disposed of receivables for default guarantee payments amounted to RMB109,021,000 (with allowances for doubtful debts of RMB11,189,000), without recourse to four third parties at considerations amounted to RMB 97,832,000.
- (ii) During the year ended 31 December 2015, the Group disposed of receivables from guarantee customers amounted to RMB 67,689,000 without recourse to four third parties at considerations amounted to RMB 67,249,000.
- (iii) The Company made a prepayment amounted to RMB 30,000,000 to establish 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 Guarantee**”) at 31 December 2015, in which the Company holds 20% equity interests. Yunfu Yuecai Guarantee was established on 4 February 2016.

(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

	2015	2014
Within 1 year	37,349	72,338
Over 1 year but less than 2 years	81,178	59,139
Over 2 years but less than 3 years	54,861	32,969
Over 3 years	28,640	6,649
Less: allowance for doubtful debts	<u>(56,978)</u>	<u>(56,753)</u>
	<u>145,050</u>	<u>114,342</u>

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

(ii) *Receivables from guarantee customers*

	2015	2014
Within 1 year	69,055	40,084
Less: allowance for doubtful debts	<u>(7,476)</u>	<u>(4,282)</u>
	<u>61,579</u>	<u>35,802</u>

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

11 LOANS AND ADVANCES TO CUSTOMERS

(a) **Analysed by nature**

	2015	2014
Entrusted loans	402,742	117,664
Micro-lending	<u>272,627</u>	<u>268,849</u>
Gross loans and advances to customers	675,369	386,513
Less: Allowances for impairment losses		
– Individually assessed	(16,438)	(15,980)
– Collectively assessed	<u>(20,957)</u>	<u>(13,166)</u>
Total allowances for impairment losses	<u>(37,395)</u>	<u>(29,146)</u>
Net loans and advances to customers	<u>637,974</u>	<u>357,367</u>

(b) **Analysed by industry sector**

	2015	%	2014	%
Wholesale and Retail	254,299	38%	81,190	21%
Service Sector	198,273	29%	90,835	24%
Loans to individual business proprietors	135,028	19%	90,091	22%
Manufacturing	71,363	10%	102,462	27%
Transportation warehousing and Postal service	11,006	2%	12,385	3%
Construction industry	3,000	1%	–	–
Real estate and construction	2,400	1%	2,400	1%
Others	–	–	7,150	2%
	<hr/>	<hr/>	<hr/>	<hr/>
Gross loans and advances to customers	675,369	100%	386,513	100%
Less: Allowances for impairment losses				
– Individually assessed	(16,438)		(15,980)	
– Collectively assessed	(20,957)		(13,166)	
	<hr/>		<hr/>	
Total allowances for impairment losses	(37,395)		(29,146)	
	<hr/>		<hr/>	
Net loans and advances to customers	<u>637,974</u>		<u>357,367</u>	

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

	2015	2014
Secured loans	156,701	158,500
Unsecured loans	123,608	496
Others	395,060	227,517
	<u>675,369</u>	<u>386,513</u>
Gross loans and advances to customers	675,369	386,513
Less: Allowances for impairment losses		
– Individually assessed	(16,438)	(15,980)
– Collectively assessed	(20,957)	(13,166)
	<u>(37,395)</u>	<u>(29,146)</u>
Total allowances for impairment losses	(37,395)	(29,146)
Net loans and advances to customers	637,974	357,367

Unsecured Loan: Unsecured loans refer to the loan which are not secured by collateral or counter-guaranteed.

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 properties and land use rights.

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 we do 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

	2015	2014
Deferred income	84,288	98,967
Provisions for guarantee losses	78,981	76,448
	<u>163,269</u>	<u>175,415</u>

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, 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 Notices of Inter-ministries Joint Meeting of Financing Guarantee Business Supervision Concerning the Regulation of the Management of Customer Deposits by Financing Guarantee Institutions 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 all received customer pledged deposits in a restricted bank account under tripartite custody.

(b) Accruals and other payables

	2015	2014
Accrued staff cost	36,664	41,590
Receipts in advance	6,052	4,598
Interest payables	–	144
Principle and fix return payable for other financial instrument – liability component	12,000	–
Dividends payable	–	80,000
Withholding income tax	130	98
Share premium payable to NSSF (i)	30,227	–
Other payables	15,955	8,664
	<hr/>	<hr/>
Total	101,028	135,094
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- (i) In accordance with relevant PRC regulations regarding the reduction of state-owned shares, the state-owned shareholders of the Company transferred 26,666,667 of their shares (par value: RMB1.00 per share) to the National Council for Social Security Fund of the PRC (“NSSF”) before the IPO. Share premium payable to NSSF represents the share premium for such shares owned by the NSSF, since such shares were listed on the Stock Exchange upon the IPO on 23 December 2015 with offer price at HKD 1.36 per share.

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	Share premium	Capital reserve	Surplus reserve	General reserve	Retained earnings	Total
Balance at 1 January 2014	800,000	43,107	–	42,744	42,744	101,061	1,029,656
Changes in equity for 2014:							
Profit for the year	–	–	–	–	–	148,610	148,610
Total comprehensive income	–	–	–	–	–	148,610	148,610
Appropriation to surplus reserve	–	–	–	14,861	–	(14,861)	–
Appropriation to general reserve	–	–	–	–	14,861	(14,861)	–
Dividends approved in respect of the previous year	–	–	–	–	–	(152,000)	(152,000)
Balance at 31 December 2014 and 1 January 2015	<u>800,000</u>	<u>43,107</u>	<u>–</u>	<u>57,605</u>	<u>57,605</u>	<u>67,949</u>	<u>1,026,266</u>

	Share capital	Share premium	Capital reserve	Surplus reserve	General reserve	Retained earnings	Total
Balance at 1 January 2015	800,000	43,107	-	57,605	57,605	67,949	1,026,266
Changes in equity for 2015:							
Profit for the year	-	-	-	-	-	96,149	96,149
Total comprehensive income	-	-	-	-	-	96,149	96,149
IPO	266,667	-	-	(134)	-	-	266,533
Appropriation to surplus reserve	-	-	-	9,615	-	(9,615)	-
Appropriation to general reserve	-	-	-	-	9,615	(9,615)	-
Balance at 31 December 2015 and 1 January 2016	<u>1,066,667</u>	<u>43,107</u>	<u>-</u>	<u>67,086</u>	<u>67,220</u>	<u>144,868</u>	<u>1,388,948</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

2015 was a year of great significance for the Company. The H shares of the Company were successfully listed on the Main Board of the Stock Exchange on 23 December 2015 (the “**Listing Date**”), marking a milestone for the Group in improving its capital strength and corporate governance as well as enhancing its competitive edge, which laid a solid foundation for the Group’s future development.

The growth of the overall Chinese economy has experienced slowdown during 2015. We believe that small and medium enterprises (“**SMEs**”) in China, which are our primary source of customers, are more susceptible to such adverse macro-economic conditions given their sizes. As a result, the commercial banks in China have been continuing to tighten their credit policies for SMEs, and to better manage our credit risk, we have also been continuing to tighten our overall requirements in our project assessment and acceptance process before approving a project. Against the background of economic downturn, our total revenue decreased by approximately 7.1% as compared to last year.

Financial Review

Net Guarantee Fee Income

Our net guarantee fee income decreased by approximately RMB32.2 million, or approximately 19.7%, to approximately RMB131.2 million in 2015 from approximately RMB163.4 million in 2014, primarily due to a decrease in the average balance of our outstanding guarantees by approximately 14.4% as compared to 2014. The annualized average guarantee fee ratio for the year ended 31 December 2015 was approximately 3.0%, as compared to approximately 3.1% for the year ended 31 December 2014.

Net Interest Income

Our SME net interest income increased by approximately RMB18.9 million, or approximately 18.5%, to approximately RMB121.1 million in 2015 from approximately RMB102.2 million in 2014, primarily due to an increase in interest income from our micro-lending business by approximately 93.3%, and to a lesser extent, by the increase of approximately 2.8% in interest income from our entrusted loan business.

The interest income from our entrusted loan business for the year ended 31 December 2015 increased by approximately 2.8% as compared to that for the same period in 2014, which was primarily attributable to the decrease in the annualized average interest fee rate from approximately 20.5% to approximately 16.8%, as a result of (i) the decrease of the People's Bank of China (“PBOC”) benchmark interest rate in the year ended 31 December 2015; and (ii) the entrusted loans of larger amount which accounted for an increasing portion in our entrusted loan portfolio, and the interest rates for such entrusted loans generally lower in the 2015. The decrease in the annualized average interest fee rate was partially offset by the increase in the average month end balance of entrusted loans by approximately 25.5%.

The interest income from our micro-lending business for the year ended 31 December 2015 increased by approximately 93.3% as compared to that for the same period in 2014, primarily as a result of the consolidation of 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”) in our financial statements since June 2014, and partially offset by the decrease in the annualized average interest fee rate for our micro-lending business from approximately 21.7% to approximately 18.1% as a result of the decrease of PBOC benchmark interest rate in 2015.

Service Fee from Consulting Services

Our service fee from consulting services decreased by approximately RMB8.4 million, or approximately 20.1%, to approximately RMB33.4 million in 2015 from approximately RMB41.8 million in 2014, primarily due to the tightened credit policies of the commercial banks in China, which reduced the financings that our customers could obtain.

Other Revenue

Our other revenue increased by approximately RMB7.8 million, or approximately 37.1%, to approximately RMB28.8 million in 2015 from approximately RMB21.0 million in 2014, primarily due to (i) an increase in investment income from disposal of available-for-sale financial assets by approximately RMB8.2 million, or approximately 745.5%, to approximately RMB9.3 million in 2015 from approximately RMB1.1 million in 2014, and (ii) an increase in government grant by approximately RMB5.0 million, or approximately 200.0%, to approximately RMB7.5 million in 2015 from approximately RMB2.5 million in 2014.

Share of Profits of Associates

We recorded share of profits of associates of approximately RMB2.4 million in the six months ended 30 June 2014 from Foshan Micro Credit, which was our then associate and became our subsidiary since June 2014.

Provisions for Guarantee Losses

Provisions for guarantee losses primarily reflect our management's estimate on the level of provisions that is adequate to our guarantee business. We made provisions for guarantee losses of approximately RMB2.5 million in 2015 compared to approximately RMB8.1 million in 2014, primarily due to a decrease in the net balance of our outstanding financing guarantees from approximately RMB4,300.9 million as of 31 December 2014 to approximately RMB3,415.8 million as of 31 December 2015.

Impairment Losses

Impairment losses mainly include impairment allowances we make in relation to (i) receivables for default guarantee payments, which reflect the net default guarantee payments which we are unable to collect; (ii) loans and advances to customers primarily in our entrusted loan and micro-lending businesses, which reflect the net amount of loans and advances to customers which we are unable to collect; and (iii) receivable generated by treasury bonds we purchased through HanTang Securities in 2003. Our impairment losses decreased by approximately RMB2.0 million, or approximately 6.8%, to approximately RMB27.4 million in 2015 from approximately RMB29.4 million in 2014, primarily due to the decrease in the impairment loss of receivables for default guarantee payments to approximately RMB14.6 million in 2015 from approximately RMB22.2 million in 2014. The foregoing decrease was partially offset by a decrease in our write-back of impairment losses of receivable from HanTang Securities to nil in 2015 from approximately RMB4.1 million in 2014.

Operating expenses

Our operating expenses increased by approximately RMB9.9 million, or approximately 12.1%, to approximately RMB91.9 million in 2015 from approximately RMB82.0 million in 2014, mainly attributable to (i) an increase in listing expenses in connection with the listing of our H shares by approximately RMB4 million, or approximately 1,333.3%, to approximately RMB4.3 million in 2015 from approximately RMB0.3 million in 2014, (ii) an increase in our depreciation and amortization expenses by approximately RMB1.2 million, or approximately 66.7%, to approximately RMB3.0 million in 2015 from approximately RMB1.8 million in 2014, due to the increase in employees, the expansion of business locations, the consolidation of Foshan Micro Credit in our financial statements and the establishment of Zhongshan Join-Share Technology Financing Guarantee Investment Co., Ltd. (中山中盈盛達科技融資擔保投資有限公司) (“**Zhongshan Join-Share**”).

Profit before Taxation

As a result of the foregoing, our profit before taxation decreased by approximately RMB19.0 million, or approximately 9.0%, to approximately RMB192.6 million in 2015 from approximately RMB211.6 million in 2014. Our profit before taxation accounted for approximately 67.4% and 68.9% of our revenue in 2015 and 2014, respectively.

Income Tax

Our income tax decreased by approximately RMB5.1 million, or approximately 9.3%, to approximately RMB49.8 million in 2015 from approximately RMB54.9 million in 2014, primarily due to an decrease in taxable profit.

Profit for the Year

As a result of the foregoing, our profit for the year decreased by approximately RMB14.0 million, or approximately 8.9%, to approximately RMB142.8 million in 2015 from approximately RMB156.8 million in 2014, and our net profit margin decreased to approximately 50% in 2015 from approximately 51.0% in 2014.

Capital Expenditure

Our capital expenditures consist primarily of expenditures for the purchase of motor vehicles, office and other equipments and office decoration. For the year ended 31 December 2015, our capital expenditures amounted to approximately RMB1.0 million, which was primarily related to our business expansion.

Capital Commitments and contingent liabilities

As at 31 December 2015, 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 RMB4,895.2 million and RMB9.0 million, respectively.

The Group did not have any contingent liabilities as at 31 December 2015.

Charge on assets

As at 31 December 2015, the Group did not pledge any of its assets to secure any banking facility or bank loan.

Prospects

While the signs of general economic recovery in China are still relatively fragile, we believe the continued strong demand for financing by China's SME segment will continue to lend positive support to the financing guarantee and SME lending industries in the foreseeable future. We also continue to see a generally favorable regulatory environment promoting the sustainability and long term development of financing guarantee and SMEs in China, thereby enabling companies like us to play a bigger role in helping SMEs with financing needs.

In the second half of 2015, we entered into cooperation agreements with three newly established commercial banks and a cooperation agreement with Guangdong Financing Re-Guarantee Company Limited* (廣東省融資再擔保有限公司) (“**Guangdong Re-Guarantee**”) for cooperation in the contract bonds business. Foshan Micro Credit issued two series of private placement bonds, each of which is of an amount of RMB25.0 million, in September 2015 and October 2015, respectively. The proceeds from such issuance of private placement bonds were used for the development of our micro-lending business. We consider issuance of private placement bonds as an alternative source of financing that we may use to develop our business in the future. We will continue to steadfastly and methodically implement the strategies as set out in the prospectus of the Company dated 11 December 2015 (the “**Prospectus**”), as we continue to build to become a premier diversified and integrated financial services company in China, focusing on meeting the diverse financing and business needs of SMEs. Our strategic goal is to become an integrated financing services provider for SMEs and maintain our leading position in the financing guarantee industry in Guangdong province.

Leveraging our prudent risk management system, professional management team and good management culture, we believe that our key competitiveness and long-term profitability will continue to be enhanced. We will strengthen our existing market position as a foundation to further explore new regional markets in Guangdong province, and continue to enhance our influence and competitiveness in the financing guarantee industry in China. To realize our strategic goal, we intend to implement the following measures: 1) strategically expand our branch network and extend our reach in the industry value chain; 2) enhance product development and innovation; 3) strengthen our cooperative relationships with re-guarantee institutions, other guarantee companies and local governments to further optimize our risk management; 4) continue to enhance our information technology and other capabilities to strengthen our risk management and internal controls; and 5) continue to attract, retain, motivate and train experienced and talented employees.

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 as a going concern, so that it will continue to provide returns for equity shareholders of the Company 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 to maintain a balance between the higher equity holder/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.

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.

The net proceeds from the listing of the Company's H shares on the Stock Exchange on 23 December 2015 (after deducting underwriting fees and commissions and listing-related expenses) amounted to approximately HK\$376.6 million. During the financial year ended 31 December 2015, the net proceeds had not yet been utilised. We intend to utilise the net proceeds for the purpose consistent with those set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

As of 31 December 2015, our cash and cash equivalent was approximately RMB866.2 million.

Indebtedness

As of 31 December 2015, private placement bonds issued by Foshan Micro Credit amounted to RMB50.0 million.

In addition, we had other financial instrument – liability component of RMB86.7 million.

Off-Balance Sheet Arrangements

We are a party to 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 2015, our outstanding guarantee totaled approximately RMB4,895.2 million. We have no other off-balance-sheet arrangements.

EVENT AFTER REPORTING PERIOD

In February 2016, the Company has established a company, namely Yunfu Yuecai Guarantee with Guangdong Re-Guarantee, Yunfu Rongda Asset Operations Company Limited* (雲浮市融達資產經營有限公司) ("**Yunfu Rongda**") and Guangdong Wenshi Investment Company Limited* (廣東溫氏投資有限公司) ("**Guangdong Wenshi**") for the purpose of providing financial and non-financial guarantee and financial consulting services for individuals and SMEs in Yunfu. Yunfu Yuecai Guarantee is held as to 20% by the Company, 40% by Guangdong Re-Guarantee, 33.33% by Yunfu Rongda and 6.67% by Guangdong Wenshi. The financial results of Yunfu Yuecai Guarantee will be presented in the Group's financial statements for the year ending 31 December 2016 as an interest in associate. Details of the transaction were disclosed in the Company's announcement dated 18 February 2016.

HUMAN RESOURCES

The total number of staff within the Group at 31 December 2015 and 31 December 2014 was 242 and 230 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 2015, we paid approximately RMB41.8 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period from the Listing Date up to 31 December 2015, 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 the audit committee with written terms of reference in compliance with the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). As at the date of this announcement, the audit committee of the Company comprises three members, namely Mr. Wu Xiangneng, Mr. Leung Hon Man and Mr. Huang Guoshen, two of whom are independent non-executive directors of the Company. Mr. Wu Xiangneng is the chairman of the audit committee. The audit committee has reviewed and discussed the annual results of the Group for the year ended 31 December 2015. 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 2015.

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 of the Company 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 period from the Listing Date up to 31 December 2015, 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 to regulate the securities transactions of the directors and supervisors of the Company. Having made specific enquiries in writing to the directors and supervisors of the Company, all directors and supervisors of the Company have confirmed that they have complied with the provisions of the Model Code throughout the period commencing from the Listing Date to 31 December 2015.

FINAL DIVIDEND

The Board recommends the distribution of a final dividend of RMB0.085 (before considering any tax effect) per share for the year ended 31 December 2015, amounting to RMB90,666,666.695 (the “**2015 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 2015 Final Dividend will be subject to approval at the forthcoming 2015 annual general meeting (“**AGM**”) and is expected to be paid on or about Thursday, 28 July 2016.

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 2015) (《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2015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 Mainland China, 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 Monday, 6 June 2016, 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 Saturday, 7 May 2016 to Monday, 6 June 2016, 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 Monday, 6 June 2016 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 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 6 May 2016.

In order to determine the shareholders entitled to the 2015 Final Dividend, the register of members of the Company will be closed from Saturday, 11 June 2016 to Thursday, 16 June 2016, 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 Thursday, 16 June 2016 are entitled to the 2015 Final Dividend. In order to qualify for receiving the 2015 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 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 10 June 2016.

ANNUAL REPORT

The annual report of the Company for the year 2015 will be dispatched to shareholders of the Company 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 2016.

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

Foshan, the PRC, 28 March 2016

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 purposes only*