



2016 Interim Report



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 limited liability company incorporated in the People's Republic of China)
Stock Code: 1543

*For identification purpose only



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Corporate Information

EXECUTIVE DIRECTORS

Mr. Wu Liejin (吳列進)
Mr. Xie Yongdong (謝勇東)

NON-EXECUTIVE DIRECTORS

Mr. Zhang Minming (張敏明)
Ms. Gu Lidan (顧李丹)
Ms. Wu Yanfen (吳艷芬)
Mr. Huang Guoshen (黃國深)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wu Xiangneng (吳向能)
Mr. Leung Hon Man (梁漢文)
Mr. Liu Heng (劉恒)

SUPERVISORS

Mr. Li Qi (李琦)
Ms. Feng Qunying (馮群英)
Mr. Wang Wei (王維)
Mr. Liang Yi (梁毅)
Mr. Liao Zhenliang (廖振亮)
Mr. Zhong Jian (鍾堅)

AUDIT COMMITTEE

Mr. Wu Xiangneng (吳向能) (*Chairman*)
Mr. Leung Hon Man (梁漢文)
Mr. Huang Guoshen (黃國深)

REMUNERATION AND APPRAISAL COMMITTEE

Mr. Leung Hon Man (梁漢文) (*Chairman*)
Mr. Liu Heng (劉恒)
Mr. Wu Xiangneng (吳向能)
Mr. Zhang Minming (張敏明)
Mr. Xie Yongdong (謝勇東)

NOMINATION COMMITTEE

Mr. Wu Liejin (吳列進) (*Chairman*)
Mr. Leung Hon Man (梁漢文)
Mr. Liu Heng (劉恒)
Mr. Wu Xiangneng (吳向能)
Ms. Wu Yanfen (吳艷芬)

RISK MANAGEMENT COMMITTEE

Mr. Zhang Minming (張敏明) (*Chairman*)
Mr. Wu Liejin (吳列進)
Mr. Xie Yongdong (謝勇東)
Mr. Huang Guoshen (黃國深)
Mr. Wu Xiangneng (吳向能)

STRATEGY COMMITTEE

Mr. Wu Liejin (吳列進) (*Chairman*)
Mr. Zhang Minming (張敏明)
Mr. Xie Yongdong (謝勇東)
Ms. Gu Lidan (顧李丹)
Mr. Liu Heng (劉恒)

JOINT COMPANY SECRETARIES

Mr. Wong Yat Tung (黃日東)
Mr. Zheng Zhengqiang (鄭正強)

AUTHORISED REPRESENTATIVES

Mr. Wu Liejin (吳列進)
Mr. Wong Yat Tung (黃日東)

REGISTERED OFFICE

Unit 2202–2212, 22/F, Chuangye Building
No. 215 Fenjiang Middle Road
Foshan, Guangdong
PRC



Corporate Information (Continued)

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18/F, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN PRC

Unit 2202–2212, 22/F, Chuangye Building
No. 215 Fenjiang Middle Road
Foshan, Guangdong
PRC

COMPLIANCE ADVISOR

KGI Capital Asia Limited

H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
46th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

China Construction Bank Corporation
Guangdong Branch
No. 509, Dongfeng Middle Road
Yuexiu District
Guangzhou, Guangdong
PRC

Bank of China Limited
Foshan Branch
2 Renmin West Road
Chancheng District
Foshan, Guangdong
PRC

LEGAL ADVISORS AS TO HONG KONG LAW

Deacons

AUDITORS

KPMG
Certified Public Accountants

COMPANY'S WEBSITE

www.join-share.com

STOCK CODE

1543



Management Discussion and Analysis

OVERVIEW

After the Listing of the Company's H shares on the Stock Exchange on 23 December 2015 (the "Listing"), the Company utilized the funds raised from the Listing to expand its business segment. With an enhanced brand influence, it is expected that the Company will have great development prospects.

In the first half of 2016, macro economy in China is still growing at a relatively slow pace. SMEs, being the major customers of the Company, are still suffering from the effects brought about by economic restructuring and industrial transformation and upgrade. To improve management of the Company's credit risk, we have maintained strict adherence to our business strategy and have taken a prudent approach in our business development. At the same time, the commercial banks in China have been continuing to tighten their credit policies for SMEs, which restricted the business development of the Company. Under this economic environment, our total revenue in the first half of 2016 decreased by 14.3% as compared to the first half of last year.

BUSINESS REVIEW

During the first half of this year, we have continued to enhance business opportunities and strengthen the Group's overall market position as an integrated financial service player in the industry.

We have established a new wholly-owned subsidiary, Guangdong Join-Share Capital Management Limited* (廣東中盈盛達資本管理有限公司) ("**Guangdong Capital Management**") on 27 April 2016, which will provide capital management services for existing and new customers with the need for such services. Guangdong Capital Management has commenced operation in around May 2016 and has a registered capital of RMB30 million, of which RMB3 million was funded by our internal resources and RMB27 million was funded by the reallocated actual net proceeds from the Listing. Details of change in use of proceeds were disclosed in the Company's announcement dated 16 May 2016.

On 24 May 2016, in order to expand the Group's SME lending business and improve our status in the market, we have applied RMB27 million from the actual net proceeds from the Listing and RMB3 million from our internal resources to the registered capital 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**"). Subsequent to the capital increase, the registered capital of Foshan Micro Credit was increased from RMB200 million to RMB230 million.

We believe that the establishment of Guangdong Capital Management will enhance future business opportunities, which will be more in line with the current business needs of the Company and are beneficial to the continued and rapid development of the Group, so as to strengthen the Group's overall market position as an integrated financial service player in the industry.



Management Discussion and Analysis (Continued)

FINANCIAL REVIEW

Net Guarantee Fee Income

During the six months ended 30 June 2016, our net guarantee fee income was approximately RMB63.8 million, which decreased by approximately RMB4.1 million from approximately RMB67.9 million for the six months ended 30 June 2015, representing a decline of approximately 6.0%. This was due to (i) we have adjusted the structure of and have taken a cautious approach in operating our financing guarantee business, which resulted in a decrease in the average balance of our outstanding financing guarantees by approximately 15.1% and a decrease in financing guarantee fee income of approximately RMB10.7 million or approximately 15.3%; and (ii) we have expanded our non-financing guarantee business, which has a relatively lower risk exposure, and has resulted in an increase in our non-financing fee income of approximately RMB4.9 million or approximately 235.7%, which has partially offset the decrease in our financing guarantee fee income.

Net Interest Income

During the six months ended 30 June 2016, our SME net interest income was approximately RMB44.7 million, which decreased by approximately RMB14.7 million from approximately RMB59.4 million for the six months ended 30 June 2015, representing a decline of approximately 24.7%. This was due to the continued decrease of the People's Bank of China benchmark interest rate in the year ended 31 December 2015.

The interest income from our entrusted loan business for the six months ended 30 June 2016 decreased by approximately 13.0% as compared to that for the same period in 2015, which was primarily attributable to the decrease in the annualized average interest fee rate from approximately 17.6% to 13.9%.

The interest income from our micro-lending business for the six months ended 30 June 2016 decreased by approximately 22.8% as compared to that for the same period in 2015, which was primarily attributable to the decrease in the annualized average interest fee rate for our micro-lending business from approximately 19.3% to approximately 14.3%.

Service Fee from Consulting Services

Our service fee from consulting services decreased by approximately RMB1.9 million, or approximately 10.8%, to approximately RMB15.7 million for the six months ended 30 June 2016 from approximately RMB17.6 million for the six months ended 30 June 2015, 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 RMB6.9 million, or approximately 84.1%, to approximately RMB15.1 million for the six months ended 30 June 2016 from approximately RMB8.2 million for the six months ended 30 June 2015, primarily due to (i) the investment income generated from disposal of available-for-sale financial assets of approximately RMB9.6 million; and (ii) the positive effect of USD to RMB exchange rate changes during first half of 2016.



Management Discussion and Analysis (Continued)

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. For the six months ended 30 June 2016, we wrote back provisions for guarantee losses of approximately RMB6.5 million compared to approximately RMB10.9 million for the six months ended 30 June 2015, representing a decrease of approximately RMB4.4 million, or approximately 40.4% which was mainly attributable to a decrease in the net balance of our outstanding financing guarantees from approximately RMB3,415.8 million as of 31 December 2015 to approximately RMB3,130.3 million as of 30 June 2016.

Impairment Losses

During the six months ended 30 June 2016, our impairment losses were approximately RMB27.7 million, which increased by approximately RMB4.4 million or approximately 18.9% from approximately RMB23.3 million for the six months ended 30 June 2015, primarily due to the increase in the impairment loss of receivables for default guarantee payments from approximately RMB9.8 million for the six months ended 30 June 2015 to approximately RMB24.4 million for the six months ended 30 June 2016.

Operating Expenses

Our operating expenses decreased by approximately RMB8.2 million, or approximately 19.1%, to approximately RMB34.8 million for the six months ended 30 June 2016 from approximately RMB43.0 million for the six months ended 30 June 2015, mainly attributable to (i) a decrease in staff cost from approximately RMB20.8 million for the six months ended 30 June 2015 to approximately RMB17.8 million for the six months ended 30 June 2016; and (ii) a decrease in professional and consultancy fees from approximately RMB5.4 million for the six months ended 30 June 2015 to approximately RMB1.1 million for the six months ended 30 June 2016, which was mainly attributable to the preparation of our Listing in 2015 which did not recur after Listing.

Profit before Taxation

As a result of the foregoing, our profit before taxation decreased by approximately RMB14.3 million from approximately RMB97.6 million for the six months ended 30 June 2015 to approximately RMB83.3 million for the six months ended 30 June 2016, representing a decline of 14.7%.

Income Tax

Our income tax decreased by approximately RMB3.5 million, or approximately 13.9%, to approximately RMB21.7 million for the six months ended 30 June 2016 from approximately RMB25.2 million for the six months ended 30 June 2015, primarily due to a decrease in taxable profit.

Profit for the period

As a result of the foregoing, our profit for the six months ended 30 June 2016 decreased by approximately RMB10.7 million, or approximately 14.8%, to approximately RMB61.7 million from approximately RMB72.4 million for the six months ended 2015.



Management Discussion and Analysis (Continued)

Capital Expenditure

Our capital expenditures consist primarily of expenditures for the purchase of motor vehicles, office and other equipment and office decoration. For the six months ended 30 June 2016, our capital expenditures amounted to approximately RMB5.3 million, which was primarily related to acquisition of office premises for our business expansion.

Commitments and Contingent Liabilities

As at 30 June 2016, our outstanding commitments of the leases of our office premises amounted to approximately RMB6.3 million.

The Group did not have any contingent liabilities as at 30 June 2016.

Charge on Assets

As at 30 June 2016, the Group did not pledge any of its assets to secure any banking facility or bank loan.

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 can continue to provide returns for equity 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 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 most of 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 and bonds payable.

As of 30 June 2016, our cash and cash equivalent was approximately RMB760.9 million.



Management Discussion and Analysis (Continued)

Indebtedness

As of 30 June 2016, private placement bonds issued by Foshan Micro Credit amounted to RMB50.0 million.

In addition, we had other financial instrument – liability component of RMB86.6 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 30 June 2016, our outstanding guarantee amounted to a total of approximately RMB5,534.9 million. We have no other off-balance-sheet arrangements.

Use of Proceeds

The actual net proceeds from the Listing (after deducting underwriting fees and commissions and listing related expenses, and excluding the amount remitted to the National Council for Social Security Fund of the PRC (全國社會保障基金理事會) in accordance with the relevant PRC regulations regarding the reduction of state-owned shares) amounted to approximately HK\$340.3 million. As at 30 June 2016, the Group had used approximately HK\$122.5 million of the actual net proceeds, of which (i) approximately HK\$23.9 million has been utilised to establish a company, namely Yunfu Yuecai Puhui Financing Guarantee Co., Ltd* (雲浮市粵財普惠融資擔保股份有限公司) with Guangdong Financing Re-Guarantee Company Limited* (廣東省融資再擔保有限公司) (“**Guangdong Re-Guarantee**”), Yunfu Rongda Asset Operations Company Limited* (雲浮市融達資產經營有限公司) and Guangdong Wenshi Investment Company Limited* (廣東溫氏投資有限公司) for the purpose of providing financing and non-financing guarantee and financial consulting services for individuals and SMEs in Yunfu; (ii) approximately HK\$5.1 million has been utilised for supplementing operating capital and other business expenses; (iii) approximately HK\$32.1 million has been used to contribute to the registered capital of Guangdong Capital Management; and (iv) approximately HK\$32.0 million and HK\$29.1 million has been used to contribute to the registered capital of Foshan Micro Credit and the acquisition of shares in Foshan Micro Credit from its existing shareholders respectively. Following the acquisition, our shareholding in Foshan Micro Credit increased from 30% to approximately 50.4%. For the proposed application of the remaining actual net proceeds, please refer to the announcement of the Company dated 16 May 2016.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2016.

SIGNIFICANT INVESTMENT

During the six months ended 30 June 2016, the Group held listed securities, wealth management products and unlisted bonds and trust rights of approximately RMB62.1 million. Details of which are set out in notes 13 and 14 of the notes to financial statements in this interim report.



Management Discussion and Analysis (Continued)

HUMAN RESOURCES

The total number of staff within the Group as at 30 June 2016 was 252. 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 six months ended 30 June 2016, we accrued approximately RMB17.8 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.

PROSPECTS

In view of "Business Startups and Creativity for the Public (大眾創業、萬眾創新)" and under the development trend of industrial transformation and upgrade, the financing demand for SMEs in China remains huge. With the implementation of structural reforms of supply side and the increasing attention on the private economy from governments at central, provincial and municipal levels, it is expected that more policies will be promulgated to support SMEs and financial institutions (including financial guarantee and micro-lending) in the foreseeable future. We also expect that the overall improvement of the regulatory environment will enable institutions in the industry that we operate to play a bigger role in helping SMEs with financing needs.

In the first half of 2016, we entered into cooperation agreements and maintained sound partnership with 11 commercial banks. We also enhanced the cooperation with national re-guarantee institutions including Guangdong Re-Guarantee, Beijing SMEs Credits Re-Guarantee Co., Ltd. and Hunan Medium & Small Enterprises Credit Guarantee Co., Ltd., and endeavored to expand the non-financing guarantee business.

In the second half of 2016, we will steadfastly implement the strategic plan of the Company. With a strategic goal of becoming a leading Chinese financing service provider with a systematic platform for the SMEs, we are committed to solve the difficulties encountered by the SMEs in obtaining financing and aim to achieve common growth among shareholders, local governments, customers, cooperative institutions and other industry players. To realize our strategic goal, we intend to implement the following measures:

- (1) to accelerate the progress of major strategic cooperation plan and regional strategy layout, improve the construction of relevant multi-industry chains;
- (2) to strengthen the cooperation with local governments and industrial associations;
- (3) to continue enhancing the cooperation with all kinds of financial institutions and expanding cooperation channels;
- (4) to enhance the development and innovation of products;
- (5) to optimize internal management and improve management efficiency;
- (6) to continue enhancing the information construction of the Company;
- (7) to attract, retain and train experienced and talented employees and further strengthen the construction of the team.



Management Discussion and Analysis (Continued)

OTHER INFORMATION

DIRECTORS', CHIEF EXECUTIVES' AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES AND ITS ASSOCIATED CORPORATION

As at 30 June 2016, the interests or short positions of Directors, chief executive or supervisors of the Company (the "Supervisors") in the shares, underlying shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register required to be kept under Section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules were as follows:

Interest in Shares of our Company

Name of Shareholder	Position	Nature of Interest	Number and class of Shares ⁽¹⁾	Approximate percentage of shareholding in the relevant class of Shares ⁽²⁾	Approximate percentage of shareholding in the total share capital of the Company ⁽³⁾
Mr. Xie Yongdong ⁽⁴⁾	Director	Interest in controlled corporation	39,920,000 Domestic shares (L)	5.16%	3.74%
Mr. Huang Guoshen	Director	Beneficial owner	41,760,000 Domestic shares (L)	5.40%	3.92%
Mr. Wu Liejin	Director	Beneficial owner	31,280,351 Domestic shares (L)	4.04%	2.93%
Ms. Wu Yanfen	Director	Beneficial owner	29,700,000 Domestic shares (L)	3.84%	2.78%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) As at 30 June 2016, the issued Domestic shares and the H shares of the Company were 773,333,333 shares and 293,333,334 shares, respectively.
- (3) As at 30 June 2016, there were 1,066,666,667 shares of the Company in issue.
- (4) Mr. Xie Yongdong is the only general partner of Foshan Venture Growth Investment Centre L.P. (佛山創業成長投資中心(有限合伙)) ("Foshan Venture Growth"), which is a limited partnership directly holds 39,920,000 Domestic shares of our Company. As Mr. Xie Yongdong, being the general partner, can solely exercise control over Foshan Venture Growth, he is deemed to be interested in the 39,920,000 Domestic Shares held by Foshan Venture Growth.

Save as disclosed above, as at 30 June 2016, none of the Directors, Supervisors or the chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO) which are required (i) to be recorded in the register required to be kept under section 352 of the SFO; or (ii) to be notified to the Company and the Stock Exchange pursuant to the Model Code.



Management Discussion and Analysis (Continued)

Interests in Associated Corporations

None of the Directors, Supervisors or the chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of associated corporations (within the meaning of Part XV of SFO) of the Company.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

None of the Directors or Supervisors or any of their respective associates was granted by the Company or its subsidiaries any right to acquire shares or debentures of the Company or any other body corporate, or had exercised any such right during the six months ended 30 June 2016.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2016, the persons, (not being the Directors, Supervisors or chief executive of the Company) or corporations having short positions in the shares or underlying shares of the Company which are required to be notified to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept under section 336 of the SFO and who were directly and/or indirectly deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company are listed as follows:

Name of Shareholder	Nature of Interest	Number and class of Shares ⁽¹⁾	Approximate percentage of shareholding in the relevant class of Shares ⁽²⁾	Approximate percentage of shareholding in the total share capital of the Company ⁽³⁾
粵財控股香港國際有限公司 ⁽⁴⁾	Beneficial owner	89,800,000 H shares (L)	30.61%	8.42%
廣東粵財投資控股有限公司 ⁽⁴⁾	Interest of controlled corporation	89,800,000 H shares (L)	30.61%	8.42%
Franklin Templeton Sealand Fund Management Co., Ltd	Investment manager	45,000,000 H shares (L)	15.34%	4.22%
Dawanjia (HK) Limited	Beneficial owner	43,632,000 H shares (L)	14.87%	4.09%
CITIC Securities Co., Ltd.	Beneficial owner	34,904,000 H shares (L)	11.90%	3.27%
Sung Ka Woon (formerly known as Song Li)	Beneficial owner	26,000,000 H shares (L)	8.86%	2.44%
Ms. Zhang Yubing	Beneficial owner	41,760,000 Domestic shares (L)	5.40%	3.92%
Foshan Venture Growth	Beneficial owner	39,920,000 Domestic shares (L)	5.16%	3.74%



Management Discussion and Analysis (Continued)

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) As at 30 June 2016, the issued Domestic shares and the H shares of the Company were 773,333,333 shares and 293,333,334 shares, respectively.
- (3) As at 30 June 2016, there were 1,066,666,667 shares of the Company in issue.
- (4) 廣東粵財投資控股有限公司 holds 100% of 粵財控股香港國際有限公司, which directly holds 89,800,000 H shares of the Company and is deemed to be interested in 89,800,000 H shares held by 粵財控股香港國際有限公司.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2016, there was no purchase, sale or redemption of any listed securities of the Company by the Company or any of its subsidiaries.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The unaudited consolidated interim financial information for the six months ended 30 June 2015 and this interim report has been reviewed by the Audit Committee. This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Listing Rules, including compliance with Hong Kong Accounting Standard 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the HKICPA.

CORPORATE GOVERNANCE

The Group is committed to maintaining high level of corporate governance. The Board currently comprises two executive Directors, four non-executive Directors and three independent non-executive Directors. The Board has adopted the code provisions of the CG Code as set out in Appendix 14 to the Listing Rules.

For the six months ended 30 June 2016, the Company has complied all the code provisions under the CG Code. The Board will continue to review and improve the Company's corporate governance system to ensure its compliance with the CG Code.



Management Discussion and Analysis (Continued)

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS

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 Company’s Directors and Supervisors. Having made specific enquiry with all members of the Board and Supervisors, they have confirmed their compliance with the relevant standards stipulated in the Model Code during the six months ended 30 June 2016.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS’ AND SUPERVISORS’

There is no change in the Directors’ or Supervisors’ biographical details which is required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules since the date of 2015 annual report of the Company.

SUBSEQUENT EVENT

In July 2016, the Company paid dividends amounted to RMB90,088,666.695, which was declared on 6 June 2016.



Review Report



To the board of Guangdong Join-Share Financing Guarantee Investment Co., Ltd.

(Incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 16 to 72 which comprises the consolidated statement of financial position of Guangdong Join-Share Financing Guarantee Investment Co., Ltd. (the "Company") and its subsidiaries (collectively the "Group") as of 30 June 2016 and the related consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six months period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.



Review Report (Continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2016 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

25 August 2016



Consolidated Statement of Profit or Loss

For the six months ended 30 June 2016 – unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2016 RMB'000	2015 RMB'000
Guarantee fee income		66,182	72,047
Re-guarantee expenses		(2,386)	(4,155)
Net guarantee fee income		63,796	67,892
Interest income		50,363	64,594
Interest expenses		(5,692)	(5,162)
Net interest income		44,671	59,432
Service fee from consulting services		15,668	17,583
Revenue	3	124,135	144,907
Other revenue	4	15,092	8,180
Provisions written back for guarantees issued		6,554	10,883
Impairment losses	5(a)	(27,670)	(23,317)
Operating expenses		(34,787)	(43,044)
Profit before taxation		83,324	97,609
Income tax	6	(21,650)	(25,225)
Profit for the period		61,674	72,384
Attributable to:			
Equity shareholders of the Company		49,640	56,367
Non-controlling interests		12,034	16,017
Profit for the period		61,674	72,384
Earnings per share			
Basic and diluted (RMB per share)	8	0.05	0.07

The notes on pages 22 to 72 form part of this interim financial report. Details of dividends payable to equity shareholders of the company are set out in Note 24(a).



Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2016 – unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2016 RMB'000	2015 RMB'000
Profit for the period		61,674	72,384
Other comprehensive income to be classified to profit or loss in subsequent period:			
Net (loss)/gain on available-for-sale financial assets		(13,489)	9,939
Income tax arises from available-for-sale financial assets		3,372	(2,485)
Other comprehensive income for the period	7	(10,117)	7,454
Total comprehensive income for the period		51,557	79,838
Attributable to:			
Equity shareholders of the Company		39,523	63,821
Non-controlling interests		12,034	16,017
Total comprehensive income for the period		51,557	79,838

The notes on pages 22 to 72 form part of this interim financial report.



Consolidated Statement of Financial Position

At 30 June 2016 – unaudited
(Expressed in Renminbi)

	Note	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Assets			
Cash and cash equivalents	9	760,897	866,247
Pledged bank deposits	10	244,427	260,565
Trade and other receivables	11	326,386	303,455
Loans and advances to customers	12	637,121	637,974
Available-for-sale financial assets	13	33,772	28,576
Receivable investments	14	28,375	32,875
Interest in associates	16	40,000	–
Fixed assets	17	7,248	3,772
Investment property		921	–
Intangible assets	18	1,575	1,809
Goodwill		419	419
Deferred tax assets	23(b)	39,473	35,362
Total assets		2,120,614	2,171,054
Liabilities			
Liabilities from guarantees	19	163,116	163,269
Customer pledged deposits	20(a)	9,386	6,871
Accruals and other payables	20(b)	142,502	101,028
Current tax liabilities	23(a)	27,487	42,259
Other financial instrument – liability component	21	86,617	86,748
Financial institution bonds	22	49,539	48,836
Total liabilities		478,647	449,011
NET ASSETS		1,641,967	1,722,043
CAPITAL AND RESERVES			
Share capital	24	1,066,667	1,066,667
Reserves		319,753	370,965
Total equity attributable to equity shareholders of the Company		1,386,420	1,437,632
Non-controlling interests		255,547	284,411
TOTAL EQUITY		1,641,967	1,722,043

Approved and authorised for issue by the board of directors on 25 August 2016.

Wu Liejin

Executive Director and Chairman

Xie Yongdong

Executive Director

Company Stamp

The notes on pages 22 to 72 form part of this interim financial report.



Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016 – unaudited
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company										
	Share capital RMB'000 Note 24(b)	Share premium RMB'000 Note 24(c)(i)	Capital reserve RMB'000 Note 24(c)(ii)	Fair value reserve RMB'000 Note 24(c)(iii)	Surplus reserve RMB'000 Note 24(c)(iv)	General reserve RMB'000 Note 24(c)(v)	Other financial instrument – equity component RMB'000 Note 24(c)(vi)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2015	800,000	43,107	(1,574)	7,842	57,605	61,236	2,370	81,119	1,051,705	272,312	1,324,017
Changes in equity for the six months ended 30 June 2015:											
Profit for the period	-	-	-	-	-	-	-	56,367	56,367	16,017	72,384
Other comprehensive income	-	-	-	7,454	-	-	-	-	7,454	-	7,454
Total comprehensive income	-	-	-	7,454	-	-	-	56,367	63,821	16,017	79,838
Dividends approved in respect of the previous year	-	-	-	-	-	-	-	-	-	(18,621)	(18,621)
Balance at 30 June 2015 and 1 July 2015	800,000	43,107	(1,574)	15,296	57,605	61,236	2,370	137,486	1,115,526	269,708	1,385,234
Changes in equity for the six months ended 31 December 2015:											
Profit for the period	-	-	-	-	-	-	-	55,737	55,737	14,709	70,446
Other comprehensive income	-	-	-	(164)	-	-	-	-	(164)	(6)	(170)
Total comprehensive income	-	-	-	(164)	-	-	-	55,737	55,573	14,703	70,276
Shares issued upon initial public offering ("IPO")	266,667	-	-	-	(134)	-	-	-	266,533	-	266,533
Appropriation to surplus reserve	-	-	-	-	9,615	-	-	(9,615)	-	-	-
Appropriation to general reserve	-	-	-	-	-	10,559	-	(10,559)	-	-	-
Balance at 31 December 2015	1,066,667	43,107	(1,574)	15,132	67,086	71,795	2,370	173,049	1,437,632	284,411	1,722,043

The notes on pages 22 to 72 form part of this interim financial report.



Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 June 2016 – unaudited
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company										
	Share capital	Share premium	Capital reserve	Fair value reserve	Surplus reserve	General reserve	Other financial instrument – equity component	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 24(b)	Note 24(c)(i)	Note 24(c)(ii)	Note 24(c)(iii)	Note 24(c)(iv)	Note 24(c)(v)	Note 24(c)(vi)				
Balance at 1 January 2016	1,066,667	43,107	(1,574)	15,132	67,086	71,795	2,370	173,049	1,437,632	284,411	1,722,043
Changes in equity for the six months ended 30 June 2016:											
Profit for the period	-	-	-	-	-	-	-	49,640	49,640	12,034	61,674
Other comprehensive income	-	-	-	(10,117)	-	-	-	-	(10,117)	-	(10,117)
Total comprehensive income	-	-	-	(10,117)	-	-	-	49,640	39,523	12,034	51,557
Acquisition of non-controlling interest (NCI) without a change in control	-	-	507	-	-	(575)	-	-	(68)	(27,807)	(27,875)
Business combination under non-common control	-	-	-	-	-	-	-	-	-	4,000	4,000
Appropriation to general reserve	-	-	-	-	-	706	-	(706)	-	-	-
Dividends approved in respect of the previous year	-	-	-	-	-	-	-	(90,667)	(90,667)	(17,091)	(107,758)
Balance at 30 June 2016	1,066,667	43,107	(1,067)	5,015	67,086	71,926	2,370	131,316	1,386,420	255,547	1,641,967

The notes on pages 22 to 72 form part of this interim financial report.



Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2016 – unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2016 RMB'000	2015 RMB'000
Operating activities			
Cash generated from/(used in) operations		26,478	(160,492)
PRC income tax paid	23(a)	(37,161)	(29,337)
Net cash used in operating activities		(10,683)	(189,829)
Investing activities			
Proceeds from disposal of financial assets		59,437	85,497
Investment income		10,951	5,314
Proceeds from sale of fixed assets and other non-current assets		–	78
Payments for the purchase of fixed assets and other non-current assets		(4,675)	(177)
Payments for the purchase of investment property		(925)	–
Payments on acquisition of investments		(42,215)	(5,350)
Payments on acquisition of associates		(40,000)	–
Net cash (used in)/generated from investing activities		(17,427)	85,362
Financing activities			
Purchase of equity interests of subsidiaries from non-controlling interests		(27,875)	–
Interest paid		(8,300)	(2,305)
Dividends paid		(16,541)	(84,654)
Payment of listing expense		(3,629)	(4,433)
Net cash used in financing activities		(56,345)	(91,392)
Net decrease in cash and cash equivalents		(84,455)	(195,859)
Cash and cash equivalents at 1 January	9	543,004	568,789
Effect of foreign exchange rate changes	4	2,878	–
Cash and cash equivalents at 30 June	9	461,427	372,930

The notes on pages 22 to 72 form part of this interim financial report.



Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

1 Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (HKAS) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). It was authorised for issue on 25 August 2016.

The interim financial report has been prepared in accordance with the same basis and accounting policies adopted in the 2015 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2016 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2015 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on Pages 14 to 15.

The financial information relating to the financial year ended 31 December 2015 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements.



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

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. Of these, the following amendments are relevant to the Group:

- Annual improvements to HKFRSs 2012–2014 cycle
- Amendments to HKAS 1, *Presentation of financial statements: Disclosure Initiative*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 Revenue and segment reporting

(a) 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:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	
Guarantee fee income		
Financing guarantee fee income	59,254	69,983
Performance guarantee fee income	6,703	2,028
Litigation guarantee fee income	225	36
Subtotal	66,182	72,047
Less: Re-guarantee expenses	(2,386)	(4,155)
Net guarantee fee income	63,796	67,892
Interest income		
– Loans and advances to customers	47,604	57,485
– Cash at banks and pledged bank deposits	2,759	7,109
Subtotal	50,363	64,594



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

3 Revenue and segment reporting (Continued)

(a) Revenue (Continued)

	Six months ended 30 June	
	2016 RMB'000 (unaudited)	2015 RMB'000
Interest expenses		
– Interest expenses from other financial instruments liability component	(2,689)	(2,882)
– Interest expenses from financial institution bonds	(3,003)	–
– Borrowings from banks	–	(2,280)
Subtotal	(5,692)	(5,162)
Net interest income	44,671	59,432
Service fee from consulting services	15,668	17,583
Revenue	124,135	144,907

The Group's customer base is diversified and has no customer with whose transactions have exceeded 10% of the Group's net guarantee fee and interest income and service fee from consulting services during the six months ended 30 June 2016 and 2015. Details of concentrations of credit risk are set out in Note 25(a).

(b) Segment reporting

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:



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

3 Revenue and segment reporting (Continued)

(b) Segment reporting (Continued)

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 (“SME enterprises”) or the owners of SME enterprises.

Others

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

(i) Segment results, assets and liabilities

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.



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

3 Revenue and segment reporting (Continued)

(b) Segment reporting (Continued)

Others (Continued)

(i) Segment results, assets and liabilities (Continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purpose of resource allocation and assessment of segment performance for the six months ended 30 June 2016 and 2015 are set out below:

	Six months ended 30 June 2016 (unaudited)		
	Guarantee business RMB'000	SME lending RMB'000	Total RMB'000
Guarantee fee income	66,182	–	66,182
Re-guarantee expenses	(2,386)	–	(2,386)
Interest income	2,512	47,851	50,363
Interest expenses	(2,689)	(3,003)	(5,692)
Service fee from consulting services	14,777	891	15,668
Reportable segment revenue	<u>78,396</u>	<u>45,739</u>	<u>124,135</u>
Other revenue	15,092	–	15,092
Provisions written back for guarantees issued	6,554	–	6,554
Impairment losses	(25,209)	(2,461)	(27,670)
Operating expenses	<u>(22,046)</u>	<u>(12,741)</u>	<u>(34,787)</u>
Reportable segment profit before taxation	<u><u>52,787</u></u>	<u><u>30,537</u></u>	<u><u>83,324</u></u>
Segment assets	<u><u>1,347,373</u></u>	<u><u>733,768</u></u>	<u><u>2,081,141</u></u>
Segment liabilities	<u><u>419,888</u></u>	<u><u>58,759</u></u>	<u><u>478,647</u></u>



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

3 Revenue and segment reporting (Continued)

(b) Segment reporting (Continued)

Others (Continued)

(i) Segment results, assets and liabilities (Continued)

	Six months ended 30 June 2015		
	Guarantee business RMB'000	SME lending RMB'000	Total RMB'000
Guarantee fee income	72,047	–	72,047
Re-guarantee expenses	(4,155)	–	(4,155)
Interest income	6,388	58,206	64,594
Interest expenses	(2,883)	(2,279)	(5,162)
Service fee from consulting services	12,523	5,060	17,583
Reportable segment revenue	83,920	60,987	144,907
Other revenue	8,180	–	8,180
Provisions written back for guarantees issued	10,883	–	10,883
Impairment losses	(15,231)	(8,086)	(23,317)
Operating expenses	(25,389)	(17,655)	(43,044)
Reportable segment profit before taxation	<u>62,363</u>	<u>35,246</u>	<u>97,609</u>
Segment assets	<u>1,174,423</u>	<u>620,347</u>	<u>1,794,770</u>
Segment liabilities	<u>327,327</u>	<u>100,175</u>	<u>427,502</u>



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

3 Revenue and segment reporting (Continued)

(b) Segment reporting (Continued)

Others (Continued)

(ii) Reconciliation of reportable segment assets

	Note	At 30 June 2016 RMB'000 (unaudited)	At 30 June 2015 RMB'000
Assets			
Reportable segment assets		2,081,141	1,794,770
Deferred tax assets	23(b)	39,473	17,966
		<u>2,120,614</u>	<u>1,812,736</u>
Consolidated total assets		<u>2,120,614</u>	<u>1,812,736</u>

4 Other revenue

	Six months ended 30 June	
	2016 RMB'000 (unaudited)	2015 RMB'000
Government grant	1,263	2,715
Available-for-sale financial assets (listed security) reclassified from equity on disposal	9,646	–
Investment income of receivable investments	185	3,431
Investment income from available-for-sale financial assets	1,120	2,034
Foreign exchange gains	2,878	–
	<u>15,092</u>	<u>8,180</u>



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

5 Profit before taxation

Profit before taxation is arrived at after charging:

(a) Impairment and provision – charged

		Six months ended 30 June	
		2016	2015
		<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	
	<i>Note</i>		
Receivables for default guarantee payments	11(b)(i)	24,426	9,808
Receivables from guarantee customers	11(b)(ii)	784	5,424
Loans and advances to customers	12(f)	2,460	8,085
		<u>27,670</u>	<u>23,317</u>

(b) Staff costs

		Six months ended 30 June	
		2016	2015
		<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	
Salaries, wages, bonuses and other benefits		16,136	19,524
Contributions to retirement schemes		1,672	1,299
		<u>17,808</u>	<u>20,823</u>

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 period. The Group has no other material obligation for payment of retirement benefits to the PRC based employees beyond the annual contributions described above.



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

5 Profit before taxation (Continued)

(c) Other items

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	
Depreciation and amortization	1,436	1,487
Operating lease charges: Minimum lease payments	2,665	2,747
Auditors' remuneration	641	491

6 Income tax in the consolidated statement of profit or loss

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

	Note	Six months ended 30 June	
		2016	2015
		RMB'000	RMB'000
		(unaudited)	
Current tax			
Provision for PRC income tax for the period	23(a)	22,389	13,209
Deferred tax			
Origination and reversal of temporary differences	23(b)	(739)	12,016
Income tax expense		21,650	25,225



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

6 Income tax in the consolidated statement of profit or loss (Continued)

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

	Six months ended 30 June	
	2016 RMB'000 (unaudited)	2015 RMB'000
Profit before taxation	83,324	97,609
Notional tax on profit before taxation, calculated at 25%	20,830	24,402
Effect of non-deductible expenses	820	823
Actual income tax expense	<u>21,650</u>	<u>25,225</u>

7 Other comprehensive income

Tax effects relating to each component of other comprehensive income is as follows:

	Six months ended 30 June 2016 (unaudited)			Six months ended 30 June 2015		
	Before-tax amount RMB'000	Tax expense RMB'000	Net-of-tax amount RMB'000	Before-tax amount RMB'000	Tax expense RMB'000	Net-of-tax amount RMB'000
Available-for-sale financial assets: net movement in fair value reserve	<u>13,489</u>	<u>(3,372)</u>	<u>10,117</u>	<u>9,939</u>	<u>(2,485)</u>	<u>7,454</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 of RMB49,640,000 (six months ended 30 June 2015: RMB56,367,000) and the weighted average of 1,066,667,000 ordinary shares (2015: 800,000,000 shares).



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

8 Earnings per share (Continued)

(b) Diluted earnings per share

There were no dilutive potential ordinary shares during the six months ended 30 June 2016 and 2015, therefore, diluted earnings per share are the same as the basic earnings per share.

9 Cash and cash equivalents

	At 30 June 2016 RMB'000 (unaudited)	At 31 December 2015 RMB'000 (audited)
Cash in hand	18	13
Cash at banks	<u>461,409</u>	<u>542,991</u>
Cash and cash equivalents in the consolidated cash flow statement	461,427	543,004
Term deposits with banks	296,960	320,744
Restricted bank deposits	<u>2,510</u>	<u>2,499</u>
	<u><u>760,897</u></u>	<u><u>866,247</u></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 Pledged bank deposits

All pledged bank deposits represent the deposits at banks according to the requirements from banks or related government regulations for the financing guarantees that the Group provides to third parties for borrowing from banks.



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

11 Trade and other receivables

		At 30 June 2016 RMB'000 (unaudited)	At 31 December 2015 RMB'000 (audited)
	Note		
Receivables for default guarantee payments	(i)/11(a)(i)	226,068	202,028
Less: Allowance for doubtful debts	11(b)(i)	<u>(72,771)</u>	<u>(56,978)</u>
		<u>153,297</u>	<u>145,050</u>
Receivables from guarantee customers	11(a)(ii)	87,704	69,055
Less: Allowance for doubtful debts	11(b)(ii)	<u>(8,260)</u>	<u>(7,476)</u>
		<u>79,444</u>	<u>61,579</u>
Interest receivables	11(d)	22,713	14,150
Receivables from disposal of default guarantee payments		34,548	18,414
Other receivables		<u>23,496</u>	<u>20,576</u>
		<u>80,757</u>	<u>53,140</u>
Deposits and prepayments		4,545	35,343
Reposessed assets		<u>8,343</u>	<u>8,343</u>
		<u>12,888</u>	<u>43,686</u>
		<u>326,386</u>	<u>303,455</u>

- (i) During the six months ended 30 June 2016, the Group disposed of receivables for default guarantee payments amounted to RMB89,768,000 (with allowances for doubtful debts of RMB10,514,000), without recourse at considerations amounted to RMB79,254,000.



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

11 Trade and other receivables (Continued)

(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

	At 30 June 2016 RMB'000 (unaudited)	At 31 December 2015 RMB'000 (audited)
Within 1 year	62,770	70,892
Over 1 year but less than 2 years	53,990	47,635
Over 2 years but less than 3 years	49,759	54,861
Over 3 years	59,549	28,640
Less: Allowance for doubtful debts	<u>(72,771)</u>	<u>(56,978)</u>
	<u>153,297</u>	<u>145,050</u>

Receivables for default guarantee payments are due from the date of payment. Further details on the Group's credit policy are set out in Note 25(a).



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

11 Trade and other receivables (Continued)

(a) Ageing analysis: (Continued)

(ii) Receivables from guarantee customers

	At 30 June 2016 RMB'000 (unaudited)	At 31 December 2015 RMB'000 (audited)
Within 1 year	73,360	69,055
Over 1 year but less than 2 years	14,344	–
Less: allowance for doubtful debts	<u>(8,260)</u>	<u>(7,476)</u>
	<u><u>79,444</u></u>	<u><u>61,579</u></u>

Receivables from guarantee customers are mostly due from the date of payment. Further details on the Group's credit policy are set out in Note 25(a).

(b) Impairment of receivables for default guarantee payments and receivables from guarantee customers:

Impairment losses in respect of receivables for default guarantee payments and receivables from guarantee customers are recorded using an allowance unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against receivables for default guarantee payments and receivables from guarantee customers.



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

11 Trade and other receivables (Continued)

(b) Impairment of receivables for default guarantee payments and receivables from guarantee customers: (Continued)

The movement in the allowance for receivables for default guarantee payments and receivables from guarantee customers (including both individual and collective impairment) during the six months ended 30 June 2016 and year ended 31 December 2015, are as follows:

(i) Receivables for default guarantee payments

		At 30 June 2016 RMB'000 (unaudited)	At 31 December 2015 RMB'000 (audited)
	Note		
As at 1 January		56,978	56,753
Impairment losses recognised in the consolidated statement of profit or loss	5(a)	24,426	14,551
Amounts written off		-	(3,308)
Disposal for the period		(10,514)	(11,189)
Amounts recovered		1,881	171
		<u>72,771</u>	<u>56,978</u>
As at 30 June/31 December		<u>72,771</u>	<u>56,978</u>

As at 30 June 2016, the Group's receivables for default guarantee payments of RMB226.07 million (31 December 2015: RMB202.03 million), were all individually assessed for the impairment. As at 30 June 2016, the Group's receivables for default guarantee payments of RMB133.98 million (31 December 2015: RMB126.61 million) were individually determined to be impaired. The individually impaired receivables were related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered unless no losses is expected to ensue when collateral or guarantees of the receivables are involved. Consequently, individually assessed allowances for receivables for default guarantee payments RMB72.77 million were made as at 30 June 2016 (31 December 2015: RMB56.98 million).



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

11 Trade and other receivables (Continued)

(b) Impairment of receivables for default guarantee payments and receivables from guarantee customers: (Continued)

(ii) Receivables from guarantee customers

		At 30 June 2016 RMB'000 (unaudited)	At 31 December 2015 RMB'000 (audited)
	Note		
As at 1 January		7,476	4,282
Impairment losses recognised in the consolidated statement of profit or loss	5(a)	784	3,634
Amount written off		—	(440)
As at 30 June/31 December		<u>8,260</u>	<u>7,476</u>

As at 30 June 2016, the Group's receivables from guarantee customers of RMB54.30 million (31 December 2015: RMB12.90 million) were individually assessed for the impairment and RMB26.04 million (31 December 2015: RMB2.50 million) were individually determined to be impaired. The individually impaired receivables were related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered unless no losses is expected to ensue when collateral or guarantees of the receivables are involved. For the remaining balance amounted to RMB33.40 million (31 December 2015: RMB56.16 million), the management adopted a collective assessment. Consequently, individually assessed allowances for doubtful debts of RMB4.00 million (31 December 2015: RMB0.78 million) and collectively assessed allowances for receivables from guarantee customers of RMB4.27 million (31 December 2015: RMB6.70 million) were made at 30 June 2016.



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

11 Trade and other receivables (Continued)

(c) Receivables for default guarantee payments and receivables from guarantee customers that are not impaired:

(i) Receivables for default guarantee payments

	At 30 June 2016 RMB'000 (unaudited)	At 31 December 2015 RMB'000 (audited)
Overdue within 3 months (inclusive)	4,942	11,179
Overdue more than 3 months to 6 months (inclusive)	8,320	15,013
Overdue more than 6 months to one year (inclusive)	16,528	26,226
Overdue more than one year	62,302	23,001
	<u>92,092</u>	<u>75,419</u>

Receivables for default guarantee payments that were overdue but not impaired relate to a number of independent customers of whom the Group has continuously monitored their credit status. Based on the credit assessment, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and these balances are pledged by certain assets of these customers. Therefore, the balances are still considered fully recoverable.

(ii) Receivables from guarantee customers

	At 30 June 2016 RMB'000 (unaudited)	At 31 December 2015 RMB'000 (audited)
Neither overdue nor impaired	33,404	56,155
Overdue within 3 months (inclusive)	24,980	10,400
Overdue more than 3 months to 6 months (inclusive)	3,276	—
	<u>61,660</u>	<u>66,555</u>



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

11 Trade and other receivables (Continued)

(c) Receivables for default guarantee payments and receivables from guarantee customers that are not impaired: (Continued)

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

Receivables that were neither overdue nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables from guarantee customers that were overdue but not impaired relate to a number of independent customers of whom the Group has continuously monitored their credit status. Based on the credit assessment, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and these balances are pledged by certain assets of these customers. Therefore, the balances are still considered fully recoverable.

(d) Interest receivables

As at 30 June 2016, the interest receivables include interest receivables from loans and advances amounted to RMB16,600,000 (31 December 2015: RMB6,068,000).



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

12 Loans and advances to customers

(a) Analysed by nature

	At 30 June 2016 RMB'000 (unaudited)	At 31 December 2015 RMB'000 (audited)
Entrusted loans	399,528	402,742
Micro-lending	<u>277,448</u>	<u>272,627</u>
Gross loans and advances to customers	676,976	675,369
Less: Allowances for impairment losses		
– Individually assessed	(21,190)	(16,438)
– Collectively assessed	<u>(18,665)</u>	<u>(20,957)</u>
Total allowances for impairment losses	<u>(39,855)</u>	<u>(37,395)</u>
Net loans and advances to customers	<u><u>637,121</u></u>	<u><u>637,974</u></u>



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

12 Loans and advances to customers (Continued)

(b) Analysed by industry sector

	At 30 June 2016 (unaudited)		At 31 December 2015 (audited)	
	RMB'000	%	RMB'000	%
Wholesale and Retail	276,514	40%	254,299	38%
Service Sector	186,507	27%	198,273	29%
Loans to individual business proprietors	121,693	18%	135,028	19%
Manufacturing	75,880	11%	71,363	10%
Transportation, Warehousing and Postal service	10,982	2%	11,006	2%
Construction industry	3,000	1%	3,000	1%
Real estate and construction	2,400	1%	2,400	1%
Gross loans and advances to customers	676,976	100%	675,369	100%
Less: Allowances for impairment losses				
– Individually assessed	(21,190)		(16,438)	
– Collectively assessed	(18,665)		(20,957)	
Total allowances for impairment losses	(39,855)		(37,395)	
Net loans and advances to customers	637,121		637,974	



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

12 Loans and advances to customers (Continued)

(c) Analysed by type of collateral

	At 30 June 2016 RMB'000 (unaudited)	At 31 December 2015 RMB'000 (audited)
Secured loans	220,915	156,701
Unsecured loans	131,400	123,608
Others	324,661	395,060
Gross loans and advances to customers	<u>676,976</u>	<u>675,369</u>
Less: Allowances for impairment losses		
– Individually assessed	(21,190)	(16,438)
– Collectively assessed	(18,665)	(20,957)
Total allowances for impairment losses	<u>(39,855)</u>	<u>(37,395)</u>
Net loans and advances to customers	<u><u>637,121</u></u>	<u><u>637,974</u></u>

- Unsecured Loans: Unsecured loans refer to the loan and advances 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 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.



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

12 Loans and advances to customers (Continued)

(d) Overdue loans analysed by overdue period

	At 30 June 2016 RMB'000 (unaudited)	At 31 December 2015 RMB'000 (audited)
Overdue within 3 months (inclusive)	21,123	3,045
Overdue more than 3 months to 6 months (inclusive)	31,413	3,054
Overdue more than 6 months to one year (inclusive)	3,045	31,720
Overdue more than one year	56,992	25,439
	<u>112,573</u>	<u>63,258</u>

Overdue loans represent loans and advances, of which the whole or part of the principal or interest were overdue for one day or more.

(e) Analysed by methods for assessing allowances for impairment losses

	30 June 2016 (unaudited)		
	Loans and advances for which allowances are collectively assessed RMB'000	Impaired loans and advances for which allowances are individually assessed RMB'000	Total RMB'000
Entrusted loans	261,100	138,428	399,528
Micro-lending	274,053	3,395	277,448
Gross loans and advances to customers	535,153	141,823	676,976
Less: Allowances for impairment losses	(18,665)	(21,190)	(39,855)
Net loans and advances to customers	<u>516,488</u>	<u>120,633</u>	<u>637,121</u>



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

12 Loans and advances to customers (Continued)

(e) Analysed by methods for assessing allowances for impairment losses (Continued)

	31 December 2015 (audited)		
	Loans and advances for which allowances are collectively assessed <i>RMB'000</i>	Impaired loans and advances for which allowances are individually assessed <i>RMB'000</i>	Total <i>RMB'000</i>
Entrusted loans	344,574	58,168	402,742
Micro-lending	270,287	2,340	272,627
Gross loans and advances to customers	614,861	60,508	675,369
Less: Allowances for impairment losses	(20,957)	(16,438)	(37,395)
Net loans and advances to customers	593,904	44,070	637,974



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

12 Loans and advances to customers (Continued)

(f) Movements of allowances for impairment losses

		30 June 2016 (unaudited)		
	Note	Allowances for loans and advances which are collectively assessed RMB'000	Allowances for impaired loans and advances which are individually assessed RMB'000	Total RMB'000
As at 1 January		20,957	16,438	37,395
(Release)/charge for the year	5(a)	(2,292)	4,752	2,460
As at 30 June		<u>18,665</u>	<u>21,190</u>	<u>39,855</u>
		31 December 2015 (audited)		
		Allowances for loans and advances which are collectively assessed RMB'000	Allowances for impaired loans and advances which are individually assessed RMB'000	Total RMB'000
As at 1 January		13,166	15,980	29,146
Charge for the year		7,791	1,382	9,173
Write-offs		–	(982)	(982)
Recoveries		–	58	58
As at 31 December		<u>20,957</u>	<u>16,438</u>	<u>37,395</u>



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

12 Loans and advances to customers (Continued)

(g) Analysed by credit quality

	At 30 June 2016 RMB'000 (unaudited)	At 31 December 2015 RMB'000 (audited)
Gross balance of loans and advances to customers		
Neither overdue nor impaired	535,153	611,861
Impaired	141,823	60,508
Overdue but not impaired	-	3,000
	<u>676,976</u>	<u>675,369</u>
Less: Allowances for impairment losses		
Neither overdue nor impaired	(18,665)	(20,957)
Impaired	(21,190)	(16,438)
	<u>(39,855)</u>	<u>(37,395)</u>
Net balance		
Neither overdue nor impaired	516,488	590,904
Impaired	120,633	44,070
Overdue but not impaired	-	3,000
	<u>637,121</u>	<u>637,974</u>



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

13 Available-for-sale financial assets

	At 30 June 2016 <i>RMB'000</i> (unaudited)	At 31 December 2015 <i>RMB'000</i> (audited)
Listed securities	29,872	21,146
Wealth management products	1,250	2,530
Unlisted bonds	2,650	4,900
	<u>33,772</u>	<u>28,576</u>

When impairment of an available-for-sale investment measured at fair value occurs, any impairment loss recognised is recorded in the carrying amount directly. As at 30 June 2016, no impairment has been recognised (31 December 2015: nil).

Certain available-for-sale unlisted equity investments which do not have any quoted market prices and whose fair values cannot be measured reliably are stated at cost less any impairment losses.

14 Receivable investments

	At 30 June 2016 <i>RMB'000</i> (unaudited)	At 31 December 2015 <i>RMB'000</i> (audited)
Trust products	8,375	32,875
Wealth management products	20,000	–
	<u>28,375</u>	<u>32,875</u>



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

15 Investments in subsidiaries

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated:

Name of company	Date and place of incorporation/ establishment	Date of consolidation	Paid-in/ registered capital	Proportion of ownership interest As at 30 June 2016			Principal activity	Place of incorporation
				Group's effective interest	Held by the Company	Held by a subsidiary		
Foshan Join-Share Investment and Financing Consultancy Co., Ltd. ("Foshan Consultancy") (佛山中盈盛達投融資諮詢服務有限公司)	11 November 2005 the PRC	11 November 2005	RMB 3,000,000	100%	100%	–	Investment and Consulting	Foshan
Foshan Join-Share Industrial Investment Co., Ltd. ("Foshan Industrial Investment") (佛山中盈興業投資有限公司)	29 September 2007 the PRC	29 September 2007	RMB 5,100,000	100%	100%	–	Investment and Consulting	Foshan
Anhui Join-Share Financing Guarantee Co., Ltd. ("Anhui Join-Share") (安徽中盈盛達融資擔保有限公司)	31 August 2009 the PRC	31 August 2009	RMB 150,000,000	51%	51%	–	Guarantee	Hefei
Hefei Join-Share Consultancy Service Co., Ltd. ("Hefei Consultancy") (合肥中盈盛達諮詢服務有限公司)	8 May 2010 the PRC	8 May 2010	RMB 1,000,000	51%	–	100%	Consulting	Hefei
Foshan Chancheng Join-Share Micro Credit Co., Ltd. ("Foshan Micro Credit") (佛山禪城中盈盛達小額貸款有限公司)	30 May 2011 the PRC	27 June 2014	RMB 230,000,000	50.44%	50.44%	–	Microcredit	Foshan
Zhongsan Join-Share Technology Financing Guarantee Investment Co., Ltd. ("Zhongsan Join-Share") (中山中盈盛達科技融資擔保投資有限公司)	8 July 2014 the PRC	8 July 2014	RMB 200,000,000	79%	35%	–	Guarantee	Zhongsan
Guangdong Join-Share Capital Investment Co., Ltd. ("Guangdong Capital Investment") (廣東中盈盛達資本管理有限公司)	27 April 2016 the PRC	27 April 2016	RMB 30,000,000	100%	100%	–	Investment and Consulting	Guangzhou
Guangdong Join-Share Jinmao Investment Management Co., Ltd. ("Guangdong Jinmao") (廣東中盈金茂投資管理有限公司)	29 April 2016 the PRC	29 April 2016	RMB 10,000,000	60%	–	60%	Investment and Consulting	Foshan



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

15 Investments in subsidiaries (Continued)

All of the above subsidiaries are companies with limited liability incorporated and operated in the PRC. The English translation of the names of these companies is for reference only. The official names of these companies are in Chinese.

(a) Acquisition of subsidiaries

During the six months ended 30 June 2016, the Company acquired NCI at a consideration of RMB27,300,000 and contributed additional share capital of RMB30,000,000 to Foshan Micro Credit, subsequent to which the Company held 50.44% equity interests in Foshan Micro Credit.

On 27 April 2016, the Company established Guangdong Capital Management with 100% equity interests held at a consideration of RMB30,000,000.

On 29 April 2016, Foshan Consultancy together with one other party established Guangdong Jinmao, in which Foshan Consultancy contributed RMB6,000,000 and enjoys 60% equity interests.

16 Interest in associates

The Group's interests in associates are as follows:

	At 30 June 2016 RMB'000 (unaudited)
Yunfu Guarantee	30,000
Zhongshan Wujieping	10,000
	<hr/>
	40,000
	<hr/> <hr/>



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

16 Interest in associates (Continued)

The following list contains the particulars of the associates, which are unlisted corporate entity whose quoted market price are not available. The class of shares held is ordinary unless otherwise stated:

Name of company	Date and place of incorporation/ establishment	Paid-in/ registered capital	Proportion of ownership interest As at 30 June 2016			Principal activity	Place of incorporation
			Group's effective interest	Held by the Company	Held by a subsidiary		
Yunfu Yuecai Puhui Financing Guarantee Co., Ltd. ("Yunfu Guarantee") (雲浮市粵財普惠融資擔保股份有限公司) (i)	4 February 2016 the PRC	RMB 150,000,000	20%	20%	-	Guarantee	Yunfu
Zhongshan Wujieping Health Industry Investment Partnership (Limited Partnership) ("Zhongshan Wujieping") (中山吳階平健康產業投資合夥企業(有限合夥)) (ii)	18 April 2016 the PRC	RMB 100,000,000	10%	-	10%	Health Industry Investment	Zhongshan

* The English translation of the names of these companies is for reference only. The official names of these companies are in Chinese.

(i) Interest in Yunfu Guarantee was acquired on 2 February 2016. The Company has significant influence in Yunfu Guarantee by appointing 1 out of 5 representatives on the board of directors.

(ii) Interest in Zhongshan Wujieping was acquired on 18 April 2016. Zhongshan Join-Share has significant influence in Zhongshan Wujieping by appointing 1 out of 7 representatives in the policy making committee.

The associates are accounted for using the equity method in the consolidated financial statements.

Aggregate information of Yunfu Guarantee and Zhongshan Wujieping as individually immaterial associates:

	At 30 June 2016 RMB'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	40,000



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

16 Interest in associates (Continued)

	At 30 June 2016 RMB'000
Aggregate amounts of the Group's share of profits of these associates:	
Profit from operation	-
Other comprehensive income	-
	<hr/>
Total comprehensive income	-
	<hr/> <hr/>

17 Fixed assets

(a) Acquisitions and disposals

During the six months ended 30 June 2016, the Group acquired fixed assets with a cost of RMB4,415,000 (six months ended 30 June 2015: RMB620,000). Office and other equipment and deferred expenses with a book value of 1,534,000 were disposed during the six months ended 30 June 2016 (six months ended 30 June 2015: RMB171,000), resulting a nil in a loss of disposal (six months ended 30 June 2015: RMB86,000).

(b) Impairment losses

During the six months ended 30 June 2016, no impairment loss of equipment was recognized (six months ended 30 June 2015: nil).

18 Intangible Assets

(a) Acquisitions and disposals

During the six months ended 30 June 2016, the Group acquired intangible assets with a cost of RMB261,000 (six months ended 30 June 2015: RMB2,095,000). None of the intangible assets was disposed of during the six months ended 30 June 2016 (six months ended 30 June 2015: RMB1,000).



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

18 Intangible Assets (Continued)

(b) Impairment losses

During the six months ended 30 June 2016, no impairment loss of equipment was recognized (six months ended 30 June 2015: nil).

19 Liabilities from guarantees

		At 30 June 2016 RMB'000 (unaudited)	At 31 December 2015 RMB'000 (audited)
Deferred income		90,689	84,288
Provisions written back for guarantees issued	19(a)	<u>72,427</u>	<u>78,981</u>
		<u>163,116</u>	<u>163,269</u>

(a) Provisions written back for guarantees issued

	At 30 June 2016 RMB'000 (unaudited)	At 31 December 2015 RMB'000 (audited)
As at 1 January	78,981	76,448
Charge for the period	–	2,533
Release	<u>(6,554)</u>	<u>–</u>
As at 30 June/31 December	<u>72,427</u>	<u>78,981</u>



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

20 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 Notice 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

		At 30 June 2016 RMB'000 (unaudited)	At 31 December 2015 RMB'000 (audited)
	Note		
Accrued staff cost		24,057	36,664
Share capital and share premium payable to NSSF	(i)	–	30,227
Principal and fixed return payable for other financial instrument-liability component	21	8,820	12,000
Receipts in advance		6,411	6,052
Dividends payable		91,217	–
Withholding income tax		203	130
Other payables		11,794	15,955
Total		<u>142,502</u>	<u>101,028</u>

(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 Company's IPO. Share capital and share premium payable to NSSF represents the share capital and share premium for such shares owned by the NSSF, since such shares were listed on The Stock Exchange of Hong Kong Limited upon the Company's IPO on 23 December 2015 with offer price at HKD1.36 per share.



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

21 Other financial instrument – liability component

	Note	At 30 June 2016 RMB'000 (unaudited)	At 31 December 2015 RMB'000 (audited)
Other financial instrument – liability component	(i)	86,617	86,748

(i) Significant terms and repayment schedule of the financial instrument

According to the agreements (“the shareholders agreement”, “the shareholders supplementary agreement”) signed by the Group and other third party shareholders, Zhongshan Join-Share should pay a fixed return to Zhongshan Health Science and Technology Industrial Base Development Co., Ltd. (“Zhongshan Health”) during the period from 31 December 2015 to 31 December 2022. For each year, the amount of the fixed return is 6% of Zhongshan Health’s outstanding contribution. Moreover, the Company is contracted to repurchase Zhongshan Health’s contribution amounting to RMB90,000,000 according to a repayment schedule in the shareholders agreement. After the year ending 31 December 2022, Zhongshan Health’s remaining contribution will no longer enjoy the fixed return.

Considering the above factors, the management considered Zhongshan Health’s contribution as a compound financial instrument issued by Zhongshan Join-Share. The principal of this compound financial instrument is RMB100,000,000. Nominal interest rate is 6%. Maturity date is 31 December 2022. According to the shareholders agreement and the shareholders supplementary agreement, the Group should buy-back the contribution of Zhongshan Health, total amount of RMB90,000,000 according to the timetable during the period from the year ended 31 December 2015 to the year ending 31 December 2022. The remaining contribution of Zhongshan Health amounting to RMB10,000,000 would be transferred to ordinary share at the year ending 31 December 2022; each financial instrument would be transferred to ordinary share.

The Group considered Zhongshan Health’s RMB100,000,000 contribution as a compound financial instrument, and measured 6% fixed rate liability. The liability under the compound instrument is measured by amortisation cost method; the interest expense is measured by effective interest method. The fair value of equity component is measured as the principal deducted the liability component.

As at 30 June 2016, the Group accrued RMB2,820,000 as the fixed return during the period ended 30 June 2016, which are obligations according to the agreements.



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

22 Financial institution bonds

	At 30 June 2016 RMB'000 (unaudited)	At 31 December 2015 RMB'000 (audited)
Financial institution bonds	<u>49,539</u>	<u>48,836</u>

Foshan Micro Credit issued financial institution bonds with par value of RMB25 million and RMB25 million on 28 September 2015 and 14 October 2015 respectively at the exchange center of Guangdong Equity Exchange Co., Ltd. (廣東金融高新區股權交易中心). The duration of the financial institution bonds is one year and the interest rate is 8.7%. The fair value of the bonds is calculated with amortisation cost method.

23 Income tax in the consolidated statement of financial position

(a) Movements in current taxation in the consolidated statements of financial position are as follows:

	At 30 June 2016 RMB'000 (unaudited)	At 31 December 2015 RMB'000 (audited)
Balance of income tax payable at the beginning of the period	42,259	35,314
Provision for income tax on the estimated taxable profit for the period	22,389	55,111
Income tax paid during the period	<u>(37,161)</u>	<u>(48,166)</u>
Balance of income tax payable at the end of the period	<u>27,487</u>	<u>42,259</u>



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

23 Income tax in the consolidated statement of financial position (Continued)

(b) Deferred tax assets and liabilities recognised:

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the period are as follows:

	Deferred tax assets				Deferred tax liabilities					Net
	Deferred income	Impairment loss	Salaries payable	Total	Re-guarantee fee	Provisions written back for guarantees issued	Government grant	Financial instrument	Total	
Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2015	24,742	25,739	10,490	60,971	(2,073)	(17,911)	(6,498)	(2,023)	(28,505)	32,466
Charged/(credited) to the consolidated statement of profit or loss	(3,670)	(248)	(1,233)	(5,151)	1,074	3,409	5,994	-	10,477	5,326
Credited to reserves	-	-	-	-	-	-	-	(2,430)	(2,430)	(2,430)
At 31 December 2015 and 1 January 2016	21,072	25,491	9,257	55,820	(999)	(14,502)	(504)	(4,453)	(20,458)	35,362
Charged/(credited) to the consolidated statement of profit or loss	6(a) 1,600	5,040	(3,084)	3,556	271	(5,522)	2,434	-	(2,817)	739
Charged to reserves	7 -	-	-	-	-	-	-	3,372	3,372	3,372
At 30 June 2016 (unaudited)	22,672	30,531	6,173	59,376	(728)	(20,024)	1,930	(1,081)	(19,903)	39,473



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

24 Capital, reserves and dividends

(a) Dividends

The Company declared a final cash dividends to all shareholders of RMB90,666,666.695 representing RMB0.085 per share before tax on 6 June 2016. As at 30 June 2016, the total amount was not paid.

(b) Share capital

The share capital of the Company as at 30 June 2016 and 31 December 2015 are as below:

	30 June 2016 (unaudited)		31 December 2015 (audited)	
	No. of shares (‘000)	RMB‘000	No. of shares (‘000)	RMB‘000
Ordinary shares, issued and fully paid:				
As at 1 January	1,066,667	1,066,667	800,000	800,000
New shares upon IPO	–	–	266,667	266,667
As at 30 June/31 December	<u>1,066,667</u>	<u>1,066,667</u>	<u>1,066,667</u>	<u>1,066,667</u>

266,666,667 ordinary shares, par value of RMB1.00 each, were authorized and issued at HKD1.36 per share on 23 December 2015, upon the Company’s IPO on The Stock Exchange of Hong Kong Limited.

(c) Nature and purpose of reserves

(i) Share premium

The share premium represents the difference between the share capital/par value of the shares of the Company and capital injection/proceeds received from the issuance of the shares of the Company.

As at 30 June 2016, the share premium related to the Company’s IPO on The Stock Exchange of Hong Kong Limited was nil, after offsetting the listing costs related to its new shares upon IPO.



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

24 Capital, reserves and dividends (Continued)

(c) Nature and purpose of reserves (Continued)

(ii) Capital reserve

The capital reserve represented the contribution from equity shareholders for disposal of a subsidiary.

(iii) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale securities held at the end of the reporting period.

(iv) Surplus reserve

Surplus reserve comprises statutory surplus reserve and discretionary surplus reserve.

The entities established in the PRC are required to appropriate 10% of its net profit, as determined under the China Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance of the PRC ("MOF"), to the statutory surplus reserve until the balance reaches 50% of the registered capital.

Subject to the approval of equity holders of the entities established in the PRC, statutory surplus reserves may be used to net off with accumulated losses, if any, and may be converted into capital, provided that the balance of statutory surplus reserve after such capitalisation is not less than 25% of the registered capital.

After making the appropriation to the statutory surplus reserve, the Group may also appropriate its net profit to the discretionary surplus reserve upon approval by shareholders.



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

24 Capital, reserves and dividends (Continued)

(c) Nature and purpose of reserves (Continued)

(v) General reserve

Pursuant to relevant regulations, the Company and its subsidiaries engaged in credit guarantee business are required to set aside a general reserve through appropriations of profit after tax according to 10% of its net profit as determined under the Accounting Standards for Business Enterprises and other relevant requirements issued by MOF after making good prior year's accumulated loss to cover potential losses against their assets.

Pursuant to relevant MOF notices, Foshan Micro Credit is required to set aside a general reserve to cover potential losses against its assets, and the minimum general reserve balance should be 1.5% of the ending balance of gross risk-bearing assets.

(vi) Other financial instrument – equity component

Other financial instrument – equity component is the equity component of the compound financial instrument (see Note 21) issued by the Group.

(d) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for equity 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 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.

There were no changes in the Group's approach to capital management during the six months ended 30 June 2016.

Particularly for guarantee and credit loan operation, the Group monitors regularly the residual balance of outstanding guarantees or/and credit loans for single customers and multiples of the total outstanding guarantees or/and credit loans in relation to share capital of companies in the Group engaging guarantee or/and credit loan business respectively, so as to keep the capital risk within an acceptable limit. The decision to manage the share capital of companies in the Group to meet the needs of developing guarantee or/and credit loans business rests with the directors.



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

25 Financial risk management and fair values of financial instruments

Exposure to credit, market and liquidity risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practice used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk arises from a customer's inability or unwillingness to meet its financial obligations to make timely payments under loans the Group guaranteed or provided. Credit risk is primarily attributable to unexpired guarantees issued by the Group, loans and advances to customers and trade and other receivables provided by the Group.

The maximum exposure to credit risk is represented by the net carrying amount of each type of financial assets as of the end of the reporting periods. In addition to guarantees issued as disclosed below, the Group has no credit risk arising from any other guarantee.

Credit risk arising from guarantees issued and entrusted loan operations:

The Group has taken measures to identify credit risks arising from guarantees issued and entrusted loan operations. The Group manages credit risk at every stage of the risk management system, including pre-approval, review and credit approval and post-transaction monitoring processes. The Group conducts customer acceptance and due diligence by business department and risk management department during the pre-approval process. A transaction may be subject to the review and approval of credit approval officer, regional risk committee, or chairman depending on the transaction size.

During the post-transaction monitoring process, the Group conducts on-site inspection and ongoing post-transaction reviews focus on various aspects, including but not limited to customers' product markets, operating income, assets and liabilities, cash flows from operating activities to detect potential risks. The Group takes proactive preventive actions based on the risk analysis and design contingency plans accordingly.

When a certain number of clients undertake the same business activities, stay in the same geographical locations, or bear similar economic features for their industries, their ability to fulfil contracts will be affected by the same economic changes. Concentration of credit risk reflects the sensitivity of the Group's operating results to specific industries or geographical locations. As the Group mainly operates its businesses in the PRC, there exists a certain level of geographical concentration risk for its guarantee and loan portfolios in that it might be affected by changes in the PRC economic conditions.



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

25 Financial risk management and fair values of financial instruments (Continued)

(a) Credit risk (Continued)

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

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Financing guarantee	3,130,311	3,415,799
Performance guarantee	2,023,205	1,219,399
Litigation guarantee	381,423	259,987
Subtotal	5,534,939	4,895,185
Less: Customer pledged deposits	(9,386)	(6,871)
Total	<u>5,525,553</u>	<u>4,888,314</u>

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



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

25 Financial risk management and fair values of financial instruments (Continued)

(a) Credit risk (Continued)

The maximum exposure to credit risk in respect of financial guarantees issued by industry at 30 June 2016 and 31 December 2015 is as follows:

	30 June 2016		31 December 2015	
	(unaudited)		(audited)	
	RMB'000	%	RMB'000	%
Construction	2,279,124	41%	1,472,588	30%
Manufacturing	1,230,999	21%	1,357,906	27%
Wholesale and retail	989,746	18%	1,018,758	21%
Commercial services	79,000	1%	109,563	2%
Service industry	28,800	1%	34,313	1%
Transportation, Warehousing and Postal service	29,260	1%	29,600	1%
Agriculture	28,300	1%	31,948	1%
Others	869,710	16%	840,509	17%
Total of financial guarantees issued	<u>5,534,939</u>	<u>100%</u>	<u>4,895,185</u>	<u>100%</u>

Credit risk arising from micro-lending business:

The Group adopts the similar pre-approval, review and credit approval risk management system for credit risk arising from micro-lending business. During the post-transaction monitoring process, the Group conducts a visit of customers regularly after disbursement of loans, and conducts on-site inspection on a regular basis. The review focuses on the use of loans, the financial and operational conditions of the borrowers or the progress of projects and status of the collateral.

The Group adopts a loan risk classification approach to manage its loan portfolio risk. Loans are generally classified as normal, special mention, substandard, doubtful and loss according to their levels of risk. Substandard, doubtful and loss loans are considered to be impaired loans and advances. They are classified as such when one or more events demonstrate that there is objective evidence of a loss event. The impairment loss is assessed collectively or individually as appropriate.

The Group has established relevant mechanisms to apply tiered management of credit risks, and set limits to acceptable risks for different individual or group counterparties, different industries and geographical regions. The Group monitors the risk status of these customers regularly and reviews their risk positions at least on quarterly basis.



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

25 Financial risk management and fair values of financial instruments (Continued)

(a) Credit risk (Continued)

Credit risk arising from micro-lending business: (Continued)

In accordance with accounting policies and regulations, if there is objective evidence that indicates the cash flow for a particular loan is expected to decrease, and the amount can be estimated, the loan is recorded as an impaired loan and the impairment loss is recognised in the statement of profit or loss.

The Group's policy requires regular review of the quality of individually significant financial assets. For assets for which an allowance for impairment loss is provided individually, the amount is determined by an evaluation of the incurred loss at reporting date on a case-by-case basis. In making such assessments, the Group considers the value of collateral held and expected future cash flows from the asset.

Impairment allowances are provided for the following portfolios according to historical data, experience and statistical techniques: (i) those consisting of homogeneous assets that are individually below materiality thresholds; and (ii) those where losses that have been incurred but have not yet been individually identified with any specific asset within the portfolio.

Other credit risks:

The Group's other credit risks is attributable to bank deposits, available-for-sale financial assets, receivable investments, trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The bank deposits, available-for-sale financial assets and receivable investments of the Group are mainly held with well-known financial institutions and state-owned enterprises. Management does not foresee any significant credit risks from these assets and does not expect that these financial institutions or state-owned enterprises may default and cause losses to the Group.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluation focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Group does not obtain collateral from customers except receivables for default guarantee payments and receivables from guarantee customers.

Further quantitative disclosure in respect of the Group's exposure to credit risk arising from loans and advances to customers and trade and other receivables are set out in Note 12 and Note 11, respectively.



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

25 Financial risk management and fair values of financial instruments (Continued)

(b) Fair values

(i) Financial assets and liabilities measured at fair value

The following table presents the carrying value of financial instruments measured at fair value at the end of the reporting period across the three levels of the fair value hierarchy defined in HKFRS 13, Fair Value Measurement, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

Level 3 valuations: Fair value measured using significant unobservable inputs.

The Group has a team performing valuations for the financial instruments, including unlisted equity securities and redemption options which are categorised into Level 3 of the fair value hierarchy. The team reports directly to the chief financial officer. Valuation reports with analysis of changes in fair value measurement are prepared by the team at each reporting date, and is reviewed and approved by the chief financial officer. The Group also reassess the valuation process and results regularly.

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
<i>Level 1</i>		
Available-for-sale financial assets	<u>29,872</u>	<u>21,146</u>
<i>Level 3</i>		
Available-for-sale financial assets	<u>3,900</u>	<u>7,430</u>
<i>Liabilities</i>		
Other financial instrument – liability component	<u>86,617</u>	<u>86,748</u>



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

25 Financial risk management and fair values of financial instruments (Continued)

(b) Fair values (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

During the six months ended 30 June 2016, there were no transfers into or out among the three levels. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

The fair value of unlisted equity instruments and certain wealth management products is determined using the price ratios of comparable listed companies adjusted for lack of marketability discount and discounted cash flow analysis, respectively. The fair value measurement is negatively correlated to the discount for lack of marketability.

The movement during the period in the balance of Level 3 fair value measurements is as follows:

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Available-for-sale financial assets		
At the beginning of the period	7,430	5,000
Payment for purchases	–	7,430
Proceeds from sales	<u>(3,530)</u>	<u>(5,000)</u>
At the end of the period	<u><u>3,900</u></u>	<u><u>7,430</u></u>



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

25 Financial risk management and fair values of financial instruments (Continued)

(b) Fair values (Continued)

(ii) Fair value of financial assets and liabilities carried at other than fair value

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Other financial instrument – liability component		
At the beginning of the period	86,748	92,983
– change in fair value	<u>(131)</u>	<u>(6,235)</u>
At the end of the period	<u>86,617</u>	<u>86,748</u>

The carrying amounts of the Group's financial instrument carried at cost or amortisation cost are not materially different from their fair values as at 30 June 2016 and 31 December 2015.



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

26 Commitments and contingent liabilities

(a) Lease commitments

The total future minimum lease payments under non-cancellable operating leases of properties were payable as follows:

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Within 1 year (inclusive)	3,652	4,148
Over 1 year but within 3 years (inclusive)	2,453	3,951
Over 3 years	175	917
Total	<u>6,280</u>	<u>9,016</u>

The Group is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of 1 to 5 years, at the end of which period all terms are renegotiated. None of the leases include contingent rentals.

(b) Litigations and disputes

As at 30 June 2016, the Group had no outstanding litigation or disputes in which the Group was a defendant (31 December 2015: nil).



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

27 Material related party transactions

(a) Name and relationship with related parties

Name of related party	Relationship
張玉冰 (Zhang Yubing)	One of the owners who owns over 5% shares (Up to 22 December 2015)
黃國深 (Huang Guoshen)	One of the owners who owns over 5% shares (Up to 22 December 2015) and non-executive Director
佛山市富思德基礎設施投資有限公司 (Foshan Fuside Infrastructure Investment Co., Ltd.)	One of the owners who owns over 5% shares (Up to 22 December 2015)
廣東中盈盛達控股股份有限公司 (Guangdong Join-Share Co., Ltd.)	Controlled by the same shareholders (Up to 22 December 2015)
廣東中盈盛達基金管理有限公司 (Guangdong Join-Share Fund Management Co., Ltd.)	Subsidiary of Guangdong Join-Share Co., Ltd. from June 2014
深圳市領航成長創業投資有限公司 (Shenzhen Linghang Growth Venture Capital Co., Ltd.)	Subsidiary of Guangdong Join-Share Co., Ltd. from June 2014
深圳市合創成長軟件技術有限公司 (Shenzhen Hechuang Growth Software Technology Co., Ltd.)	Subsidiary of Guangdong Join-Share Co., Ltd. from June 2014
佛山天使中小企業融資服務中心有限公司 (Foshan Angel Small and Medium-sized Enterprises Financing Service Center Co. Ltd.)	Subsidiary of Guangdong Join-Share Co., Ltd from June 2014
吳列進 (Wu Liejin)	Director and Chairman of the Company
吳艷芬 (Wu Yanfen)	Director of the Company
顧李丹 (Gu Lidan)	Director of the Company
謝勇東 (Xie Yongdong)	Director of the Company and President
梁達明 (Liang Daming)	Director of the Company (Up to 25 March 2015)
梁漢文 (Leung Hon Man)	Director of the Company
吳向能 (Wu Xiangneng)	Director of the Company
劉 恒 (Liu Heng)	Director of the Company
張德本 (Zhang Deben)	Executive Vice President
歐偉明 (Ou Weiming)	Vice President
陸皓明 (Lu Haoming)	Chief Financial Officer
黃碧汶 (Huang Biwen)	Chief Risk Officer
鄭正強 (Zheng Zhengqiang)	Secretary to the Board of the Company
王 維 (Wang Wei)	Supervisor of the Company



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

27 Material related party transactions (Continued)

(a) Name and relationship with related parties (Continued)

Name of related party	Relationship
李 琦 (Li Qi)	Supervisor of the Company
孫偉群 (Sui Weiqun)	Supervisor of the Company (Up to 25 March 2015)
張敏明 (Zhang Minming)	Director of the Company and Vice Chairman
馮群英 (Feng Qunying)	Supervisor of the Company
梁 毅 (Liang Yi)	Supervisor of the Company
廖振亮 (Liao Zhenliang)	Supervisor of the Company
鐘 堅 (Zhong Jian)	Supervisor of the Company
佛山市富豐房地產開發有限公司 (Foshan Fufeng Real Estate Development Co., Ltd.)	A company of which 26.86% interests held by related person of Zhang Minming
佛山市聯益建築材料有限公司 (Foshan LianYi Building Materials Co., Ltd.)	A company of which 100% interests held by related person of Zhang Minming
肇慶市科明達混凝土攪拌有限公司 (Zhaoqing Ke Ming Da Concrete Co., Ltd.)	A company of which 100% interests held by Zhang Minming and his related person
佛山市南海聯發貿易發展有限公司 (Foshan Nanhai Lian Fa Trading Development Co., Ltd.)	A company of which 100% interests held by Zhang Minming and his related person
佛山市南海科明達混凝土有限公司 (Foshan Nanhai Ke Ming Da Concrete Co., Ltd.)	A company of which 95% interests held by Zhang Minming
佛山市南海區西樵恒建混凝土有限公司 (Foshan Nanhai Xiqiao Heng Jian Concrete Co., Ltd.)	A company of which 100% interests held by the related person of Zhang Minming
廣東科明達集團有限公司 (Guangdong Ke Ming Da Group Co., Ltd.)	A company of which 90% interests held by Zhang Minming
佛山市科明達數碼科技有限公司 (Foshan Kemingda Digital Technology Development Co., Ltd.)	A company of which 80% interests held by related person of Zhang Minming
佛山市南海聯盈建築工程勞務有限公司 (Foshan Nanhai LianYing Architecture Engineering Services Co., Ltd.)	A company of which 90% interests held by related person of Zhang Minming
四會市志高華美投資有限公司 (Sihui Zhi Gao Hua Mei Investment Co., Ltd.)	A company of which 24% interests held by Huang Guo Shen (Up to 22 December 2015)



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

27 Material related party transactions (Continued)

(a) Name and relationship with related parties (Continued)

Name of related party	Relationship
陽江市志高麗島房地產開發有限公司 (Yangjiang Zhi Gao Li Real Estate Development Co., Ltd.)	A company of which 95% interests held by Huang Guo Shen (Up to 22 December 2015)
佛山市美傳科技有限公司 (Foshan Mei Chuan Technology Co., Ltd.)	A company of which 80% interests held by Wu Yan Fen
廣東美思內衣有限公司 (Guangdong Mei Si Co., Ltd.)	A company of which 90% interests held by Wu Yan Fen
佛山市威能管理諮詢有限公司 (Foshan Wei Neng Management Consulting Co., Ltd.)	A company of which 100% interests held by related person of Lu Hao Ming
美漢有限公司 (Master Ocean Co., Ltd.)	A company of which 100% interests held by Leung Hon Man
佛山市南海宗永建材貿易有限公司 (Foshan Nanhai Zong Yong Building Material Co., Ltd.)	A company of which 60% interests held by Zhang Minming
陽江同心房地產開發有限公司 (Yangjiang Tong Xin Real Estate Development Co., Ltd.)	A company of which 70% interests held by Zhang Minming
佛山市南海臻恒建材有限公司 (Foshan Nanhai Zhen Heng Building Material Co., Ltd.)	A company of which 55% interests held by Zhang Minming
佛山市高明明建混凝土配送有限公司 (Foshan Gaoming Mingjian Concrete Distribution Co., Ltd.)	A company of which 50% interests held by Zhang Minming
佛山市譽基房地產開發有限公司 (Foshan Yu Ji Real Estate Development Co., Ltd.)	A company of which 50% interests held by Zhang Minming
佛山創業成長投資中心 (有限合夥) (Foshan Venture Growth Investment Center L.P.)	A company of which can solely be exercised control by Xie Yongdong



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

27 Material related party transactions (Continued)

(b) Key management personnel remuneration

		30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
	<i>Note</i>		
Key management personnel remuneration	(i)	<u>1,926</u>	<u>6,449</u>

(i) Total remuneration is included in “staff costs” (Note 5(b)).

(c) Related parties transactions

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Guarantee fee income		
佛山市南海區西樵恒建混凝土有限公司 (Foshan Nanhai Xiqiao Heng Jian Concrete Co., Ltd.)	104	675

(d) Balances with related parties

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Loan to related persons		
– Wang Wei	50	–



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

27 Material related party transactions (Continued)

(e) Guarantees provided to related parties

The guarantees provided to related parties by the Group at the end of each reporting period were as follows:

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Guarantee amount		
佛山市南海區西樵恒建混凝土有限公司 (Foshan Nanhai Xiqiao Heng Jian Co., Ltd.)	-	10,000

The guarantees provided by related parties to the Group at the end of each reporting period were as follows:

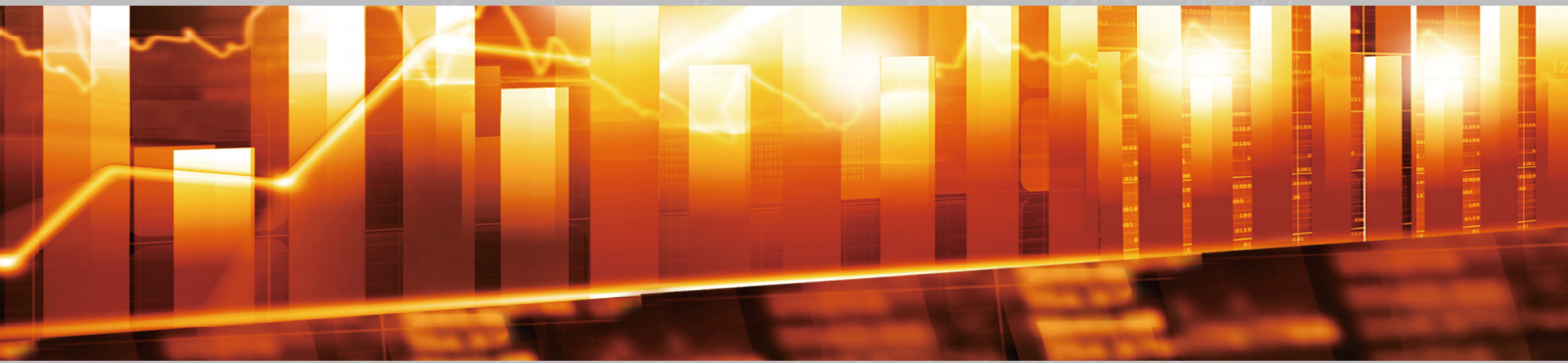
	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Guarantee amount	18,000	27,500

Since the Company doesn't have a majority shareholder or an actual controller, the counterparties request the directors Mr. Wu Liejin and Mr. XieYongdong to take joint liability guarantee in the cooperation with Guangdong Financing Re-Guarantee Co., Ltd., ("Guangdong Re-guarantee"), China Development Bank Corporation and China Construction Bank Corporation. Mr. Wu Liejin (from 2011 to 2014) and Mr. Xie Yongdong (from 2013 to 2014) signed the agreement with Guangdong Re-guarantee to provide guarantee for the financial guarantees issued by the Group; Mr. Wu Liejin (from 2012 to 2014) entered into an agreement with China Development Bank Corporation to provide guarantee for the financial guarantees issued by the Group, with the maximum guarantee amount up to RMB500 million; According to the loan contract with China Construction Bank Corporation, Mr. Wu Liejin and Mr. XieYongdong should provide guarantee for the financial guarantees issued by the Group. In the second quarter of 2015, Mr. Wu Liejin and Mr. XieYongdong's joint liability guarantees to Guangdong Re-guarantee were terminated with consent of the counterparty.

28 Non-adjusting events after the reporting period

In July 2016, the Company paid dividends amounted to RMB90,088,666.695, which was declared on 6 June 2016 (Note 24(a)).





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