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Join-Share 中盈盛达

共创 共享 共成长

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

廣東中盈盛達融資擔保投資股份有限公司

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

(Stock Code: 1543)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

HIGHLIGHT OF ANNUAL RESULTS OF 2016

- Total income was approximately RMB295.0 million, representing a decrease of approximately 6.2% as compared to last year.
- Net profit for the year and net profit margin were approximately RMB143.9 million and 56.9%, respectively.
- Profit before taxation amounted to approximately RMB193.9 million, representing an increase of approximately 0.7% as compared to last year.
- Profit for the year attributable to equitable shareholders of the Company amounted to approximately RMB114.3 million, representing an increase of approximately 2.0% as compared to last year.
- The payment of final dividends of RMB0.085 per share for the year ended 31 December 2016 is recommended by the Board.

The board of directors (the “**Board**”) of Guangdong Join-Share Financing Guarantee Investment Co., Ltd. (the “**Company**”) is pleased to release the annual results for the year ended 31 December 2016 of the Company and its subsidiaries (collectively, the “**Group**”), along with comparative figures from 2015.

(All amounts in RMB thousands unless otherwise stated)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2016

(Expressed in RMB'000)

	Note	2016 RMB'000	2015 RMB'000
Guarantee fee income		133,795	140,582
Re-guarantee expenses		(4,935)	(9,376)
Net guarantee fee income		128,860	131,206
Interest income		99,731	131,702
Interest expenses		(11,032)	(10,626)
Net interest income		88,699	121,076
Service fee from consulting services		35,449	33,352
Revenue	4	253,008	285,634
Other revenue	5	41,465	28,800
Share of profits of associates		545	–
Provision written back/(charge) for guarantee losses		10,497	(2,533)
Impairment losses	6(a)	(22,905)	(27,358)
Operating expenses	6(b)/(c)	(88,718)	(91,928)
Profit before taxation		193,892	192,615
Income tax	7	(49,991)	(49,785)
Profit for the year		143,901	142,830
Attributable to:			
Equity shareholders of the Company		114,333	112,104
Non-controlling interests		29,568	30,726
Profit for the year		143,901	142,830
Earnings per share			
Basic and diluted (RMB per share)	8	0.11	0.14

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

(Expressed in RMB'000)

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Profit for the year	<u>143,901</u>	<u>142,830</u>
Other comprehensive income to be classified to profit or loss in subsequent year:		
Net (loss)/gain on available-for-sale financial assets	(22,911)	9,721
Income tax arises from available-for-sale financial assets	<u>5,728</u>	<u>(2,431)</u>
Other comprehensive income for the year	<u><u>(17,183)</u></u>	<u><u>7,290</u></u>
Total comprehensive income for the year	<u><u>126,718</u></u>	<u><u>150,120</u></u>
Attributable to:		
Equity shareholders of the Company	97,150	119,394
Non-controlling interests	<u>29,568</u>	<u>30,726</u>
Total comprehensive income for the year	<u><u>126,718</u></u>	<u><u>150,120</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016
(Expressed in RMB'000)

		31 December 2016	31 December 2015
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Assets			
Cash and cash equivalents	9	770,195	866,247
Pledged bank deposits		185,837	260,565
Trade and other receivables	10	397,573	303,455
Loans and advances to customers	11	625,864	637,974
Available-for-sale financial assets		55,705	28,576
Receivable investments		8,225	32,875
Interest in associates		40,545	–
Fixed assets		10,232	3,772
Investment property		921	–
Intangible assets		1,353	1,809
Goodwill		419	419
Deferred tax assets		46,911	35,362
		<hr/>	<hr/>
Total assets		2,143,780	2,171,054
		<hr/>	<hr/>
Liabilities			
Liabilities from guarantees	12	172,379	163,269
Customer pledged deposits	13(a)	11,795	6,871
Accruals and other payables	13(b)	86,540	101,028
Current tax liabilities		36,513	42,259
Other financial instrument-liability component		78,487	86,748
Financial institution bonds		45,864	48,836
		<hr/>	<hr/>
Total liabilities		431,578	449,011
		<hr/>	<hr/>
NET ASSETS		1,712,202	1,722,043
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Share capital	14	1,066,667	1,066,667
Reserves		377,954	370,965
		<hr/>	<hr/>
Total equity attributable to equity shareholders of the Company		1,444,621	1,437,632
Non-controlling interests		267,581	284,411
		<hr/>	<hr/>
TOTAL EQUITY		1,712,202	1,722,043
		<hr/>	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(For the year ended 31 December 2016)

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the “**Group**”) and the Group’s interest in associates.

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

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

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

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. 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 SEGMENT REPORTING

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

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

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

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

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

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

Guarantee business

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

SME lending

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

Others

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

4 REVENUE

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

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Guarantee fee income		
Financing guarantee fee income	120,109	134,446
Performance guarantee fee income	13,461	5,900
Litigation guarantee fee income	225	236
Subtotal	133,795	140,582
Less: Re-guarantee expenses	(4,935)	(9,376)
Net guarantee fee income	128,860	131,206
Interest income		
– Loans and advances to customers	89,730	119,644
– Cash at banks and pledged bank deposits	10,001	12,058
Subtotal	99,731	131,702
Interest expenses		
– Interest expenses from financial institution bonds	(5,632)	(1,413)
– Interest expenses from other financial instruments liability component	(5,400)	(5,765)
– Borrowings from banks	–	(3,448)
Subtotal	(11,032)	(10,626)
Net interest income	88,699	121,076
Service fee from consulting services	35,449	33,352
Revenue	253,008	285,634

5 OTHER REVENUE

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Available-for-sale financial assets (listed security) reclassified from equity on disposal	20,583	9,312
Government grant	8,212	7,470
Foreign exchange gains	7,695	1,058
Investment income of receivable investments	1,015	6,129
Investment income from available-for-sale financial assets	895	4,570
Dividend income from investments	878	–
Dispose gain of available-for-sale financial assets (unlisted security)	640	–
Others	1,547	261
	<u>41,465</u>	<u>28,800</u>

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Impairment and provision-charged

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Receivables for default guarantee payments	15,171	14,551
Receivables from guarantee customers	5,684	3,634
Loans and advances to customers	2,050	9,173
	<u>22,905</u>	<u>27,358</u>

(b) **Staff costs**

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Salaries, wages, bonuses and other benefits	45,183	38,758
Contributions to retirement schemes	3,507	3,023
	48,690	41,781

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

(c) **Other items**

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Depreciation and amortization	2,855	2,985
Operating lease charges: minimum lease payments	5,115	5,691
Auditors' remuneration		
– annual audit	1,700	613
– others	600	–
– IPO audit	–	2,347
Listing expense upon IPO	–	4,256

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Current tax		
Provision for PRC income tax for the year	55,812	55,111
Deferred tax		
Origination and reversal of temporary differences	(5,821)	(5,326)
Income tax expense	<u>49,991</u>	<u>49,785</u>

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

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Profit before taxation	<u>193,892</u>	<u>192,615</u>
Notional tax on profit before taxation, calculated at 25%	48,473	48,159
Effect of non-deductible expenses	<u>1,518</u>	<u>1,626</u>
Actual income tax expense	<u>49,991</u>	<u>49,785</u>

8 EARNINGS PER SHARE

(a) Basic earnings per share

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

	2016	2015
Profit attributable to the equity shareholders of the Company (RMB'000)	114,333	112,104
Weighted average number of ordinary shares in issue for the purpose of basic earnings per share ('000)	<u>1,066,667</u>	<u>806,575</u>
Basic earnings per share (RMB per share)	<u><u>0.11</u></u>	<u><u>0.14</u></u>

(b) Weighted average number of ordinary shares

	2016	2015
Issued ordinary shares at 1 January ('000)	1,066,667	800,000
Effect of shares upon IPO ('000) (i)	<u>–</u>	<u>6,575</u>
Weighted average number of ordinary shares at 31 December ('000)	<u><u>1,066,667</u></u>	<u><u>806,575</u></u>

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

There were no dilutive potential ordinary shares during the years ended 31 December 2016 and 2015, and therefore, diluted earnings per share are the same as the basic earnings per share.

9 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	31 December 2016 RMB'000	31 December 2015 RMB'000
Cash in hand	11	13
Cash at banks	402,497	542,991
	<hr/>	<hr/>
Cash and cash equivalents in the consolidated cash flow statement	402,508	543,004
Term deposits with banks	365,173	320,744
Restricted bank deposits	2,514	2,499
	<hr/>	<hr/>
	770,195	866,247
	<hr/> <hr/>	<hr/> <hr/>

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

Restricted bank deposits represented the received guarantee business pledged customer deposit with tripartite custodian agreement among lending bank, guarantee customer and the Group. For the purpose of the consolidated cash flow statement, the Group's restricted bank deposits and term deposits with banks have been excluded from cash and cash equivalents.

10 TRADE AND OTHER RECEIVABLES

		31 December 2016 RMB'000	31 December 2015 RMB'000
	<i>Note</i>		
Receivables for default guarantee payments	(i)	234,129	202,028
Less: Allowance for doubtful debts		(55,898)	(56,978)
		178,231	145,050
Receivables from guarantee customers	(ii)	131,748	69,055
Less: Allowance for doubtful debts		(13,160)	(7,476)
		118,588	61,579
Interest receivables		21,871	14,150
Receivables from disposal of default guarantee payments		49,983	18,414
Other receivables		13,859	20,576
		85,713	53,140
Deposits and prepayments		4,956	35,343
Repossessed assets		10,085	8,343
		15,041	43,686
		397,573	303,455

- (i) During the year ended 31 December 2016, the Group disposed of receivables for default guarantee payments amounted to RMB130,290,000 (2015: RMB109,021,000) (with allowances for doubtful debts of RMB15,768,000 (2015: RMB11,189,000)), without recourse to other parties at considerations amounted to RMB114,523,000 (2015: RMB97,832,000).
- (ii) During the year ended 31 December 2016, the Group disposed of receivables from guarantee customers amounted to RMB9,514,000 (2015: RMB67,689,000) without recourse to other parties at considerations amounted to RMB8,563,000 (2015: RMB67,249,000).

(a) Ageing analysis:

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

(i) Receivables for default guarantee payments

	31 December 2016 RMB'000	31 December 2015 RMB'000
Within 1 year	67,744	70,892
Over 1 year but less than 2 years	48,183	47,635
Over 2 years but less than 3 years	45,823	54,861
Over 3 years	72,379	28,640
Less: Allowance for doubtful debts	<u>(55,898)</u>	<u>(56,978)</u>
	<u>178,231</u>	<u>145,050</u>

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

(ii) *Receivables from guarantee customers*

	31 December 2016 RMB'000	31 December 2015 RMB'000
Within 1 year	86,030	69,055
Over 1 year but less than 2 years	45,718	–
Less: Allowance for doubtful debts	<u>(13,160)</u>	<u>(7,476)</u>
	<u>118,588</u>	<u>61,579</u>

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

11 LOANS AND ADVANCES TO CUSTOMERS

(a) **Analysed by nature**

	31 December 2016 RMB'000	31 December 2015 RMB'000
Entrusted loans	360,305	402,742
Micro-lending	<u>303,782</u>	<u>272,627</u>
Gross loans and advances to customers	664,087	675,369
Less: Allowances for impairment losses		
– Individually assessed	(20,200)	(16,438)
– Collectively assessed	<u>(18,023)</u>	<u>(20,957)</u>
Total allowances for impairment losses	<u>(38,223)</u>	<u>(37,395)</u>
Net loans and advances to customers	<u>625,864</u>	<u>637,974</u>

(b) **Analysed by industry sector**

	31 December 2016		31 December 2015	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Wholesale and retail	244,864	36%	254,299	38%
Service sector	189,754	29%	198,273	29%
Loans to individual business proprietors	128,064	19%	135,028	19%
Manufacturing	76,047	11%	71,363	10%
Transportation warehousing and postal service	10,958	2%	11,006	2%
Construction industry	12,000	2%	3,000	1%
Real estate and construction	2,400	1%	2,400	1%
Gross loans and advances to customers	664,087	100%	675,369	100%
Less: Allowances for impairment losses				
– Individually assessed	(20,200)		(16,438)	
– Collectively assessed	(18,023)		(20,957)	
Total allowances for impairment losses	(38,223)		(37,395)	
Net loans and advances to customers	625,864		637,974	

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

	31 December 2016 RMB'000	31 December 2015 RMB'000
Secured loans	195,473	156,701
Unsecured loans	84,136	123,608
Others	384,478	395,060
Gross loans and advances to customers	664,087	675,369
Less: Allowances for impairment losses		
– Individually assessed	(20,200)	(16,438)
– Collectively assessed	(18,023)	(20,957)
Total allowances for impairment losses	(38,223)	(37,395)
Net loans and advances to customers	625,864	637,974

- 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.

12 LIABILITIES FROM GUARANTEES

	31 December 2016 RMB'000	31 December 2015 RMB'000
Deferred income	103,895	84,288
Provisions for guarantee losses	68,484	78,981
	<u>172,379</u>	<u>163,269</u>

13 CUSTOMER PLEDGED DEPOSITS AND ACCRUALS AND OTHER PAYABLES

(a) Customer pledged deposits

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

According to Interim Measures for the Administration of Financing Guarantee Companies, jointly formulated and issued by China Banking Regulatory Commission, the National Development and Reform Commission, the Ministry of Finance, the Ministry of Commerce, the People's Bank of China and the State Administration for Industry and Commerce on 8 March 2010, and the 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

	31 December 2016 RMB'000	31 December 2015 RMB'000
Accrued staff cost	39,209	36,664
Principle and fix return payable for other financial instrument-liability component	19,640	12,000
Receipts in advance	6,493	6,052
Withholding income tax	155	130
Share capital and share premium payable to NSSF (i)	–	30,227
Other payables	21,043	15,955
Total	86,540	101,028

- (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.

14 CAPITAL, RESERVES AND DIVIDENDS

(a) Movement in components of equity

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

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

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

(b) Dividends

In accordance with the resolution of the Company's board of directors' meeting on 28 March 2017, the proposed dividends appropriations for the year ended 31 December 2016 are as follows:

- Declare cash dividends to all shareholders of RMB90,666,667 (2015: RMB90,666,667) representing RMB0.085 (2015: RMB0.085) per share before tax.

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

15 GUARANTEES ISSUED

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

	31 December 2016 RMB'000	31 December 2015 RMB'000
Financing guarantee	3,092,771	3,415,799
Performance guarantee	3,152,802	1,219,399
Litigation guarantee	366,847	259,987
Subtotal	6,612,420	4,895,185
Less: Customer pledged deposits	(11,795)	(6,871)
Total	<u>6,600,625</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.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

In 2016, the Company carried out strategic transformation and upgrade. It intensified the promotion of non-financing guarantee business while scaling down the financing guarantee business so as to reduce the business risks of the Company, thus laying a solid foundation for the sustainable development of the Company.

In 2016, China's macro-economy stepped into a new normality, the economy growth slowed down and certain industries were under increasing downward pressure. Under the effects of the national regulatory and control policies as well as the reform measures in respect of stabilizing growth, adjusting structure and boosting reform, the economy was running smoothly on the whole. We are of the view that as our primary source of customers is SMEs in China, we are more susceptible to such adverse macro-economic conditions. In order to better manage and control our credit risk, the Company launched an updated business process system in 2016, thus further standardizing and systemizing the business operation and risk control process and further consolidating the stable and healthy development of the Company. Against the background of the slower economic growth and the downturn of industries, our total income decreased by 6.2% as compared to last year.

Business Overview

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

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

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

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

As of 31 December 2016, the net balance of our outstanding guarantee was RMB6,612.4 million. For the year ended 31 December 2016, our net guarantee fee income was RMB128.9 million.

- (2) **SME lendings:** We provided entrusted loans to SMEs and individual business proprietors, where we deposit our own funds into intermediary banks, which on-lend the funds to ultimate borrowers selected by us. Our entrusted loan business allows us to provide loans of relatively large amount through banks, usually ranging from RMB3.0 million to RMB35.0 million, and is not subject to geographical restriction. As of 31 December 2016, the balance of our entrusted loans was RMB360.3 million.

We also provide micro-lending to SMEs, individual business proprietors and individuals in Foshan since July 2011 through Foshan Chancheng Join-Share Micro Credit Co., Ltd. (佛山禪城中盈盛達小額貸款有限公司) (“**Foshan Micro Credit**”), which was consolidated into our Group in June 2014. Foshan Micro Credit is permitted to conduct its operations in Chancheng District, Foshan, Guangdong province. As of 31 December 2016, the balance of our micro-lending was RMB303.8 million. Due to limits imposed by certain laws and regulations, the amount of micro-lending that we may provide is up to RMB5.0 million. In general, the micro-lending that we provide has a term within one year.

As of 31 December 2016, the gross interest income from our SME lending business was RMB89.7 million.

Major business activities undertaken by the Group during the year

During the year ended 31 December 2016, we have continued to enhance our business opportunities, with an aim to maximize our returns and strengthen the Group’s overall market position. The major business activities undertaken by the Group during the year are set out as follows:

- (1) On 4 February 2016, the Company, 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) (“**Yunfu Rongda**”) and Guangdong Wenshi Investment Company Limited* (廣東溫氏投資有限公司) (“**Guangdong Wenshi**”) have established a joint venture, 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) (“**Yunfu Yuecai**”) for the purpose of providing financial and non-financial guarantee and financial consulting services for individuals and the SMEs in Yunfu, the People’s Republic of China (the “**PRC**”). For details, please refer to the announcement of the Company dated 18 February 2016.

In 2016, Yunfu Yuecai recorded total revenue of approximately RMB6.4 million and net profit of RMB2.7 million.

- (2) On 27 April 2016, a new wholly-owned subsidiary of the Company, Guangdong Join-Share Capital Management Limited* (廣東中盈盛達資本管理有限公司) (“**Guangdong Capital Management**”) was established. Guangdong Capital Management provides capital management services for existing and new customers with the need for such services. Guangdong Capital Management has commenced operation in May 2016 and had a registered capital of RMB30.0 million, of which RMB3.0 million was funded by our internal resources and RMB27.0 million was funded by the reallocated actual net proceeds from the listing of the Company’s H shares on the Stock Exchange on 23 December 2015 (the “**Listing**”).

On 26 September 2016, the Board of the Company resolved to make capital increase to Guangdong Capital Management. The registered capital was changed from RMB30.0 million to RMB60.0 million, of which RMB3.0 million was funded by our internal resources and RMB27.0 million was funded by the reallocated actual net proceeds from the Listing. For details, please refer to the announcement of the Company dated 26 September 2016.

In 2016, Guangdong Capital Management invested in a total of 7 projects, with total investment amounting to RMB38.7 million. As of 31 December 2016, the investment balance of Guangdong Capital Management was RMB36.7 million.

Financial Review

Net Guarantee Fee Income

Our net guarantee fee income decreased by approximately RMB2.3 million, or approximately 1.8%, to approximately RMB128.9 million in 2016 from approximately RMB131.2 million in 2015. Our total guarantee income decreased by approximately RMB6.8 million, or approximately 4.8%, to approximately RMB133.8 million in 2016 from approximately RMB140.6 million in 2015, mainly attributable to (i) our adjustment to the structure of the guarantee business and prudent operation of the financing guarantee business, which resulted in a decrease of RMB14.3 million, or approximately 10.6% in the financing guarantee income; (ii) our devotion of more efforts to carry out non-financing guarantee business, which resulted in an increase of RMB7.6 million or approximately 124.6% in our non-financing guarantee income which partly offset the decrease in the financing guarantee income. The annualized average guarantee fee ratio for the year ended 31 December 2016 was approximately 2.3%, as compared to approximately 3.0% for the year ended 31 December 2015. The decrease in the annualized average guarantee fee ratio in 2016 was mainly attributable to our adjustment to the structure of the guarantee business and great devotion in operation of the non-financing guarantee business. The guarantee fee ratio of non-financing guarantee business is lower as compared with that of financing guarantee business.

Net Interest Income

Our net interest income decreased by approximately RMB32.4 million, or approximately 26.8%, to approximately RMB88.7 million in 2016 from approximately RMB121.1 million in 2015, primarily due to the decrease by 29.7% and 18.1% of our interest income from the entrusted loans and micro-lending business, respectively.

The interest income from our entrusted loan business for the year ended 31 December 2016 decreased by approximately RMB21.1 million or approximately 29.7% to approximately RMB49.9 million in 2016 from approximately RMB71.0 million in 2015, which was attributable to (i) the decrease in the PBOC benchmark interest rate for the year ended 31 December 2016, and (ii) in 2016, the increase in the proportion of entrusted loans with larger amount and lower interest rate to our entrusted loans combination. Our annualized average interest rate of entrusted loans decreased by 30.2%.

The interest income from our micro-lending business for the year ended 31 December 2016 decreased by approximately RMB8.8 million or approximately 18.1% to approximately RMB39.8 million in 2016 from approximately RMB48.6 million in 2015, primarily as a result of the decrease in the PBOC benchmark interest rate. Our annualized average interest rate of our micro-lending decreased by 21.0%.

Service Fee from Consulting Services

Our service fee from consulting services increased by approximately RMB2.0 million, or approximately 6.0%, to approximately RMB35.4 million in 2016 from approximately RMB33.4 million in 2015, primarily due to our active development of consulting business.

Other Revenue

Our other revenue increased by approximately RMB12.7 million, or approximately 44.1%, to approximately RMB41.5 million in 2016 from approximately RMB28.8 million in 2015, primarily due to (i) an increase by approximately RMB8.2 million or approximately 59.0% of investment income of available for sale financial asset from approximately RMB13.9 million in 2015 to approximately RMB22.1 million in 2016; and (ii) an increase by approximately RMB6.6 million or approximately 600.0% of gains from foreign exchange rate changes from approximately RMB1.1 million in 2015 to approximately RMB7.7 million in 2016, and such increases were partially offset by the decrease in investment income from investment receivables from approximately RMB6.1 million in 2015 to approximately RMB1.0 million in 2016.

Provisions for Guarantee Losses

Provisions for guarantee losses primarily reflect our management's estimate on the level of provisions that is adequate to our guarantee business. We made reversal for guarantee losses of approximately RMB10.5 million in 2016 compared to provisions of approximately RMB2.5 million in 2015, primarily due to a decrease by RMB323.0 million or approximately 9.5% of the balance of outstanding financing guarantee from approximately RMB3,415.8 million as of 31 December 2015 to approximately RMB3,092.8 million as of 31 December 2016.

Impairment Losses

Impairment losses mainly include impairment allowances we make in relation to (i) receivables for default guarantee payments, which reflect the net default guarantee payments which we are unable to collect; and (ii) loans and advances to customers primarily in our entrusted loan and micro-lending businesses, which reflect the net amount of loans and advances to customers which we are unable to collect. Our impairment losses decreased by approximately RMB4.5 million, or approximately 16.4%, to approximately RMB22.9 million in 2016 from approximately RMB27.4 million in 2015, primarily due to a decrease of impairment losses for loans and advances to customers by approximately RMB7.1 million, or approximately 77.2%, from approximately RMB9.2 million for 2015 to approximately RMB2.1 million for 2016, which was partially offset by an increase of the impairment losses for the receivables of guarantee payments by approximately RMB2.1 million, or approximately 58.3%, from approximately RMB3.6 million for 2015 to RMB5.7 million for 2016.

Operating expenses

Our operating expenses decreased by approximately RMB3.2 million, or approximately 3.5%, to approximately RMB88.7 million in 2016 from approximately RMB91.9 million in 2015, mainly attributable to a decrease of listing expense of IPO by 100% since listing expense of IPO of approximately RMB6.6 million was incurred in 2015 for the preparation of the Listing and no such expense was incurred in 2016 after the Listing, and such decrease was partially offset by an increase of staff costs of RMB6.9 million from approximately RMB41.8 million in 2015 to approximately RMB48.7 million in 2016.

Profit before Taxation

As a result of the foregoing, our profit before taxation increased by approximately RMB1.3 million, or approximately 0.7%, to approximately RMB193.9 million in 2016 from approximately RMB192.6 million in 2015. Our profit before taxation accounted for approximately 76.6% and 67.4% of our revenue in 2016 and 2015, respectively.

Income Tax

Our income tax increased by approximately RMB0.2 million, or approximately 0.4%, to approximately RMB50.0 million in 2016 from approximately RMB49.8 million in 2015, primarily due to the increase in our taxable profits.

Profit for the Year

As a result of the foregoing, our profit for the year increased by approximately RMB1.1 million, or approximately 0.8%, to approximately RMB143.9 million in 2016 from approximately RMB142.8 million in 2015, and our net profit margin increased to approximately 56.9% in 2016 from approximately 50.0% in 2015.

Capital Expenditure

Our capital expenditures consist primarily of expenditures for the purchase of motor vehicles, office and other equipments and office decoration. For the year ended 31 December 2016, our capital expenditures amounted to approximately RMB9.4 million, which was primarily related to the purchase of office premises due to our business expansion.

Capital Commitments and Contingent Liabilities

As at 31 December 2016, our outstanding capital commitments relating to the total maximum guarantee issued to our customers in relation to our guarantee business and the leases of our office premises amounted to approximately RMB6,612.4 million and RMB3.6 million, respectively.

The Group did not have any contingent liabilities as at 31 December 2016.

Charge on assets

As at 31 December 2016, the Group did not pledge any of its assets to secure any banking facility or bank loan.

Prospects and future developments in the business of the Group

- (I) Development trend of the industry: the State Council of the PRC promulgated the Opinions on Promoting the Development of Financing Guarantee Industry (《關於促進融資擔保行業加快發展的意見》) in August 2015, which fully affirmed that financing guarantee was a primary means and a critical part to solve the difficulty and high costs of financing for SMEs and the “agriculture, rural areas and farmers”, and also played an important role in stabilizing growth, adjusting structure and benefiting livelihood. We are of the view that the financing guarantee industry will maintain its sustainable and rapid development under the support of the national policy and driven by the strong financing demands of the SMEs in China.
- (II) Development strategy of the Company: in 2016, the Company carried out the strategy of transformation and upgrade, promoted the divisional organization reform and achieved effective results in this regard. While consolidating its regular businesses, the Company devoted more efforts to expand into new business areas and developed the relevant construction guarantee and other financial service-related products. Giving full play to the brand effect and public praise of the Company and leveraging on the Internet, the Company aims to build itself into a systematic provider of investment and financing services with the highest systematic value for the SMEs and individuals in China.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

Capital Structure

The Group’s primary objectives when managing capital are to safeguard the Group’s ability to continue as a going concern, so that it 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 bank deposits are placed with banks in the PRC. Any remittance from the PRC is subject to the restrictions on foreign exchange control imposed by the PRC government.

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

Liquidity and Capital Resources

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

As of 31 December 2016, our cash and cash equivalent was approximately RMB770.2 million.

The gearing ratios of the Group as at 31 December 2016 and 31 December 2015 were 20.1% and 20.7%, respectively. Such gearing ratio was computed by dividing total liabilities by total assets.

Indebtedness

As of 31 December 2016, private placement bonds issued by Foshan Micro Credit amounted to RMB50.0 million.

In addition, we had other financial instrument – liability component of RMB78.5 million.

Off-Balance Sheet Arrangements

We are a party to guarantee contracts with off-balance-sheet risk in the ordinary course of our business. The contract amount reflects the extent of our involvement in the financing guarantee business and also represents our maximum exposure to credit loss. As of 31 December 2016, our outstanding guarantee totaled approximately RMB6,612.4 million. We have no other off-balance-sheet arrangements.

Significant investments

Save as disclosed under the section headed “Major business activities undertaken by the Group during the year” in this announcement, the Group had no significant investment for the year ended 31 December 2016.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

There were no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2016.

Future Plans for Material Investments or Capital Assets

There was no specific plan for material investments or capital assets as at 31 December 2016.

EVENT AFTER REPORTING PERIOD

The registered capital of Guangdong Capital Management was increased from RMB30.0 million to RMB60.0 million and the relevant change of industry and commercial registration has been completed on 10 February 2017. For details, please refer to the section headed “Major business activities undertaken by the Group during the year” in this announcement.

The registered capital of Anhui Join-Share Financing Guarantee Co., Ltd, a non wholly-owned subsidiary of the Company, was increased by RMB50.0 million from RMB 150.0 million to RMB200.0 million and the relevant change of industry and commercial registration has been completed on 2 March 2017.

HUMAN RESOURCES

The total number of staff within the Group at 31 December 2016 and 31 December 2015 was 256 and 242 respectively. The Directors believe that employees’ quality is the most important factor in maintaining the sustained development and growth of the Group and in raising its profitability. We offer a base salary with bonuses based on our employees’ performance and benefits and allowances to all our employees as an incentive. For the year ended 31 December 2016, we paid approximately RMB48.7 million to our employees as remuneration. We also offer trainings to our new employees twice a year. We believe both the performance-based salary and staff training play an important role in recruiting and retaining talent as well as enhancing employee loyalty.

The Group is required to participate in pension schemes organized by the respective local governments of the PRC whereby the Group is required to pay annual contributions for PRC based employees at certain rate of the standard wages determined by the relevant authorities in the PRC during the year. The Group has complied with the relevant requirements during the year ended 31 December 2016.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 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

The Company established the audit committee with written terms of reference in compliance with the Corporate Governance Code contained in Appendix 14 to the Listing Rules. As at the date of this announcement, the audit committee of the Company comprises three members, namely Mr. Wu Xiangneng, Mr. Leung Hon Man and Mr. Huang Guoshen, two of whom are independent non-executive directors of the Company. Mr. Wu Xiangneng is the chairman of the audit committee. The audit committee has reviewed and discussed the annual results of the Group for the year ended 31 December 2016. The audit committee has also reviewed with the management and the Company's auditors, KPMG, the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the audit of the consolidated financial statements for the year ended 31 December 2016.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to achieving high standards of corporate governance in order to safeguard the interests of shareholders and enhance corporate value and accountability of the Company. The Company has adopted the Corporate Governance Code (the “**CG Code**”) set out in Appendix 14 to the Listing Rules as its own code of corporate governance. During the year ended 31 December 2016, the Company had complied with the code provisions set out in the CG Code. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of practice for carrying out securities transactions by the directors and supervisors of the Company. Having made specific enquiry with the directors and supervisors of the Company, they have confirmed their compliance with the relevant standards stipulated in the Model Code during the year ended 31 December 2016.

FINAL DIVIDEND

The Board recommends the distribution of a final dividend of RMB0.085 (before considering any tax effect) per share for the year ended 31 December 2016, amounting to RMB90,666,666.7 (the “**2016 Final Dividend**”) in aggregate.

According to the Articles of Association of the Company, dividend payable to holders of domestic shares will be paid in Renminbi, whereas dividend payable to holders of the H shares will be declared in Renminbi and paid in Hong Kong dollars. The exchange rate of which will be calculated in accordance with the related national regulations on foreign exchange control. The 2016 Final Dividend will be subject to approval at the forthcoming 2016 annual general meeting (“**AGM**”) and is expected to be paid on or about Friday, 28 July 2017.

Pursuant to the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》), the Implementation Regulations of the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法實施條例》), the Administrative Measures of the State Administration of Taxation on Tax Convention Treatment for Non-resident Taxpayers (No. 60 of the Announcement of the State Administration of Taxation for 2015) (《國家稅務總局非居民納稅人享受稅收協定待遇管理辦法》) (國家稅務總局公告2015年第60號), the Notice of the State Administration of Taxation on the Questions Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 45 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), other relevant laws and regulations and other regulatory documents, the Company shall, as a withholding agent, withhold and pay individual income tax for the individual holders of H shares in respect of the dividend to be distributed to them. However, the individual holders of H shares may be entitled to certain tax preferential treatments pursuant to the tax treaties between the PRC and the countries (regions) in which the individual holders of H shares are domiciled and the tax arrangements between Mainland China, Hong Kong or Macau. For individual holders of H shares in general, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the individual holders of H shares in the distribution of the dividend. However, the tax rates applicable to individual holders of H shares overseas may vary depending on the tax treaties between the PRC and the countries (regions) in which the individual holders of H shares are domiciled, and the Company will withhold and pay individual income tax on behalf of the individual holders of H shares in the distribution of the dividend accordingly.

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

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

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

ANNUAL GENERAL MEETING

The AGM will be held on Tuesday, 6 June 2017, while the notice of the AGM will be published and dispatched to shareholders of the Company in the manner as stipulated under the Listing Rules when appropriate.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the shareholders' eligibility to attend the AGM, the register of members of the Company will be closed from Sunday, 7 May 2017 to Tuesday, 6 June 2017, both days inclusive, during which no transfer of shares will be registered. Only shareholders of the Company whose names appear on the register of members of the Company on Tuesday, 6 June 2017 or their proxies or duly authorised corporate representatives are entitled to attend the AGM. In order to qualify for attending and voting at the AGM, all properly completed transfer documents accompanied with relevant share certificates must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H shares), or the Company's registered office in the PRC at Unit 2202-2212, 22/F, Chuangye Building, No. 215 Fenjiang Middle Road, Foshan, Guangdong, the PRC (for holders of domestic shares) not later than 4:30 p.m. on Friday, 5 May 2017.

In order to determine the shareholders entitled to the 2016 Final Dividend, the register of members of the Company will be closed from Sunday, 11 June 2017 to Friday, 16 June 2017, both days inclusive, during which no transfer of shares will be registered. Only shareholders of the Company whose names appear on the register of members of the Company on Friday, 16 June 2017 are entitled to the 2016 Final Dividend. In order to qualify for receiving the 2016 Final Dividend which is still subject to approval of the shareholders at the AGM, all properly completed transfer documents accompanied with relevant share certificates must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H shares), or the Company's registered office in the PRC at Unit 2202–2212, 22/F, Chuangye Building, No. 215 Fenjiang Middle Road, Foshan, Guangdong, the PRC (for holders of domestic shares) not later than 4:30 p.m. on Friday, 9 June 2017.

ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2016 will be dispatched to shareholders and made available on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Company (www.join-share.com) in April 2017.

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

Foshan, the PRC, 28 March 2017

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

* *for identification purpose only*