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**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 2021**

### **HIGHLIGHT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021**

- Total revenue was approximately RMB318.70 million, including revenue of approximately RMB310.07 million and other revenue of approximately RMB8.63 million, representing an increase of approximately 3.92% as compared with last year.
- Profit for the year and net profit margin were approximately RMB96.35 million and 31.07%, respectively.
- Profit before taxation amounted to approximately RMB137.25 million, representing a decrease of approximately 11.04% as compared with last year.
- Profit for the year attributable to equitable shareholders of the Company amounted to approximately RMB81.99 million, representing a decrease of approximately 23.07% as compared with last year.
- The payment of final dividends of RMB0.05 per Share for the year ended 31 December 2021 is recommended by the Board (2020: RMB0.06 per Share).

The board (the “**Board**”) of directors (the “**Directors**”) of 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). (the “**Company**”) is pleased to announce the audited annual results for the year ended 31 December 2021 of the Company and its subsidiaries (collectively, the “**Group**”), along with comparative figures from the year ended 31 December 2020, which should be read in conjunction with the following management discussion and analysis.

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

*for the year ended 31 December 2021  
(Expressed in RMB'000)*

	<i>Note</i>	<b>2021</b> <b>RMB'000</b>	2020 <i>RMB'000</i>
Guarantee fee income		<b>231,420</b>	216,246
Guarantee cost		<b>(38,254)</b>	(39,684)
Net guarantee fee income		<b>193,166</b>	176,562
Interest income		<b>104,901</b>	95,300
Interest expenses		<b>(26,154)</b>	(16,617)
Net interest income		<b>78,747</b>	78,683
Service fee from consulting services		<b>38,159</b>	29,202
<b>Revenue</b>	3	<b>310,072</b>	284,447
Other revenue	4	<b>8,631</b>	22,240
Share of (losses)/gains of associates		<b>(3,022)</b>	15,108
Provisions charged for guarantee losses		<b>(10,249)</b>	(2,811)
Impairment losses	5(a)	<b>(42,937)</b>	(50,595)
Operating expenses	5(b)/(c)	<b>(125,245)</b>	(114,095)
<b>Profit before taxation</b>		<b>137,250</b>	154,294
Income tax	6	<b>(40,897)</b>	(36,217)
<b>Profit for the year</b>		<b>96,353</b>	118,077
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>81,987</b>	106,577
Non-controlling interests		<b>14,366</b>	11,500
<b>Profit for the year</b>		<b>96,353</b>	118,077
<b>Earnings per share</b>			
Basic and diluted ( <i>RMB per share</i> )	7	<b>0.05</b>	0.07

	<b>2021</b> <b>RMB'000</b>	2020 <i>RMB'000</i>
<b>Profit for the year</b>	<b>96,353</b>	118,077
<b>Other comprehensive income for the year</b>		
Items that will not be reclassified to profit or loss:		
Equity investment at fair value through other comprehensive income-net movement in fair value reserve (non-recycling)	<b>6,903</b>	(19,960)
Income tax arises from financial assets measured at FVOCI	<b>(1,726)</b>	4,990
Other comprehensive income for the year	<b>5,177</b>	(14,970)
<b>Total comprehensive income for the year</b>	<b>101,530</b>	103,107
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>87,164</b>	91,607
Non-controlling interests	<b>14,366</b>	11,500
<b>Total comprehensive income for the year</b>	<b>101,530</b>	103,107

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*as at 31 December 2021*

*(Expressed in RMB'000)*

	<i>Note</i>	At 31 December 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
<b>Assets</b>			
Cash and bank deposits	8	1,084,457	1,058,266
Pledged deposits		561,557	524,130
Trade and other receivables	9	734,595	589,114
Loans and advances to customers	10	618,342	504,937
Factoring receivables		174,408	180,700
Financial assets measured at FVOCI	11	73,002	41,050
Financial assets measured at FVPL	12	31,094	90,905
Receivable investments	13	28,512	77,972
Interests in associates		37,889	34,023
Fixed assets		20,866	15,478
Investment property		6,637	7,767
Intangible assets		4,238	2,403
Goodwill		419	419
Deferred tax assets		69,049	61,344
<b>Total assets</b>		<b>3,445,065</b>	<b>3,188,508</b>
<b>Liabilities</b>			
Interest-bearing borrowings	14	69,415	137,793
Liabilities from guarantees	15	240,169	194,822
Customer pledged deposits	16(a)	250,934	271,725
Accruals and other payables	16(b)	104,215	102,451
Debts securities issued	17	268,710	—
Other financial instruments	18	111,332	59,364
Financial liabilities measured at FVPL	19	16,384	—
Lease liabilities		15,046	8,150
Deferred tax liabilities		74	140
<b>Total liabilities</b>		<b>1,076,279</b>	<b>774,445</b>
<b>NET ASSETS</b>		<b>2,368,786</b>	<b>2,414,063</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	20	1,560,793	1,560,793
Reserves		540,902	529,749
<b>Total equity attributable to equity shareholders of the Company</b>		<b>2,101,695</b>	<b>2,090,542</b>
<b>Non-controlling interests</b>		<b>267,091</b>	<b>323,521</b>
<b>TOTAL EQUITY</b>		<b>2,368,786</b>	<b>2,414,063</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 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. Significant accounting policies adopted by the Group are disclosed below.

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 1(c) 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 2021 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 financial assets measured at fair value through other comprehensive income (FVOCI), financial assets and liabilities measured at fair value through profit or loss (FVPL) that are stated at their fair value.

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.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 2.

**(c) Changes in accounting policies**

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendment to HKFRS 16, Covid-19-Related Rent Concessions
- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest rate benchmark reform — phase 2

None of these amendments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this financial report.

Other than the amendment to HKFRS 16, The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Impacts of the adoption of the amended HKFRSs are discussed below:

***Amendment to HKFRS 16, Covid-19-Related Rent Concessions***

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic ("COVID-19-related rent concessions") are lease modifications and, instead, account for those rent concessions as if they were not lease modifications. The Group elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19-related rent concessions granted to the Group during the year ending 31 December 2020. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred.

**2 ACCOUNTING JUDGEMENTS AND ESTIMATES**

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

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

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

**(b) Sources of estimation uncertainty**

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

**(i) *Impairment of trade and other receivables, loans and advances to customers, factoring receivables, receivable investments and financial assets measured at FVOCI***

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

The impairment loss for trade and other receivables, loans and advances to customers, factoring receivables, receivable investments and financial assets measured at FVOCI (debt) using the expected credit loss model is subject to a number of key parameters and assumptions, including the identification of credit-impaired stages, estimates of probability of default, loss given default, exposures at default and discount rate, adjustments for forward-looking information and other adjustment factors. The expected credit losses for trade and other receivables, loans and advances to customers, factoring receivables, receivable investments and financial assets measured at FVOCI (debt) are derived from estimates whereby management takes into consideration historical data, the historical loss experience and other adjustment factors. Historical loss experience is adjusted on the basis of the relevant observable data that reflect current economic conditions and the judgment based on management's historical experience. Management reviews the selection of those parameters and the application of the assumptions regularly to reduce any difference between loss estimates and actual loss.

No impairment loss is recognised on equity investments.

**(ii) *Impairment of non-financial assets***

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

recoverable amount, including estimates based on reasonable and supportable assumptions and projections of the level of revenue and amount of operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

**(c) Depreciation and amortisation**

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

**(d) Provisions for guarantee issued**

The Group makes reasonable estimate on costs required to fulfil the relevant obligation of guarantee contracts when the Group computes the provisions of guarantee losses. Such estimation is made based on the available information as of the balance sheet date and is determined by the Group's practical experience, default history of the business, taking into consideration of industry information and market data.

**(e) Deferred tax assets**

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

**(f) Measurement of fair values**

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

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

**(g) Judgement on the degree of control of investment**

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



Where the Group acts as a service provider of or investor in structured entities, the Group makes significant judgement on whether the Group controls and should consolidate these structured entities. When performing this assessment, the Group assesses the Group's contractual rights and obligations in light of the transaction structures, and evaluates the Group's power over the structured entities, performs analysis and tests on the variable returns from the structured entities, including but not limited to direct investment income or loss and service fees earned as the asset service agency, the retention of residual income, and, if any, the liquidity and other support provided to the structured entities. The Group also assesses whether it acts as a principal or an agent through analysis of the scope of its decision-making authority over the structured entities, the remuneration to which it is entitled for asset services, the Group's exposure to variability of returns from its other interests in the structured entities, and the rights held by other parties in the structured entities.

### 3 REVENUE AND SEGMENT REPORTING

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Guarantee fee income</b>		
Financing guarantee fee income	183,421	156,936
Performance guarantee fee income	<u>47,999</u>	<u>59,310</u>
Subtotal	<u>231,420</u>	<u>216,246</u>
<b>Guarantee cost</b>		
Re-guarantee expenses	(1,207)	(1,045)
Risk management service expense	<u>(37,047)</u>	<u>(38,639)</u>
Subtotal	<u>(38,254)</u>	<u>(39,684)</u>
<b>Net guarantee fee income</b>	<u>193,166</u>	<u>176,562</u>
<b>Interest income</b>		
— Loans and advances to customers	60,619	61,526
— Factoring service	18,845	15,263
— Cash at banks and pledged bank deposits	14,199	14,157
— Trade and other receivables	<u>11,238</u>	<u>4,354</u>
Subtotal	<u>104,901</u>	<u>95,300</u>

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Interest expenses</b>		
— Debt securities issued	(9,750)	—
— Interest-bearing borrowings	(6,070)	(12,283)
— Interest expenses from other financial instruments	(8,829)	(3,158)
— Others	(1,505)	(1,176)

Subtotal	<u>(26,154)</u>	<u>(16,617)</u>
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<b>Net interest income</b>	<u>78,747</u>	<u>78,683</u>
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<b>Service fee from consulting services</b>	<u>38,159</u>	<u>29,202</u>
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<b>Revenue</b>	<u>310,072</u>	<u>284,447</u>
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#### 4 OTHER REVENUE

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Government grant	15,311	19,006
Investment income from financial assets measured at FVPL	6,554	14,808
Investment income of receivable investments	3,481	5,132
Foreign exchange losses	(4,320)	(5,073)
Profit and loss from fair value changes	(13,835)	(1,103)
Investment income from financial assets measured at FVOCI	—	472
Investment losses from disposal of associates	—	(15,624)
Others	1,440	4,622
Total	<u>8,631</u>	<u>22,240</u>

## 5 PROFIT BEFORE TAXATION

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

### (a) Impairment and provision charged

	<i>Note</i>	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
Receivables for default guarantee payments	9(b)(i)	<b>22,332</b>	24,326
Receivables from guarantee customers	9(b)(ii)	<b>(2,928)</b>	1,674
Loans and advances to customers	10(f)	<b>20,376</b>	13,445
Factoring receivables		<b>9,531</b>	1,326
Receivable investments		—	6,076
Others		<b>(6,374)</b>	3,748
		<b>42,937</b>	50,595

### (b) Staff costs

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
Salaries, wages, bonuses and other benefits	<b>73,379</b>	70,186
Contributions to retirement schemes	<b>6,750</b>	264
	<b>80,129</b>	70,450

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.

For the year ended 31 December 2020, the Group was entitled to the policies of Temporary Relief of Social Insurance Contributions for enterprises issued by the Ministry of Human Resources and Social Security, which expired from 1 January 2021.

### (c) Other items

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
Depreciation and amortization	<b>9,751</b>	10,991
Auditors' remuneration		
— annual audit	<b>2,130</b>	1,900
— others	<b>683</b>	650

## 6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Current tax</b>		
Provision for PRC income tax for the year	50,394	62,254
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>(9,497)</u>	<u>(26,037)</u>
Income tax expense	<u><u>40,897</u></u>	<u><u>36,217</u></u>

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

	<i>Note</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Profit before taxation		<u><u>137,250</u></u>	<u><u>154,294</u></u>
Notional tax on profit before taxation, calculated at 25%	(i)/(ii)	34,313	38,574
Tax effect of non-deductible expenses		4,295	5,127
Tax effect of unused tax losses not recognised		—	(2,800)
Others		<u>2,289</u>	<u>(4,684)</u>
Actual income tax expense		<u><u>40,897</u></u>	<u><u>36,217</u></u>

- (i) No provision for Hong Kong Profits Tax has been made for Join-Share (Hong Kong) Supply-Chain Service Co., Limited and Join-Share Financial Holdings Co., Limited located in Hong Kong as they had not derived any income subject to Hong Kong Profits Tax during the year.
- (ii) According to the PRC Corporate Income Tax (“CIT”) Law that took effect on 1 January 2008, the Group’s PRC subsidiaries are subject to PRC income tax at the statutory tax rate of 25% during 2021.

## 7 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:

	2021	2020
Profit attributable to the equity shareholders of the Company ( <i>RMB'000</i> )	81,987	106,577
Weighted average number of ordinary shares in issue for the purpose of basic earnings per share ( <i>'000</i> )	1,560,793	1,560,793
Basic earnings per share ( <i>RMB per share</i> )	<u>0.05</u>	<u>0.07</u>

### (b) Weighted average number of ordinary shares

	2021	2020
Issued ordinary shares at 1 January ( <i>'000</i> )	1,560,793	1,560,793
Weighted average number of new issue ( <i>'000</i> )	<u>—</u>	<u>—</u>
Weighted average number of ordinary shares at 31 December ( <i>'000</i> )	<u>1,560,793</u>	<u>1,560,793</u>

### (c) Diluted earnings per share

There were no dilutive potential ordinary shares during the years ended 31 December 2021 and 2020, and therefore, diluted earnings per share are the same as the basic earnings per share.

## 8 CASH AND BANK DEPOSITS

Cash and cash equivalents comprise:

	At 31 December 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Cash in hand	24	31
Cash at banks	<u>782,417</u>	<u>649,334</u>
Cash and cash equivalents in the consolidated cash flow statement	782,441	649,365
Term deposits with banks	82,242	224,631
Restricted bank deposits	<u>217,352</u>	<u>180,412</u>
	1,082,035	1,054,408
Accrued interest	<u>2,422</u>	<u>3,858</u>
	<u><u>1,084,457</u></u>	<u><u>1,058,266</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 mainly represent secured deposits received for loans to customers through deposit certificate pledge.

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.

## 9 TRADE AND OTHER RECEIVABLES

	<i>Note</i>	At 31 December 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Receivables for default guarantee payments	(i)/9(a)(i)	305,500	219,798
Less: Allowance for doubtful debts	9(b)(i)	<u>(78,491)</u>	<u>(65,149)</u>
		----- 227,009	----- 154,649
Receivables from guarantee customers	(ii)/9(a)(ii)	195,844	209,606
Less: Allowance for doubtful debts	9(b)(ii)	<u>(45,559)</u>	<u>(55,600)</u>
		----- 150,285	----- 154,006
Interest receivables		9,428	9,863
Less: Allowance for interest receivables		<u>(2,280)</u>	<u>(2,280)</u>
		----- 7,148	----- 7,583
Prepayment to a related party		79,027	22,600
Loan to related parties	(iv)	71,060	86,500
Trade debtors	9(a)(iii)	69,085	40,885
Receivables from debt purchased	(iii)	51,454	48,334
Receivables from a related party		10,000	11,606
Other receivables		<u>13,547</u>	<u>14,949</u>
		----- 294,173	----- 224,874
Deposits and prepayments		26,712	22,542
Repossessed assets		<u>29,268</u>	<u>25,460</u>
		----- 55,980	----- 48,002
		<u>734,595</u>	<u>589,114</u>

As at 31 December 2021, receivables from other receivables, deposits and prepayments and repossessed assets expected to be recovered or recognised as expense after more than one year is RMB32.30 million (31 December 2020: RMB54.77 million). All of the remaining trade and other receivables are expected to be recovered or recognised as expense within one year.

- (i) During the year ended 31 December 2021 the Group disposed of receivables for default guarantee payments amounted to RMB2,000,000 (2020: RMB3,202,300) with no allowances for doubtful debts (2020: RMB nil), without recourse to other parties at considerations (including considerations of overdue interests and penalty interests) amounted to RMB2,200,000 (2020: RMB3,202,300).

- (ii) During the year ended 31 December 2021 the Group disposed of receivables from guarantee customers amounted to RMB6,195,000 (2020: nil) with no allowances for doubtful debts (2020: RMB nil), without recourse to other parties at considerations (including considerations of overdue interests and penalty interests) amounted to RMB6,197,000 (2020: nil).
- (iii) On 28 December 2018, the Group entered into a debt purchase contract with Guangdong Join-Share Holding Co., Ltd.\* (廣東中盈盛達控股股份有限公司) such that the Group purchased the creditor's right and relevant interests, amounting to RMB41,874,000, of Foshan Zhongsheng Properties Co., Ltd.\* (佛山市中盛置業有限公司) at a price of RMB42,094,000. The Group is entitled to receive interest on the principal of RMB26,000,000 at a fixed interest rate of 12% per annum.
- (iv) The interest on the loan to related parties is 8% per annum.

**(a) Ageing analysis:**

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

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

	At 31 December 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Within 1 year	108,262	55,625
Over 1 year but less than 2 years	54,320	94,013
Over 2 years but less than 3 years	91,117	10,389
Over 3 years but less than 5 years	10,573	25,792
Over 5 years	41,228	33,979
Subtotal	305,500	219,798
Less: Allowance for doubtful debts	(78,491)	(65,149)
	<u>227,009</u>	<u>154,649</u>

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



**(ii) Receivables from guarantee customers**

	At 31 December 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Within 1 year	26,942	53,699
Over 1 year but less than 2 years	52,198	19,848
Over 2 year but less than 3 years	9,288	36,839
Over 3 years but less than 5 years	66,424	89,495
Over 5 years	40,992	9,725
	<hr/>	<hr/>
Subtotal	195,844	209,606
Less: Allowance for doubtful debts	(45,559)	(55,600)
	<hr/>	<hr/>
	<b>150,285</b>	<b>154,006</b>
	<hr/> <hr/>	<hr/> <hr/>

The ageing of receivables from guarantee customers is from the date of payment.

**(iii) Trade debtors**

	At 31 December 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Within 1 year	66,746	39,338
Over 1 year but less than 2 years	982	1,547
Over 2 years but less than 3 years	1,357	—
	<hr/>	<hr/>
Subtotal	69,085	40,885
Less: Allowance for doubtful debts	—	—
	<hr/>	<hr/>
	<b>69,085</b>	<b>40,885</b>
	<hr/> <hr/>	<hr/> <hr/>

The ageing of receivables from trade debtors is from the date of payment.

**(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.

The movement in the allowance for receivables for default guarantee payments and receivables from guarantee customers during the years ended 31 December 2021 and 2020, are as follows:

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

		At 31 December 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
	<i>Note</i>		
As at 1 January		65,149	55,640
Impairment losses recognised in the consolidated statement of profit or loss	5(a)	22,332	24,326
Amounts written off		(10,697)	(17,927)
Amounts recovered		1,707	3,110
		<u>78,491</u>	<u>65,149</u>
As at 31 December		<u>78,491</u>	<u>65,149</u>

**(ii) Receivables from guarantee customers**

	2021			
	12-month ECL <i>RMB'000</i>	Lifetime ECL not credit-impaired <i>RMB'000</i>	Lifetime ECL credit-impaired <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2021	—	9,277	46,323	55,600
Transfer to lifetime ECL credit-impaired	—	(3,980)	3,980	—
Net re-measurement of loss allowance	—	(895)	(6,575)	(7,470)
Receivables from guarantee customers newly originated	—	3,865	677	4,542
Uncollectible amounts write-off	—	—	(7,113)	(7,113)
	<u>—</u>	<u>8,267</u>	<u>37,292</u>	<u>45,559</u>
As at 31 December 2021	<u>—</u>	<u>8,267</u>	<u>37,292</u>	<u>45,559</u>

	2020			Total <i>RMB'000</i>
	12-month ECL <i>RMB'000</i>	Lifetime ECL not credit-impaired <i>RMB'000</i>	Lifetime ECL credit-impaired <i>RMB'000</i>	
As at 1 January 2020	—	11,878	46,005	57,883
Transfer to lifetime ECL credit-impaired	—	(1,309)	1,309	—
Net re-measurement of loss allowance	—	(9,497)	2,936	(6,561)
Receivables from guarantee customers newly originated	—	8,205	30	8,235
Uncollectible amounts write-off	—	—	(3,957)	(3,957)
As at 31 December 2020	—	9,277	46,323	55,600

## 10 LOANS AND ADVANCES TO CUSTOMERS

### (a) Analysed by nature

	At 31 December 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Entrusted loans	234,918	158,568
Micro-lending	434,654	379,510
Gross loans and advances to customers	669,572	538,078
Accrued interest	5,232	4,945
Total allowances for impairment losses	(56,462)	(38,086)
Net loans and advances to customers	618,342	504,937

### (b) Analysed by industry sector

	At 31 December 2021		At 31 December 2020	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Service sector	296,293	44%	405,010	75%
Wholesale and retail	267,229	40%	85,754	16%
Manufacturing	103,050	15%	44,314	8%
Others	3,000	1%	3,000	1%
Gross loans and advances to customers	669,572	100%	538,078	100%

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

	At 31 December 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Secured loans	222,902	176,122
Unsecured loans	78,112	4,373
Others	<u>368,558</u>	<u>357,583</u>
Gross loans and advances to customers	<u><u>669,572</u></u>	<u><u>538,078</u></u>

- Secured loans: Secured loans refer to the loan and advances which are secured by collateral that meets the following standards: (i) such collateral has been registered with the relevant governmental authorities; (ii) the market value of such collateral can be easily observed; and (iii) the Group has priorities over other beneficiaries on such collateral. Such collateral mainly includes real estates and land use rights.
- Unsecured loans: Unsecured loans refer to the loan and advances which are not secured by collateral or counter-guaranteed.
- Others: Others refer to loans and advances guaranteed by guarantors, or secured by collateral, the market value of which may be subject to depreciation or cannot be easily observed, or on which the Group does not have priorities over other beneficiaries. Such collateral includes unregistrable real properties, land use rights, and registrable account receivables, vehicles, machineries, inventories and equity interests.

(d) **Overdue loans analysed by overdue period**

	At 31 December 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Overdue within 3 months (inclusive)	50,746	2,172
Overdue more than 3 months to 6 months (inclusive)	—	4,247
Overdue more than 6 months to one year (inclusive)	1,686	3,307
Overdue more than one year	<u>114,250</u>	<u>115,238</u>
	<u><u>166,682</u></u>	<u><u>124,964</u></u>

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

	2021			
	12-month ECL <i>RMB'000</i>	Lifetime ECL not credit-impaired <i>RMB'000</i>	Lifetime ECL credit-impaired <i>RMB'000</i>	Total <i>RMB'000</i>
Entrusted loans	122,500	—	112,418	234,918
Micro-lending	415,923	—	18,731	434,654
Gross loans and advances to customers	538,423	—	131,149	669,572
Less: Allowances for impairment losses	(19,133)	—	(37,329)	(56,462)
Net loans and advances to customers (excluding accrued interest)	<u>519,290</u>	<u>—</u>	<u>93,820</u>	<u>613,110</u>
	2020			
	12-month ECL <i>RMB'000</i>	Lifetime ECL not credit-impaired <i>RMB'000</i>	Lifetime ECL credit-impaired <i>RMB'000</i>	Total <i>RMB'000</i>
Entrusted loans	43,400	—	115,168	158,568
Micro-lending	362,063	850	16,597	379,510
Gross loans and advances to customers	405,463	850	131,765	538,078
Less: Allowances for impairment losses	(13,755)	(55)	(24,276)	(38,086)
Net loans and advances to customers (excluding accrued interest)	<u>391,708</u>	<u>795</u>	<u>107,489</u>	<u>499,992</u>

(f) **Movements of allowances for impairment losses**

	2021			
	12-month ECL <i>RMB'000</i>	Lifetime ECL not credit-impaired <i>RMB'000</i>	Lifetime ECL credit-impaired <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2021	13,755	55	24,276	38,086
Transfer to lifetime ECL not credit-impaired	—	—	—	—
Transfer to lifetime ECL credit-impaired	(67)	(55)	122	—
Net re-measurement of loss allowance	(13,248)	—	8,901	(4,347)
Loans and advances newly originated	18,693	—	6,030	24,723
Write-offs	—	—	(2,000)	(2,000)
As at 31 December 2021	<u>19,133</u>	<u>—</u>	<u>37,329</u>	<u>56,462</u>
	2020			
	12-month ECL <i>RMB'000</i>	Lifetime ECL not credit-impaired <i>RMB'000</i>	Lifetime ECL credit-impaired <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2020	16,597	556	19,404	36,557
Transfer to lifetime ECL not credit-impaired	(74)	74	—	—
Transfer to lifetime ECL credit-impaired	(262)	(181)	443	—
Net re-measurement of loss allowance	(16,090)	1,606	9,791	(4,693)
Loans and advances newly originated	13,688	—	4,450	18,138
Write-offs	(104)	(2,000)	(9,812)	(11,916)
As at 31 December 2020	<u>13,755</u>	<u>55</u>	<u>24,276</u>	<u>38,086</u>

**11 FINANCIAL ASSETS MEASURED AT FVOCI**

	At 31 December 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Unlisted equity investments	<u>73,002</u>	<u>41,050</u>
	<u>73,002</u>	<u>41,050</u>

## 12 FINANCIAL ASSETS MEASURED AT FVPL

	At 31 December 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Convertible bonds	25,024	90,905
Unlisted equity investments	6,070	—
	<u>31,094</u>	<u>90,905</u>

The Group has waived its rights to convert the above bonds for common stocks in the issuing companies.

## 13 RECEIVABLE INVESTMENTS

	At 31 December 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Bonds	25,000	25,000
Wealth management products	1,460	50,680
Trust products	7,000	7,000
	<u>33,460</u>	<u>82,680</u>
Subtotal	33,460	82,680
Accrued interest	1,215	1,455
Less: Allowances for impairment losses	<u>(6,163)</u>	<u>(6,163)</u>
	<u>28,512</u>	<u>77,972</u>

## 14 INTEREST-BEARING BORROWINGS

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

	At 31 December 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Bank loans		
— Unsecured	69,300	117,500
Other loans	—	20,000
	<u>69,300</u>	<u>137,500</u>
Accrued interest payable	115	293
	<u>69,415</u>	<u>137,793</u>

At 31 December 2021, loans bear interest at a range from 3.92% to 7.50% (2020: 3.85% to 11.50%) per annum and are guaranteed.

## 15 LIABILITIES FROM GUARANTEES

		At 31 December 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Deferred income		164,875	129,777
Provisions for guarantee issued	2(d)	<u>75,294</u>	<u>65,045</u>
		<u><b>240,169</b></u>	<u><b>194,822</b></u>

### Provisions for guarantee issued

		At 31 December 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
As at 1 January		65,045	62,234
Charge for the year		<u>10,249</u>	<u>2,811</u>
As at 31 December		<u><b>75,294</b></u>	<u><b>65,045</b></u>

## 16 CUSTOMER PLEDGED DEPOSITS AND ACCRUALS AND OTHER PAYABLES

### (a) Customer pledged deposits

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

According to Interim Measures for the Administration of Financing Guarantee Companies (《融資性擔保公司管理暫行辦法》), jointly formulated and issued by China Banking Regulatory Commission (currently known as China Banking and Insurance Regulatory Commission), the National Development and Reform Commission, the Ministry of Industry and Information Technology, the Ministry of Finance, the Ministry of Commerce, the People's Bank of China and the State Administration for Industry and Commerce (currently known as State Administration for Market Regulation) on 8 March 2010, and the Notice of Inter-ministries Joint Meeting of Financing Guarantee Business Supervision Concerning the Regulation of the Management of Customer Deposits by Financing Guarantee Institutions (《融資性擔保業務監管部際聯席會議關於規範融資性擔保機構客戶擔保保證金管理的通知》) promulgated by the Inter-ministerial Joint Meeting of Financing Guarantee Business Supervision on 15 April 2012, if a financing guarantee company accepts deposits from its guarantee customers, the outstanding customer pledged deposits should be kept in a restricted account under tripartite custody. For those cooperated banks agreeing to coordinate, the Group has kept part of the received customer pledged deposits in a restricted bank account under tripartite custody.



(b) **Accruals and other payables**

		At 31 December 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
	<i>Note</i>		
Accrued staff cost		35,842	36,529
Accounts payable	(i)	9,058	8,294
Contract liabilities	(ii)	9,928	8,833
Consulting service expense payable		6,463	22,789
Notes payable	(iii)	6,000	—
Dividends payable		4,043	6,014
Income tax payable		10,394	1,763
Withholding income tax		446	334
Payable to customers		3,677	236
Others		18,364	17,659
		<u>104,215</u>	<u>102,451</u>
Total		<u>104,215</u>	<u>102,451</u>

(i) As of 31 December 2021, the ageing of accounts payable (based on the invoice date) amounting to RMB4.52 million (31 December 2020 : RMB7.10 million) was within 1 year (inclusive), RMB3.46 million (31 December 2020: RMB1.19 million) were over 1 year but within 3 years and the rest were over 3 years.

(ii) **Contract liabilities**

	At 31 December 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Guarantee service and financing consultation service	<u>9,928</u>	<u>8,833</u>
	<u>9,928</u>	<u>8,833</u>

Payment terms which impact on the amount of contract liabilities recognised are as follows:

When the Group receives a prepayment before the render of services of consulting service, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the project exceeds the amount of the prepayment. The amount of the prepayment, if any, was negotiated on a case by case basis with customers, where the Group generally receives a 100% prepayment on the acceptance of financing related consultation requests before work commences.

All contract liabilities are expected to be recognised as income within one year.

(iii) **Notes payable**

Notes payables are expected to be settled within one year.

## 17 DEBT SECURITIES ISSUED

	At 31 December 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Corporate Bonds – Par Value	260,000	—
Corporate Bonds – Interest Adjustment	(891)	—
Corporate Bonds – Accrued Interest	9,601	—
	<u>268,710</u>	<u>—</u>

Fixed rate corporate bonds with nominal value RMB260,000,000 and a term of five years were issued on 18 March 2021. The coupon rate is 4.60% per annum. The Group has an option to adjust the coupon rate for the remaining duration at the end of the third year. After the Group announces whether to adjust the coupon rate, the investors have an option to redeem all or part of the debts held at the nominal amounts.

As of 31 December 2021, the fair value of corporate bonds amounted to RMB264,485,260.

## 18 OTHER FINANCIAL INSTRUMENTS

	At 31 December 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Other financial instruments	111,332	55,404
Accrued interest	—	3,960
	<u>111,332</u>	<u>59,364</u>

In prior years, the Company and the nominal shareholders of Zhongshan Join-Share Technology Financing Guarantee Investment Co., Ltd\* (“**Zhongshan Join-Share**”) (中山中盈盛達科技融資擔保投資有限公司) entered into a series of shareholders’ agreements, according to which Zhongshan Health Science and Technology Industrial Base Development Co., Ltd\* (“**Zhongshan Health**”) (中山市健康科技產業基地發展有限公司), one of the nominal shareholders of Zhongshan Join-Share, was entitled to a 6% fixed return of its capital contribution during the period from 31 December 2015 to 31 December 2023. In addition, the Company was obligated to repurchase part of Zhongshan Health’s capital contribution based on an agreed repayment schedule during the aforementioned period. On initial recognition, the Company recognised the financial liability at the present value of the redemption amount and recognised the difference between the consideration received from Zhongshan Health and the liability in equity. Any changes in the carrying amount of the financial liability was recorded in interest expense.

In September 2021, the Company entered into additional shareholders' agreements with the nominal shareholders of Zhongshan Join-Share ("2021 Shareholders' Agreements"). According to the 2021 Shareholders' Agreements, Zhongshan Health acquired 5% equity interests of Zhongshan Join-Share each from the Company and one of the other nominal shareholders at a consideration of RMB10,702,000 for each of them, respectively. Subsequent to the above share acquisitions, Zhongshan Health holds 43% equity interest of Zhongshan Join-Share and enjoys a disproportionate return of its capital contribution with a minimum of 6% per annum depending on the level of Zhongshan Join-Share's actual profitability each year. Zhongshan Join-Share is obligated to distribute all of its distributable profits to its shareholders each year, whereas if it does not generate sufficient profits to distribute the minimum return to Zhongshan Health, the Company shall complement the difference to Zhongshan Health. In the meantime, the Company's previous repurchase arrangement of Zhongshan Health's remaining contribution was cancelled. However, Zhongshan Health's capital contribution is redeemable in full or by part by the Company upon occurrence of contingent events which result in Zhongshan Join-Share's guarantee default rate over 5% in three consecutive years or Zhongshan Join-Share's net asset balance as at any balance sheet date falling below 80% of its paid-in capital. The redemption price shall equal Zhongshan Join-Share's net asset per share on the date of redemption. In the event the Company does not exercise the repurchase upon the occurrence of the relevant contingent events, Zhongshan Health has a right to liquidate Zhongshan Join-Share, where the Group shall inevitably deliver cash or financial assets to all other nominal shareholders of Zhongshan Join-Share at a price equal to Zhongshan Join-Share's net asset available for distribution per share on the date of its liquidation.

The Company determines the overall arrangement of the 2021 Shareholders' Agreements leading to a substantial modification of the original financial liability. Accordingly, the Company derecognized original financial instrument and recognized a new financial liability. As of the modification date, the difference between the carrying amount of the original financial instrument and the new financial liability amounting to RMB4,572,000 was accounted as part of the Group's equity.

## 19 FINANCIAL LIABILITIES MEASURED AT FVPL

	At 31 December 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Financial liabilities arising from interests in jointly controlled Trust Plans	<u>16,384</u>	<u>—</u>

During the year ended 31 December 2021, the Company and a third party group ("Third Party") entered into a series of contractual agreements related to certain designated collective fund trust plans ("Trust Plans"). Under these arrangements, the Company participates in the results with respect to the underlying investments and guarantees losses in excess of those absorbed by the Third Party. The Trust Plans are funded by designated investors. The underlying investments in the Trust Plans mainly include debts to corporate borrowers with pledged notes receivables.

The Company has determined that it shares joint control with the Third Party over the Trust Plans in relation to such matters as review and approval of the underlying investments, and management of defaults. In addition, the Company has determined that its returns from the interests in these Trust Plans are not substantially the same as an ordinary share interest and as such has accounted for these interests as financial liabilities.

## 20 CAPITAL, RESERVES AND DIVIDENDS

### (a) Movements 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>
<b>Balance at 31 December 2020</b>	<u>1,560,793</u>	<u>133,773</u>	<u>127,936</u>	<u>128,070</u>	<u>136,762</u>	<u>2,087,334</u>
<b>Change in equity for 2021:</b>						
Profit for the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>80,492</u>	<u>80,492</u>
Total comprehensive income	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>80,492</u>	<u>80,492</u>
Issue of ordinary shares	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Appropriation to surplus reserve	<u>—</u>	<u>—</u>	<u>8,049</u>	<u>—</u>	<u>(8,049)</u>	<u>—</u>
Appropriation to general reserve	<u>—</u>	<u>—</u>	<u>—</u>	<u>8,049</u>	<u>(8,049)</u>	<u>—</u>
Dividends approved in respect of the previous year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(93,830)</u>	<u>(93,830)</u>
<b>Balance at 31 December 2021</b>	<u><u>1,560,793</u></u>	<u><u>133,773</u></u>	<u><u>135,985</u></u>	<u><u>136,119</u></u>	<u><u>107,326</u></u>	<u><u>2,073,996</u></u>
	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Surplus reserve <i>RMB'000</i>	General reserve <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Balance at 31 December 2019</b>	<u>1,560,793</u>	<u>133,773</u>	<u>118,479</u>	<u>118,613</u>	<u>154,767</u>	<u>2,086,425</u>
<b>Change in equity for 2020:</b>						
Profit for the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>94,569</u>	<u>94,569</u>
Total comprehensive income	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>94,569</u>	<u>94,569</u>
Issue of ordinary shares	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Appropriation to surplus reserve	<u>—</u>	<u>—</u>	<u>9,457</u>	<u>—</u>	<u>(9,457)</u>	<u>—</u>
Appropriation to general reserve	<u>—</u>	<u>—</u>	<u>—</u>	<u>9,457</u>	<u>(9,457)</u>	<u>—</u>
Dividends approved in respect of the previous year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(93,660)</u>	<u>(93,660)</u>
<b>Balance at 31 December 2020</b>	<u><u>1,560,793</u></u>	<u><u>133,773</u></u>	<u><u>127,936</u></u>	<u><u>128,070</u></u>	<u><u>136,762</u></u>	<u><u>2,087,334</u></u>

**(b) Dividends**

In accordance with the resolution of the Company's board of directors' meeting on 25 March 2022, the proposed dividends appropriations for the year ended 31 December 2021 are as follows:

- Cash dividends of RMB78,039,634 (2020: RMB93,647,561) to all shareholders representing RMB0.050 (2020: RMB0.060) per share before tax.

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

**21 GUARANTEES ISSUED**

At the end of each reporting period, the total maximum guarantees issued (net of counter-guarantees) are as follows:

	<b>31 December 2021 RMB'000</b>	31 December 2020 RMB'000
Performance guarantee	<b>6,171,385</b>	6,695,054
Financing guarantee	<b>4,036,231</b>	2,770,194
Litigation guarantee	<b>13,092</b>	140,000
	<hr/>	<hr/>
Subtotal	<b>10,220,708</b>	9,605,248
	<hr/>	<hr/>
Less: Customer pledged deposits	<b>(253,002)</b>	(271,725)
	<hr/>	<hr/>
Total	<b>9,967,706</b>	9,333,523
	<hr/> <hr/>	<hr/> <hr/>

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

**22 COMMITMENTS AND CONTINGENT LIABILITIES**

**Litigations and disputes**

In the second half of 2021, a group of individual investors initiated an arbitration against the Company in respect of their overdue lending with principals and interests amounted to a total of RMB6.90 million to a third party which was guaranteed by the Company. The Company denies any liability in respect of the arbitration, based on legal advice, the directors of the Company do not believe it probable that the court will find against them. No provision has therefore been made in respect of this claim.

As at 31 December 2020, the Group had no outstanding litigation or disputes in which the Group was a defendant.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview

After being ravaged by the global pandemic in 2020, economic recovery has become the mainstream of global economic development. Under such favorable conditions, in 2021, with the continued scientific implementation of pandemic prevention and control measures, the People's Republic of China (the “**PRC**” or “**China**”) has ushered in the fast track of development where economic recovery has been achieved. According to the National Bureau of Statistics, in 2021, China's gross domestic product (the “**GDP**”) grew by 8.1% over the previous year, ranking one of leading positions among the world's major economies in terms of economic growth rate; China's total economic volume amounted to RMB114.4 trillion, breaking through RMB110 trillion. The accelerated GDP growth rate indicates that China's high-quality development has achieved results, making a good start for the “14th Five-Year Plan”; it is expected that the momentum for which China's economy achieves stability while pursuing progress, will remain unchanged in 2022, and investment will still have a pulling effect on economic growth. When current global economic landscape undergoes profound changes, China's foreign trade has reached a new record high, becoming a major highlight of economic operation. China's scale of imports and exports and market share increased to a new level with ongoing optimisation on commodity structure. However, due to the resurgence of global pandemic, excessive price of raw materials and other factors, it is difficult and time-consuming for foreign trade to achieve stable growth.

With the implementation of a series of policies to boost economic vitality such as ensuring supply and price stability and easing enterprises' difficulties, China's industrial production continued to pick up with strengthened stability for energy supply, and development of small and medium-sized enterprises (“**SMEs**”) gradually recovered. In December 2021, small and medium-sized enterprises development index (SMEDI) was 86.4, representing an increase of 0.1 percentage points from the previous month, achieving a rebound for two consecutive months. In addition, China continued to coordinate pandemic prevention and control with ongoing emergence of the resilience of economic development, and improving quality of development. In 2021, the Group's total annual revenue amounted to RMB318.70 million.

In April 2020, in accordance with the notice of four supporting systems under the Regulation on the Supervision and Administration of Financing Guarantee Companies (No. 1 [2018] of the China Banking and Insurance Regulatory Commission), the Group has complied with industry regulatory requirements in terms of its various business indicators and obtained the business license of financing guarantee business reviewed, approved and renewed by Guangdong Financial Supervisory Authority. The survival of SMEs is related to economic development and overall social stability. Over the past 18 years, the Group has leveraged the active role played by financing guarantee in stabilising growth and benefiting people's livelihood, making outstanding contributions to the safety and stability of industry chain and supply chain along the Guangzhou-Foshan

Economic Circle, as well as the construction of national credit system. Mr. Wu Liejin, the chairman of the Board, represented that the Group is a truly integrated service finance, inclusive finance, grassroots finance, and strives to achieve a mutual survival and win-win situations with SMEs.

## **Business Overview**

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

- (1) Guarantees: providing guarantees on behalf of SMEs, and individual business proprietors to guarantee their repayment of loans or performance of their contractual obligations. The main products and services include indirect financing guarantees, attachment bonds, direct financing guarantees, construction contract bonds and other contract bonds.

As at 31 December 2021, the balance of the Group's outstanding guarantee was approximately RMB9,967.71 million (31 December 2020: RMB9,333.52 million). For the year ended 31 December 2021, the net guarantee fee income was approximately RMB193.17 million (2020: RMB176.57 million).

- (2) SME lendings: providing entrusted loans to SMEs and individual business proprietors, where the Group deposits its own funds into intermediary banks, which on-lend the funds to ultimate borrowers selected by the Group. In terms of entrusted loan business, the Group provides loans of relatively large amount through banks, usually ranging from approximately RMB1.00 million to approximately RMB8.00 million, and is not subject to geographical restriction. As at 31 December 2021, the balance of the Group's entrusted loans was approximately RMB234.92 million (31 December 2020: RMB158.57 million).

The Group also provides 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**”), a subsidiary of the Company. Foshan Micro Credit is permitted to conduct its operations in Foshan. Due to limits imposed by certain laws and regulations, the amount of micro-lending that the Group may provide is up to RMB8.00 million. As at 31 December 2021, the balance of the Group's micro-lending was approximately RMB434.65 million (31 December 2020: RMB379.51 million).

For the year ended 31 December 2021, the Group's net interest income was approximately RMB78.75 million (2020: RMB78.68 million).



## Major business activities undertaken by the Group during the year

During the year ended 31 December 2021, with an aim to strengthen the Group's overall market position, the Group has undertaken the major business activities as follows:

- (1) On 29 January 2021, the completion acceptance works of the “Join-Share International Financing Center (中盈盛達國際金融中心)” project located in the central business district (CBD) of Foshan New Town was successfully completed. With the height of 198 meters and in “tripod (鼎)” shaped, it is a landmark Grade A office building. It has become the first intelligent building system with full coverage of 5G network in the financial center area, and is ancillary with commercial center with 35,000 square meters. The centre was officially opened on 5 November 2021.
- (2) On 18 March 2021, in order to provide financial services with lower cost and better quality to SMEs, the Company issued Tranche 1 of the corporate bonds (“**Tranche 1 Corporate Bond**”) with nominal value of RMB260.00 million for a term of five years, which was listed on the Shenzhen Stock Exchange on 24 March 2021. The coupon rate is 4.60% per annum. The Group has an option to adjust the coupon rate for the remaining duration at the end of the third year. After the Group announces whether to adjust the coupon rate, the investors have an option to redeem all or part of the debt securities held at nominal value. As at 31 December 2021, the funds raised have been invested in the support of financing development of SMEs in strict accordance with the utilisation plan. For details, please refer to the circular of the Company dated 7 August 2020, and the announcements of the Company dated 18 June 2020, 28 August 2020, 24 November 2020, 12 March 2021, 15 March 2021, 16 March 2021, 18 March 2021, 23 March 2021, 5 May 2021, 17 June 2021, 30 August 2021 and 11 March 2022.
- (3) On 21 May 2021, the Group injected registered capital of RMB5.00 million in Guangdong Weicheng Network Technology Co., Ltd.\* (廣東衛城網絡科技有限公司), holding an equity interest of 20% after injection.
- (4) On 15 December 2020, the Group resolved to increase its capital contribution in Foshan Micro Credit by RMB20.00 million, holding an equity interest of approximately 55.247% after injection. Business registration of such transfer was completed on 23 June 2021.
- (5) On 1 September 2021, the Group resolved to dispose of 5% equity interest in Zhongshan Join-Share Technology Financing Guarantee Investment Co., Ltd.\* (中山中盈盛達科技融資擔保投資有限公司) for a consideration of approximately RMB10.70 million.



- (6) On 8 September 2021, the Company (as guarantor) entered into certain guarantee service agreements, pursuant to which the Company agreed to provide guarantees to Foshan Lianyi Construction Materials Co., Ltd.\* (佛山市聯益建築材料有限公司) (“**Lianyi Construction**”), Foshan Gaoji Real Estate Consulting Co., Ltd.\* (佛山市高吉房地產諮詢有限公司) (“**Foshan Gaoji**”), Huizhou Gaoji Network Technology Co., Ltd.\* (惠州高吉網絡科技有限公司) (“**Huizhou Gaoji**”) and Guangzhou Fangjia Network Technology Co., Ltd.\* (廣州市房家網絡科技有限公司) (“**Guangzhou Fangjia**”) (each as a warrantee) in favour of the lender(s) to each warrantee of up to RMB80 million in aggregate (i.e. up to RMB20 million to each of Lianyi Construction, Foshan Gaoji, Huizhou Gaoji and Guangzhou Fangjia) under the relevant facilities. For details, please refer to the announcement of the Company dated 8 September 2021.
- (7) On 29 October 2021, the Company (as guarantor) entered into a guarantee service agreement with Huanai Construction Materials Co., Ltd.\* (華耐立家建材有限公司) (“**Huanai Construction Materials**”) (as warrantee), pursuant to which the Company agreed to provide guarantee to Huanai Construction Materials in favour of the lender(s) of up to RMB70 million in aggregate under the relevant facilities. For details, please refer to the announcement of the Company dated 29 October 2021.

## **Financial Review**

### ***Net Guarantee Fee Income***

The Group’s total guarantee fee income increased by approximately RMB15.17 million, or approximately 7.02%, from approximately RMB216.25 million for 2020 to approximately RMB231.42 million for 2021. Such increase was mainly because (i) the Group offered a variety of guarantee business product, resulting in an increase for financing guarantee fee income by approximately RMB26.48 million from approximately RMB156.94 million for 2020 to approximately RMB183.42 million for 2021; (ii) the Group’s increased efforts in expanding its fund projects (State Financing Guarantee Fund & Foshan Financing Guarantee Fund); and (iii) the increase in total maximum guarantees issued (net of counter-guarantees) increased from RMB2,770.19 million as at 31 December 2020 to RMB4,036.23 million as at 31 December 2021.

### ***Net Interest Income***

The Group's net interest income remained stable at approximately RMB78.75 million for 2021, as compared with approximately RMB78.68 million for 2020, which was a combined effect of factors set out below.

- interest income from entrusted loan business decreased by approximately RMB0.1 million or approximately 0.87% from approximately RMB11.46 million for 2020 to approximately RMB11.36 million for 2021, which was mainly attributable to the decrease in the business volume as a result of the banks tightening their entrusted loan business.
- interest income from micro-lending business decreased by approximately RMB0.81 million or approximately 1.62% from approximately RMB50.07 million in 2020 to approximately RMB49.26 million for 2021.
- interest income from the factoring business increased by approximately RMB3.59 million or approximately 23.53% from approximately RMB15.26 million for 2020 to approximately RMB18.85 million for 2021, which was mainly attributable to the Group's expansion of factoring business during the year.
- interest income from cash at banks and pledged bank remained stable at approximately RMB14.20 million for 2021, as compared with approximately RMB14.16 million for 2020.

### ***Service Fee from Consulting Services***

The Group's service fee from consulting services increased significantly by approximately RMB8.96 million, or approximately 30.68%, from approximately RMB29.20 million for 2020 to approximately RMB38.16 million for 2021, primarily due to the Group's active focus on consulting business.

### ***Other Revenue***

The Group's other revenue decreased significantly by approximately RMB13.61 million, or approximately 61.20%, from approximately RMB22.24 million for 2020 to approximately RMB8.63 million in 2021, primary because (i) investment income from financial assets measured at FVPL decreased from proximately RMB14.81 million for 2020 to approximately RMB6.55 million for 2021; (ii) investment income of receivable investments decreased from approximately RMB5.13 million for 2020 to approximately RMB3.48 million for 2021.

### ***Share of (losses)/gains of associates***

The Group recorded share of losses of associates of approximately RMB3.02 million for 2021 as compared with the share of gains of associates of approximately RMB15.11 million for 2020, which was primarily attributable to net losses recorded by an associate of the Company for its completion of “Join-Share International Financing Center (中盈盛達國際金融中心)” in 2021.

### ***Provisions Charged for Guarantee Losses***

Provisions charged for guarantee losses primarily reflect the management’s estimate on the adequacy of provisions for the Group’s guarantee business. Provisions charged for guarantee losses increased significantly by approximately RMB7.44 million, or approximately 264.77%, from approximately RMB2.81 million for 2020 to approximately RMB10.25 million for 2021, primarily due to an increase of approximately RMB1,266.04 million of the balance of outstanding financing guarantee from approximately RMB2,770.19 million as at 31 December 2020 to approximately RMB4,036.23 million as at 31 December 2021.

### ***Impairment Losses***

Impairment losses mainly include impairment and provision charged for (i) default guarantee receivables which reflect the net amount of the default guarantee that are unable to be recovered; (ii) receivables from guarantee customers which reflect the net capital portfolio that is unable to be recovered for the financing solutions provided by the Group to its customers; (iii) loans and advances to customers which reflect the net amount of loans and advances to the customers primarily in the entrusted loan and micro-lending businesses that are unable to be recovered; and (iv) factoring receivables which mainly reflect the net amount of factoring financing services provided to customers that are unable to be recovered. The Group’s impairment losses decreased by approximately RMB7.66 million, or approximately 15.14%, from approximately RMB50.60 million for 2020 to approximately RMB42.94 million for 2021, primary due to (i) the decrease in the impairment loss of receivables from default guarantee customers from approximately RMB24.33 million in 2020 to approximately RMB22.33 million in 2021; (ii) the write-back of impairment loss of receivables from guarantee customers of approximately RMB2.93 million for 2021, as compared to a impairment loss of approximately RMB1.67 million for 2020; and (iii) the absence of impairment loss on receivable investments of RMB6.08 million for 2021 as compared with 2020.

### ***Operating Expenses***

The Group's operating expenses increased by approximately RMB11.15 million, or approximately 9.77%, from approximately RMB114.10 million for 2020 to approximately RMB125.25 million for 2021, mainly because (i) the social insurance contribution increased from approximately RMB1.23 million for 2020 to approximately RMB7.91 million in 2021 due to the absence of temporary relief policy in 2021; and (ii) the consultancy fee increased from approximately RMB8.83 million for 2020 to approximately RMB13.59 million for 2021.

### ***Profit before Taxation***

As a result of the foregoing, the Group's profit before taxation decreased by approximately RMB17.04 million, or approximately 11.04%, from approximately RMB154.29 million for 2020 to approximately RMB137.25 million for 2021. The Group's profit before taxation accounted for approximately 54.24% and approximately 44.26% of the Group's revenue for 2020 and 2021, respectively.

### ***Income Tax***

Income tax increased by approximately RMB4.68 million, or approximately 12.92%, from approximately RMB36.22 million for 2020 to approximately RMB40.90 million for 2021.

### ***Profit for the Year***

As a result of the foregoing, the Group's profit for the year decreased by approximately RMB21.73 million, or approximately 18.40%, from approximately RMB118.08 million for 2020 to approximately RMB96.35 million for 2021, and the Group's net profit margin decreased from approximately 41.51% for 2020 to approximately 31.07% for 2021.

### ***Capital Expenditure***

The Group's capital expenditures consist primarily of expenditures for the purchase of motor vehicles, office and other equipment, office decorations and purchase of software. For 2021, the Group's capital expenditures amounted to approximately RMB4.70 million (2020: RMB2.53 million), which was primarily related to purchase of business operating system.

### ***Capital Commitments and Contingent Liabilities***

As at 31 December 2021, the Group's outstanding capital commitments relating to (i) the total maximum guarantee issued to customers for its guarantee business of approximately RMB9,967.71 million (31 December 2020: RMB9,333.52 million); and (ii) the Group's leases of office premises of approximately RMB15.05 million (31 December 2020: RMB8.15 million).

In October 2021, a group of individual investors initiated an arbitration against the Company in respect of their overdue lending with principals and interests amounted to a total of RMB6.90 million to a third party which was guaranteed by the Company. Such arbitration was still pending as at 31 December 2021. The Directors consider guarantee liability is within the ordinary and usual course of business of the Group. Save as aforesaid, the Group did not have other contingent liabilities as at 31 December 2021.

### ***Charge on Assets***

As at 31 December 2021, 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 People's Bank of China (the "PBOC") plays a market-oriented role in providing financial support to SMEs*

Since SMEs with large number and wide range are an important support for the resilience of real economy, and also the main force of scientific and technological innovation and employment opportunities, their healthy and stable development is crucial. In early 2021, the PBOC and the China Banking and Insurance Regulatory Commission (the "CBIRC") studied and formulated the 14th Five-Year Plan, making inclusive micro and small financial services as one of the development priorities.

In response, the PBOC lowered the interest rate on the one-year re-loans in support of agriculture and micro and small enterprises by 0.25 percentage points to 2% on 7 December 2021, resulting in a more favourable interest rate for re-loans in support of agriculture and micro and small enterprises. Meanwhile, the PBOC expects that starting from 2022, financial institutions and enterprises will independently negotiate repayment on the principal and interest of loans according to market-based principles. From 2022 to the end of June 2023, the PBOC will provide funding for inclusive small and micro loans granted by eligible local legal person banks at 1% of the remaining incremental amount, so as to encourage them to increase inclusive small and micro loans. With the support of the policy, the loans in the field of inclusive finance maintained a relatively rapid growth. At the end of 2021, the balance of inclusive small and micro loans in the PRC was RMB19.23 trillion, representing a year-on-year increase of 27.3%. Such balance increased by RMB4.13 trillion during the year, representing a year-on-year increase of RMB608.3 billion.

*With credit structure optimisation intensified, financing guarantee industry is expected to pursue progress while ensuring stability*

Since 2021, the severe global pandemic has exposed many SMEs to economic risks. In order to increase financial support for SMEs and focus on stabilising and strengthening the real economy, the PBOC has increased its efforts to optimise credit structure. The legal reserve ratio for small and medium-sized financial institutions has been lowered to 9%, representing a 10% decrease as compared with the previous ratio and 3% decrease as compared with that of large financial institutions, which plays a key role in financial support while stabilising the fundamentals of SMEs.

In addition, after the central bank introduced inclusive financial support such as re-loans and re-discounting lines for small and medium-sized banks, the Executive Meeting of the State Council of the PRC proposed the newly-added line of RMB300 billion for support of micro and small enterprises in 2021, which supports local legal person banks to grant loans to micro and small enterprises and individual business proprietors, improves the policy of discount and compensation for loans to enterprises in industries seriously affected by the pandemic, and encourages banks to extend more inclusive small and micro credit loans. In the work conference held by the PBOC in the second half of 2021, it was pointed out that the credit structure will continue to “pursue progress while ensuring stability”, which is well represented by the growing medium and long-term loans to support the manufacturing industry; the inclusive loans to SMEs will increase by quantity and expand by coverage at lower costs; and the green credit growth rate may record a significant increase as driven by and benefiting from carbon emission reduction support tools and other policies. Technology innovation, private enterprises, rural revitalisation and other policy encouragement will also be the focus.

The Board believes that with the flourishing development and widespread application of financial technology, digital transformation has become the consensus among the industry. Under circumstances where China progressively implements favourable policies for SMEs, the financing guarantee industry will further clarify its development requirements and conduct a series of practical explorations in the areas of re-guarantee system development, innovative development, operation and management, and active transformation. This will effectively promote the industry to maintain a positive and healthy operation, while providing solid support for compliant, professional and diversified financing guarantee companies to prevent financial risks and cope with multiple challenges.

China’s financing guarantee industry will continue to improve its function of capital service, establish an institutional mechanism adapted to the characteristics of the financial technology industry, and continuously improve its financial innovation and technology application capabilities, so that financial resources can more effectively flow to SMEs, promoting the sustainable development of the real economy.



## ***(II) Development strategies of the Group***

In 2021, China made new achievements in its high-quality economic development and realised a good start of the 14th Five-Year Plan. In 2022, China's economy will continue to maintain a stable performance with good momentum of growth. Corporate finance, foreign investment, high-tech investment and digital economy are expected to provide solid support for high-quality development of China's economy. In 2022, the Group intends to adopt the following measures:

1. Formulating strategies to further optimise the Group's management and control model.
2. Innovating business model to create a new profit growth point.
3. Providing active supervision to exercise strict control over risks in adherence to the regulated and stable development.

Founded in May 2003 as the earliest financing guarantee institution in Foshan, the Group pioneered the model of "mixed ownership of financing guarantee", and became the first domestic company listed on the Main Board of Hong Kong with financing guarantee as its main business in 2015. With sound governance structure, stable business model, complete risk control system and excellent corporate culture, the Group has formed a national brand possessing independent innovation in the guarantee industry, by maintaining its foothold in Guangdong with its business coverage across the country. At present, the annual business volume of the Group amounts to RMB20 billion or RMB30 billion, and over the past 18 years, it has served more than 12,000 enterprises in total with an accumulated service amount of more than RMB120 billion, with branches in Guangzhou, Shenzhen, Dongguan, Zhongshan, Zhaoqing, Yunfu and other regions in the PRC.

## **CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES**

### **Capital Structure**

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

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

### **Foreign Exchange Risks**

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

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

### **Liquidity and Capital Resources**

The Group's liquidity and capital requirements primarily relate to capital investments in the registered capital of its operating subsidiaries, granting micro-lending and entrusted loans, making default payments, maintaining security deposits at banks and other working capital requirements. It has in the past funded its working capital and other capital requirements primarily by equity contributions from Shareholders, cash flows from operations and banks and other borrowings.

As at 31 December 2021, the Group's cash and bank deposits was approximately RMB1,084.46 million.

### **Indebtedness**

As at 31 December 2021, the Group's interest-bearing borrowings amounted to approximately RMB69.42 million which are repayable within one year bearing interest at a range of from 3.92% to 7.50% per annum and are guaranteed.



As at 31 December 2021, the Group has debt securities issued of approximately RMB260.00 million, which was the face value of the corporate bonds (tranche 1).

In addition, as at 31 December 2021, the Group had other financial instruments of approximately RMB111.33 million, financial liabilities measured at FVPL of approximately RMB16.38 million and lease liabilities of approximately RMB15.05 million.

The gearing ratios of the Group as at 31 December 2021 and 31 December 2020 were 31.24% and 24.29%, respectively, which was calculated by dividing total liabilities by total assets. Such increase in gearing ratio was mainly attributable to the issue of corporate bonds (tranche 1).

### **Off-Balance Sheet Arrangements**

The Group enters into guarantee contracts with off-balance-sheet risk in the ordinary course of its business. The contract amount reflects the extent of the Group's involvement in the financing guarantee business and represents its maximum exposure to credit loss. As at 31 December 2021, the Group's outstanding guarantee totaled approximately RMB9,967.71 million. Save as disclosed above, the Group had no other off-balance-sheet arrangements as at 31 December 2021.

### **Significant Investments**

Save as disclosed under the paragraphs headed "Major business activities undertaken by the Group during the year" in this announcement, the Group had no significant investments for the year ended 31 December 2021.

### **Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures**

Save as disclosed under the paragraphs headed "Major business activities undertaken by the Group during the year" in this announcement, there were no material acquisitions or disposals of subsidiaries, associates and joint ventures by the Group during the year ended 31 December 2021.

### **Future Plans for Material Investments or Capital Assets**

The Group had no specific plan for material investments or capital assets as at 31 December 2021.

### **EVENTS AFTER REPORTING PERIOD**

From 31 December 2021 up to the date of this announcement, the Group did not have any other significant events.

## HUMAN RESOURCES

The total number of staff within the Group as at 31 December 2021 was 309 (31 December 2020: 315). As at 31 December 2021, the number of staff holding a bachelor's degree or above was 263, accounting for 85.1% of its total number of staff; and the number of staff holding a junior college degree or below was 46, accounting for 14.9% of its total number of staff. The Directors believe that employees' quality is the most important factor in sustaining the development and growth of the Group and in raising its profitability. The Group offers a base salary with bonuses based on its employees' performance and benefits and allowances to all its employees as an incentive. For the year ended 31 December 2021, the Group incurred staff costs (including salaries, wages, bonuses and other benefits and contributions to retirement schemes) of approximately RMB80.13 million. The Group also offers trainings to its new employees once a year. The Directors believe that 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 organised 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 2021.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2021, 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 has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the Corporate Governance Code contained in Appendix 14 to the Rules the ("**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). As at the date of this announcement, the Audit Committee comprises four members, namely, Mr. Wu Xiangneng (Chairman), Mr. Leung Hon Man, Mr. Wang Bo, and Mr. Li Shen Hua, three of whom are independent non-executive Directors. The Audit Committee has reviewed and discussed the annual results of the Group for the year ended 31 December 2021. 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 2021.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to achieving high standards of corporate governance in order to safeguard the interests of its 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 2021, except that Mr. Wu Liejin, an executive Director, has been performing the roles as the Chairman and the President, which deviates from provision A.2.1 of the CG Code (which has been renumbered as code provision C.2.1 since 1 January 2022), the Company had complied with the code provisions set out in the CG Code. The Board believes that vesting the roles of both Chairman and President in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board further believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by the current Board, which comprises experienced and high calibre individuals with sufficient number thereof being independent non-executive Directors. 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 2021.

## FINAL DIVIDEND

The Board recommends the distribution of a final dividend of RMB0.05 (before considering any tax effect) per each domestic share (the “**Domestic Share(s)**”) and H share (the “**H Share(s)**”) of the Company (Collectively, the “**Share(s)**”) for the year ended 31 December 2021, amounting to, in aggregate, RMB78,039,634.35 (the “**2021 Final Dividend**”). No Shareholder has waived or agreed to waive the 2021 Final Dividend.

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 2021 Final Dividend will be subject to approval by Shareholders at the forthcoming 2021 annual general meeting (the “**AGM**”) and is expected to be paid on or about Thursday, 28 July 2022.

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. 35 of the Announcement of the State Administration of Taxation for 2019) (《國家稅務總局非居民納稅人享受協定待遇管理辦法》) (國家稅務總局公告2019年第35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. 045 (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 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 have any doubt in relation to the aforesaid arrangements, they are recommended to consult their tax advisors for relevant tax impact in the PRC, Hong Kong and other countries (regions) on the possession and disposal of H Shares.

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

## **ANNUAL GENERAL MEETING**

The AGM will be held on Monday, 6 June 2022. The notice of the AGM will be published and dispatched to Shareholders 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 Tuesday, 31 May 2022 to Monday, 6 June 2022, both days inclusive, during which no transfer of shares will be registered. Only Shareholders whose names appear on the register of members of the Company on Monday, 6 June 2022 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 office in the PRC at Room 4101-4110, Block 1, Join-Share International Financing Center, No. 31 Fuhua Road, Dongping Community, Lecong Town, Shunde District, Foshan, Guangdong Province, the PRC (for holders of Domestic Shares) not later than 4:30 p.m. on Monday, 30 May 2022.

In order to determine the Shareholders entitled to the 2021 Final Dividend, the register of members of the Company will be closed from Friday, 10 June 2022 to Wednesday, 15 June 2022, both days inclusive, during which no transfer of Shares will be registered. Only Shareholders whose names appear on the register of members of the Company on Wednesday, 15 June 2022 are entitled to the 2021 Final Dividend. In order to qualify for receiving the 2021 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 office in the PRC at Room 4101-4110, Block 1, Join-Share International Financing Center, No. 31 Fuhua Road, Dongping Community, Lecong Town, Shunde District, Foshan, Guangdong Province, the PRC (for holders of Domestic Shares) not later than 4:30 p.m. on Thursday, 9 June 2022.

## ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2021 will be despatched to the Shareholders and made available on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.join-share.com](http://www.join-share.com)) in April 2022.

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

Foshan, the PRC, 25 March 2022

*As of the date of this announcement, the executive director of the Company is Mr. Wu Liejin (Chairman); the non-executive directors of the Company are Mr. Zhang Minming, Mr. Li Shen Hua, Mr. Luo Zhenqing, Mr. Zhao Wei and Mr. Ou Weiming; and the independent non-executive directors of the Company are Mr. Wu Xiangneng, Mr. Leung Hon Man and Mr. Wang Bo.*

\* *for identification purpose only*