Join-Share中盈盛达

共创 共享 共成长

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

廣東中盈盛達融資擔保投資股份有限公司

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

(Stock Code: 1543)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

RESULTS HIGHLIGHTS

- For the first half of 2023, revenue was approximately RMB160.25 million, representing an increase of approximately 0.56% as compared to the corresponding period in 2022.
- For the first half of 2023, profit before taxation amounted to approximately RMB37.97 million, representing a decrease of approximately 13.67% as compared to the corresponding period in 2022.
- For the first half of 2023, profit attributable to equity shareholders of the Company amounted to approximately RMB19.80 million, representing a decrease of approximately 23.72% as compared to the corresponding period in 2022.
- The Board does not recommend any distribution of interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

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 unaudited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2023, along with comparative figures for the six months ended 30 June 2022, which should be read in conjunction with the following management discussion and analysis.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2023 — unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June **2023** *RMB'000*	2022 *RMB'000*
Guarantee fee income		**108,571**	93,175
Guarantee cost		**(2,692)**	(4,444)
Net guarantee fee income		**105,879**	88,731
Interest income		**64,994**	65,165
Interest expenses		**(21,673)**	(10,017)
Net interest income		**43,321**	55,148
Service fee from consulting services		**11,048**	15,473
Revenue	3(a)	**160,248**	159,352
Other revenue	4	**4,825**	18,855
Share of losses of associates		**(4,058)**	(4,321)
Provisions charged for guarantee losses		**(13,210)**	(24,088)
Impairment losses	5(a)	**(39,265)**	(54,704)
Operating expenses	5(b)/(c)	**(70,570)**	(51,111)
Profit before taxation	5	**37,970**	43,983
Income tax	6	**(10,573)**	(11,950)
Profit for the period		**27,397**	32,033
Attributable to:			
Equity shareholders of the Company		**19,798**	25,953
Non-controlling interests		**7,599**	6,080
Profit for the period		**27,397**	32,033
Earnings per share			
Basic and diluted *(RMB per share)*	7	**0.01**	0.02

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2023 — unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Profit for the period	**27,397**	32,033
Other comprehensive income for the period		
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)	**1,802**	(4,280)
Income tax arises from financial assets measured at FVOCI	**(451)**	1,070
Other comprehensive income for the period	**1,351**	(3,210)
Total comprehensive income for the period	**28,748**	28,823
Attributable to:		
Equity shareholders of the Company	**21,149**	22,743
Non-controlling interests	**7,599**	6,080
Total comprehensive income for the period	**28,748**	28,823

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2023 — unaudited
(Expressed in Renminbi)

	Note	**At 30 June 2023** ***RMB'000***	At 31 December 2022 *RMB'000*
Assets			
Cash and bank deposits	8	**976,453**	1,085,492
Pledged deposits		**300,300**	329,782
Trade and other receivables	9	**883,095**	1,023,217
Loans and advances to customers	10	**867,341**	713,145
Factoring receivables		**253,146**	179,659
Financial assets measured at FVOCI	11	**70,686**	76,163
Financial assets measured at FVPL	12	**122,224**	40,943
Receivable investments	13	**24,787**	26,151
Interest in associates		**19,000**	28,719
Fixed assets		**21,400**	26,403
Investment property		**6,053**	6,248
Intangible assets		**6,103**	5,935
Goodwill		**419**	419
Inventory		**13,594**	—
Deferred tax assets		**165,527**	128,862
Total assets		**3,730,128**	3,671,138
Liabilities			
Interest-bearing borrowings	14	**93,823**	162,872
Debt securities issued	15	**509,246**	510,838
Liabilities from guarantees	16	**335,021**	300,769
Customer pledged deposits	17(a)	**57,797**	71,260
Accruals and other payables	17(b)	**191,894**	140,327
Other financial instrument	18	**142,994**	113,173
Financial liabilities measured at FVPL	19	**7,526**	1,818
Lease liabilities		**14,577**	18,965
Deferred tax liabilities		**—**	156
Total liabilities		**1,352,878**	1,320,178
NET ASSETS		**2,377,250**	2,350,960

	Note	**At 30 June 2023** *RMB'000*	At 31 December 2022 *RMB'000*
CAPITAL AND RESERVES	20		
Share capital		**1,560,793**	1,560,793
Reserves		**471,094**	504,573
Total equity attributable to equity shareholders of the Company		**2,031,887**	2,065,366
Non-controlling interests		**345,363**	285,594
TOTAL EQUITY		**2,377,250**	2,350,960

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (HKAS) 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). It was authorised for issue on 25 August 2023.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

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

2 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:

- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 12, Income taxes: *Deferred tax related to assets and liabilities arising from a single transaction*

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 interim financial report.

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

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are provision of credit guarantee, loans and advances to customers, 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:

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Guarantee fee income		
Financing guarantee fee income	**87,636**	69,882
Performance guarantee fee income	**20,935**	23,293
Subtotal	**108,571**	93,175
Guarantee cost		
Re-guarantee expenses	**(2,027)**	(998)
Risk management service expense	**(665)**	(3,446)
Subtotal	**(2,692)**	(4,444)
Net guarantee fee income	**105,879**	88,731
Interest income		
— Loans and advances to customers	**39,396**	37,258
— Cash at banks and pledged bank deposits	**12,231**	7,140
— Factoring service	**9,811**	10,683
— Trade and other receivables	**3,556**	4,318
— Other financial instruments	**—**	5,766
Subtotal	**64,994**	65,165
Interest expenses		
— Debt securities issued	**(10,368)**	(5,873)
— Other financial instruments	**(6,021)**	—
— Interest-bearing borrowings	**(3,145)**	(3,683)
— Others	**(2,139)**	(461)
Subtotal	**(21,673)**	(10,017)
Net interest income	**43,321**	55,148
Service fee from consulting services	**11,048**	15,473
Revenue	**160,248**	159,352

4 OTHER REVENUE

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Government grant	**3,655**	5,440
Investment income from financial assets measured at FVPL	**1,456**	1,228
Gains on disposal of an associate	**1,042**	—
Investment income of receivable investments	**715**	740
Foreign exchange gains	**711**	5,485
Investment income from financial assets measured at FVOCI	**566**	264
Fair value changes on financial assets and liabilities measured at FVPL	**(5,290)**	2,856
Others	**1,970**	2,842
	4,825	18,855

5 PROFIT BEFORE TAXATION

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

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

		Six months ended 30 June	
	Note	**2023**	2022
		RMB'000	*RMB'000*
		(unaudited)	(unaudited)
Receivables for default guarantee payments	9(b)(i)	**19,208**	35,151
Receivables from guarantee customers	9(b)(ii)	**11,881**	11,522
Loans and advances to customers	10(f)	**4,338**	5,867
Interest receivables		**4,059**	—
Factoring receivables		**(3,428)**	2,197
Others		**3,207**	(33)
		39,265	54,704

(b) Staff costs

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Salaries, wages, bonuses and other benefits	**44,662**	29,689
Contributions to retirement schemes	**3,714**	3,666
	48,376	33,355

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

(c) Other items

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Depreciation and amortization	**7,772**	5,558
Auditors' remuneration	**1,120**	1,063

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax		
Provision for PRC income tax for the period	**47,506**	45,871
Deferred tax		
Origination and reversal of temporary differences	**(36,891)**	(33,921)
Over-provision in previous year		
Over-provision in previous year	**(42)**	—
Income tax expense	**10,573**	11,950

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

	Note	**Six months ended 30 June** **2023** ***RMB'000*** **(unaudited)**	2022 *RMB'000* (unaudited)
Profit before taxation		**37,970**	43,983
Notional tax on profit before taxation, calculated at 25%	(i)/(ii)	**9,493**	10,996
Tax effect of subsidiary using different taxation rate		**(99)**	—
Tax effect of non-deductible expenses		**101**	97
Over-provision in previous year		**(42)**	—
Others		**1,120**	857
Actual income tax expense		**10,573**	11,950

(i) According to the PRC Corporate Income Tax ("**CIT**") Law that took effect on 1 January 2008, the Company and the Group's PRC subsidiaries are subject to PRC income tax at the statutory tax rate of 25%.

(ii) The provision for Hong Kong Profits Tax for 2023 is calculated at 7.5%. Join-Share Financial Holdings Co., Limited located in Hong Kong is subject to Hong Kong Profits Tax at the statutory tax rate of 7.5% during 2023 and 2022.

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 of RMB19,798,000 (six months ended 30 June 2022: RMB25,953,000) and the weighted average of 1,560,793,000 ordinary shares (30 June 2022: 1,560,793,000 shares) in issue during the interim period.

(b) Diluted earnings per share

There were no dilutive potential ordinary shares during the six months ended 30 June 2023 and 2022, therefore, diluted earnings per share are the same as the basic earnings per share.

8 CASH AND BANK DEPOSITS

	At 30 June 2023 *RMB'000* (unaudited)	At 31 December 2022 *RMB'000* (audited)
Cash in hand	**19**	24
Cash at banks	**725,052**	844,600
Cash and cash equivalents in the condensed consolidated cash flow statement	**725,071**	844,624
Term deposits with banks	**66,058**	11,050
Restricted bank deposits	**182,594**	226,350
	973,723	1,082,024
Accrued interest	**2,730**	3,468
	976,453	1,085,492

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 certificates of deposit pledged for customers to obtain bank loans. As at 30 June 2023, the Group's demand deposits restricted for use due to judicial freeze amounted to RMB12,036,000(31 December 2022: RMB6,902,000).

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

	Note	At **30 June** **2023** ***RMB'000*** **(unaudited)**	At 31 December 2022 *RMB'000* (audited)
Receivables for default guarantee payments	(i)/9(a)(i)	**501,614**	474,459
Less: Allowance for doubtful debts	9(b)(i)	**(146,969)**	(127,754)
		354,645	346,705
Receivables from guarantee customers	(ii)/9(a)(ii)	**181,091**	182,742
Less: Allowance for doubtful debts	9(b)(ii)	**(60,081)**	(48,200)
		121,010	134,542
Interest receivables		**8,083**	9,375
Less: Allowance for interest receivables		**(4,059)**	(2,473)
		4,024	6,902
Prepayment to a related party		**105,854**	92,600
Trade debtors	(iii)	**73,150**	47,488
Loan to related parties	(iv)	**82,264**	67,260
Receivables from debt purchased	(v)	**56,130**	54,574
Prepayment for investment	(vi)	**—**	210,000
Other receivables		**8,233**	5,756
		325,631	477,678
Deposits and prepayments		**53,912**	27,494
Repossessed assets	(vii)	**23,873**	29,896
		77,785	57,390
		883,095	1,023,217

(i) During the six months ended 30 June 2023, the Group disposed of receivables for default guarantee payments amounted to RMB17,613,000 (2022: RMB2,333,000) with no allowances for doubtful debts (2022: RMB nil), including considerations of overdue interests and penalty interests amounted to RMB21,500,000 (2022: RMB700,000). Due to the debt transfer can be revoked under specific conditions as stipulated in the contract, the receivables for default guarantee payments have not been derecognized.

(ii) During the six months ended 30 June 2023, the Group did not dispose of receivables from guarantee customers (2022: RMB5,593,000) with no allowances for doubtful debts (2022: RMB nil), without recourse to other parties at considerations (including considerations of overdue interests and penalty interests) (2022: RMB5,193,000).

(iii) Trade debtors includes the grant receivable from Foshan Financing Guarantee Fund. According to relevant documents such as Foshan Caijin [2023] No. 21 regarding the subsidy of guarantee fees for financing guarantee funds in Foshan, the Group shall charge a subsidy of 1% of the actual business amount for loan guarantee projects with guarantee rates reduced to no more than 1% per year for financing guarantee fund projects carried out from June 4, 2022. As of 30 June 2023, the grant receivable from the Foshan Financing Guarantee Fund by the Group include cooperation projects that occurred from June 4, 2022 to December 31, 2022, amounted to RMB27,840,217 (2022: nil).

(iv) The interest on the loan to related parties is 8% per annum.

(v) On 28 December 2018, the Group entered into a debt purchase contract with Guangdong Join-Share Holding Co., Ltd. such that the Group purchased the creditor's right and relevant interests, amounting to RMB41,874,000, of Foshan Zhongsheng Properties Co., Ltd. at a price of RMB42,094,000. The Group is entitled to 12% fixed interest on the principal of RMB26,000,000. During the six months ended 30 June 2023, the interest income is RMB1,560,000 (six months period ended 30 June 2022: RMB1,560,000).

(vi) In 2022, the Group entered into a shareholders' agreement with Guangdong Utrust Financing Guarantee Group Co., Ltd. (Guangdong Utrust) and Foshan High-Tech Industry Investment Development Company Limited, to establish a joint venture, Guangdong Zhongying Shengda Finance Guarantee Company Limited (the "**New Company**") with a registered capital of RMB300,000,000. As of 31 December 2022, the Company paid a capital contribution of RMB210,000,000, accounting for 70.00% of the capital contribution of the New Company. The New Company was formally established on 3 February 2023.

(vii) In 2022, the Group entered into an agreement to transfer a group of repossessed assets amounted to RMB9,004,800 to a third party irrevocably for RMB9,004,800, which has been received in advance. The transfer procedures of this group of repossessed assets were completed in the first half of 2023. Please see Note 17(b)(iii).

(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, are as follows:

(i) Receivables for default guarantee payments

	At 30 June 2023 ***RMB'000*** **(unaudited)**	At 31 December 2022 *RMB'000* (audited)
Within 1 year	**163,067**	188,646
Over 1 year but less than 2 years	**147,704**	103,372
Over 2 years but less than 3 years	**50,479**	52,879
Over 3 years but less than 5 years	**102,102**	87,636
Over 5 years	**38,262**	41,926
Subtotal	**501,614**	474,459
Less: Allowance for doubtful debts	**(146,969)**	(127,754)
	354,645	346,705

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

(ii) Receivables from guarantee customers

	At 30 June 2023 ***RMB'000*** **(unaudited)**	At 31 December 2022 *RMB'000* (audited)
Within 1 year	**3,000**	22,841
Over 1 year but less than 2 years	**46,590**	26,391
Over 2 year but less than 3 years	**29,120**	27,198
Over 3 years but less than 5 years	**28,596**	28,498
Over 5 years	**73,785**	77,814
Subtotal	**181,091**	182,742
Less: allowance for doubtful debts	**(60,081)**	(48,200)
	121,010	134,542

Receivables from guarantee customers are due 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 losses are written off against receivables for default guarantee customers and receivables from guarantee customers.

(i) Receivables for default guarantee payments

	Note	**At 30 June 2023** ***RMB'000*** **(unaudited)**	At 31 December 2022 *RMB'000* (audited)
As at 1 January		**127,754**	78,491
Impairment losses recognised in the consolidated statement of profit or loss	5(a)	**19,208**	56,615
Amounts written off		**—**	(7,352)
Amounts recovered		**7**	—
As at 30 June/31 December		**146,969**	127,754

(ii) Receivables from guarantee customers

	30 June 2023 (unaudited)			
	12-month ECL ***RMB'000***	**Lifetime ECL not credit-impaired** ***RMB'000***	**Lifetime ECL credit-impaired** ***RMB'000***	**Total** ***RMB'000***
As at 1 January 2023	**—**	**739**	**47,461**	**48,200**
Transfer to lifetime ECL credit-impaired	**—**	**(61)**	**61**	**—**
Net re-measurement of loss allowance	**—**	**231**	**11,364**	**11,595**
Receivables from guarantee customers newly originated	**—**	**230**	**56**	**286**
As at 30 June 2023	**—**	**1,139**	**58,942**	**60,081**

	31 December 2022			
	12-month ECL *RMB'000*	Lifetime ECL not credit-impaired *RMB'000*	Lifetime ECL credit-impaired *RMB'000*	Total *RMB'000*
As at 1 January 2022	—	8,267	37,292	45,559
Transfer to lifetime ECL credit-impaired	—	(8,267)	8,267	—
Net re-measurement of loss allowance	—	—	203	203
Receivables from guarantee customers newly originated	—	739	1,699	2,438
As at 31 December 2022	—	739	47,461	48,200

10 LOANS AND ADVANCES TO CUSTOMERS

(a) Analysed by nature

	At 30 June 2023 ***RMB'000*** **(unaudited)**	At 31 December 2022 *RMB'000* (audited)
Entrusted loans	**397,698**	231,418
Micro-lending	**538,566**	550,739
Gross loans and advances to customers	**936,264**	782,157
Accrued interest	**10,230**	5,800
Total allowances for impairment losses	**(79,153)**	(74,812)
Net loans and advances to customers	**867,341**	713,145

(b) Analysed by industry sector

	At 30 June 2023 (unaudited)		At 31 December 2022 (audited)	
	RMB'000	*%*	*RMB'000*	*%*
Wholesale and retail	**390,794**	**42%**	301,036	38%
Service sector	**372,553**	**40%**	370,869	48%
Manufacturing	**142,917**	**15%**	110,252	14%
Construction	**30,000**	**3%**	—	0%
Gross loans and advances to customers	**936,264**	**100%**	782,157	100%

(c) Analysed by type of collateral

	At 30 June 2023 ***RMB'000*** **(unaudited)**	At 31 December 2022 *RMB'000* (audited)
Secured loans	**484,030**	434,393
Unsecured loans	**173,364**	35,208
Others	**278,870**	312,556
Gross loans and advances to customers	**936,264**	782,157

— Secured Loans: Secured loans refer to loans 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 estate properties and land use rights;

— Unsecured Loans: Unsecured loans refer to loans 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 real estate properties that cannot be registered, land use rights, and account receivables that have been registered, vehicles, machineries, inventories and equity interests.

(d) Overdue loans analysed by overdue period

	At 30 June 2023 *RMB'000* (unaudited)	At 31 December 2022 *RMB'000* (audited)
Overdue within 3 months (inclusive)	**6,862**	10,596
Overdue more than 3 months to 6 months (inclusive)	**22,415**	67
Overdue more than 6 months to one year (inclusive)	**10,130**	1,268
Overdue more than one year	**104,679**	105,449
	144,086	117,380

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

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

	30 June 2023 (unaudited)			
	12-month ECL *RMB'000*	Lifetime ECL not credit-impaired *RMB'000*	Lifetime ECL credit-impaired *RMB'000*	Total *RMB'000*
Entrusted loans	**295,000**	**—**	**102,698**	**397,698**
Micro-lending	**478,754**	**2,508**	**57,304**	**538,566**
Gross loans and advances to customers	**773,754**	**2,508**	**160,002**	**936,264**
Less: Allowances for impairment losses	**(27,188)**	**(553)**	**(51,412)**	**(79,153)**
Net loans and advances to customers (excluding accrued interest)	**746,566**	**1,955**	**108,590**	**857,111**

	31 December 2022 (audited)			
	12-month ECL *RMB'000*	Lifetime ECL not credit-impaired *RMB'000*	Lifetime ECL credit-impaired *RMB'000*	Total *RMB'000*
Entrusted loans	127,000	—	104,418	231,418
Micro-lending	522,411	7,780	20,548	550,739
Gross loans and advances to customers	649,411	7,780	124,966	782,157
Less: Allowances for impairment losses	(26,271)	(1,416)	(47,125)	(74,812)
Net loans and advances to customers (excluding accrued interest)	623,140	6,364	77,841	707,345

(f) Movements of allowances for impairment losses

	30 June 2023 (unaudited)			
	12-month ECL ***RMB'000***	**Lifetime ECL not credit-impaired** ***RMB'000***	**Lifetime ECL credit-impaired** ***RMB'000***	**Total** ***RMB'000***
As at 1 January 2023	**26,271**	**1,416**	**47,125**	**74,812**
Transfer to lifetime ECL not credit-impaired	**(136)**	**136**	**—**	**—**
Transfer to lifetime ECL credit-impaired	**(1,460)**	**(965)**	**2,425**	**—**
Net re-measurement of loss allowance	**(14,631)**	**(299)**	**(481)**	**(15,411)**
Loans and advances newly originated	**17,144**	**265**	**2,340**	**19,749**
Recoveries	**—**	**—**	**3**	**3**
Write-offs	**—**	**—**	**—**	**—**
As at 30 June 2023	**27,188**	**553**	**51,412**	**79,153**

	31 December 2022 (audited)			
	12-month ECL *RMB'000*	Lifetime ECL not credit-impaired *RMB'000*	Lifetime ECL credit-impaired *RMB'000*	Total *RMB'000*
As at 1 January 2022	19,133	—	37,329	56,462
Transfer to lifetime ECL not credit-impaired	(54)	54	—	—
Transfer to lifetime ECL credit-impaired	(166)	—	166	—
Net re-measurement of loss allowance	(18,627)	124	16,164	(2,339)
Loans and advances newly originated	25,985	1,238	1,799	29,022
Write-offs	—	—	(8,333)	(8,333)
As at 31 December 2022	26,271	1,416	47,125	74,812

11 FINANCIAL ASSETS MEASURED AT FVOCI

	At 30 June 2023 ***RMB'000*** **(unaudited)**	At 31 December 2022 *RMB'000* (audited)
Unlisted equity investments	**70,686**	76,163

12 FINANCIAL ASSETS MEASURED AT FVPL

	Note	**At 30 June 2023** ***RMB'000*** **(unaudited)**	At 31 December 2022 *RMB'000* (audited)
Wealth management products		**80,971**	—
Convertible bonds	(i)	**24,896**	24,928
Unlisted equity investments		**12,367**	12,975
Redemption option arising from unlisted equity instruments	(ii)	**3,990**	3,040
		122,224	40,943

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

(ii) The Group has redemption option for part of the unlisted equity investments. Such redemption option is usually provided by the beneficial shareholders of the investees ("**repurchase obligor**"). Under certain conditions, the Group has the right to require the repurchase obligor to repurchase the Group's interest in investees. The repurchase value is the aggregate amount of the Group's initial investment cost and the agreed gain over the investment period. The Group measures the financial assets arising from this repurchase right at fair value.

13 RECEIVABLE INVESTMENTS

	At 30 June 2023 *RMB'000* **(unaudited)**	At 31 December 2022 *RMB'000* (audited)
Bonds	**25,000**	25,000
Trust products	**7,000**	7,000
Subtotal	**32,000**	32,000
Accrued interest	**—**	1,364
Less: Allowances for impairment losses	**(7,213)**	(7,213)
	24,787	26,151

14 INTEREST-BEARING BORROWINGS

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

	Note	**At 30 June 2023** *RMB'000* **(unaudited)**	At 31 December 2022 *RMB'000* (audited)
Bank loans	(i)		
— Unsecured		**93,700**	102,700
— Pledged loans	(ii)	**—**	30,000
Other loans		**—**	30,000
		93,700	162,700
Accrued interest payable		**123**	172
		93,823	162,872

(i) At 30 June 2023, loans bear interest at a range from 3.80% to 7.00% (31 December 2022: from 3.80% to 11.00%).

(ii) At 30 June 2023, no pledged loan is secured by factoring receivables of the Group (31 December 2022: RMB20,000,000).

15 DEBT SECURITIES ISSUED

	At 30 June 2023 *RMB'000* **(unaudited)**	At 31 December 2022 *RMB'000* (audited)
Corporate Bonds — Par Value	**500,000**	500,000
Corporate Bonds — Interest Adjustment	**(1,409)**	(1,597)
Corporate Bonds — Accrued Interest	**10,655**	12,435
	509,246	510,838

(i) Fixed rate corporate bonds with nominal value RMB260,000,000 and a term of five years were issued on 18 March 2021, whose coupon rate is 4.60% per annum. Fixed rate corporate bonds with nominal value RMB240,000,000 and a term of five years were issued on 22 August 2022, whose coupon rate is 3.50% 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. In March 2023, Guangdong Join-Share Financing Guarantee Investment Co., Ltd paid RMB11,960,000 for the interest of the corporate bond during the period from 18 March 2022 to 17 March 2023.

As at 30 June 2023, the fair value of corporate bonds amounted to RMB502,486,000 (31 December 2022: RMB497,860,000).

16 LIABILITIES FROM GUARANTEES

	Note	**At 30 June 2023** ***RMB'000*** **(unaudited)**	At 31 December 2022 *RMB'000* (audited)
Deferred income		**222,021**	200,979
Provisions for guarantee issued	16(a)	**113,000**	99,790
		335,021	300,769

(a) Provisions for guarantee losses

	At 30 June 2023 ***RMB'000*** **(unaudited)**	At 31 December 2022 *RMB'000* (audited)
As at 1 January	**99,790**	75,294
Charge for the period/year	**13,210**	24,496
As at 30 June/31 December	**113,000**	99,790

17 CUSTOMER PLEDGED DEPOSITS AND ACCRUALS AND OTHER PAYABLES

(a) Customer pledged deposits

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

According to Interim Measures for the Administration of Financing Guarantee Companies (《融資性擔保公司管理暫行辦法》), jointly formulated and issued by China Banking Regulatory Commission, the National Development and Reform Commission, the Ministry of 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 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 customer pledged deposits from its guarantee customers, the outstanding customer pledged deposits should be kept in a restricted account under tripartite custody. For those cooperated banks agreeing to coordinate, the Group has kept all received customer pledged deposits in a restricted bank account under tripartite custody.

(b) **Accruals and other payables**

	Note	**At 30 June 2023** ***RMB'000*** **(unaudited)**	At 31 December 2022 *RMB'000* (audited)
Dividends payable		**57,028**	4,018
Income tax payable		**49,725**	51,684
Accrued staff cost		**38,915**	38,330
Payable to customers		**18,630**	8,870
Accounts payable	(i)/(ii)	**6,254**	10,606
Contract liabilities		**4,522**	4,213
Consulting service expense payable		**3,108**	2,907
Withholding income tax		**2,429**	3,543
Advance payments		**1,993**	79
Advance receipts for transferring repossessed assets	(iii)	**—**	9,005
Others		**9,290**	7,072
		191,894	140,327

(i) As of 30 June 2023, the amount of accounts payable is RMB6,254,146 (31 December 2022: RMB10,605,900), which mainly consisted of the Group's payment for the purchase of inventory goods from suppliers and the service fees for the delivery of goods by downstream partners.

(ii) As of 30 June 2023, the ageing of accounts payable (based on the invoice date) amounting to RMB1.59 million (31 December 2022: RMB4.98 million) was within 1 year (inclusive), RMB4.57 million (31 December 2022: RMB5.20 million) were over 1 year but within 3 years and the rest were over 3 years.

(iii) In 2022, the Group entered into an agreement to transfer a group of repossessed assets amounted to RMB9,004,800 to a third party irrevocably for RMB9,004,800, which has been received in advance. The transfer procedures of this group of repossessed assets were completed in the first half of 2023. Please see Note 9(vii).

18 OTHER FINANCIAL INSTRUMENT

	At 30 June 2023 ***RMB'000*** **(unaudited)**	At 31 December 2022 *RMB'000* (audited)
Other financial instrument	**142,287**	113,173
Accrued interest	**707**	—
	142,994	113,173

In September 2021, the Company entered into a series of shareholders' agreements with the nominal shareholders of Zhongshan Join-Share ("**2021 Shareholders' Agreements**"), which stipulated the rights and obligations between the shareholders. On March 15, 2023, the equity transaction was completed between Zhongshan Health and Zhongshan Huoju, and Zhongshan Huoju entered into the confirmation letter confirming the acceptance of all the rights and obligations of Zhongshan Health as agreed in the 2021 Shareholders' Agreement and the Concerted Action Agreement. According to the above agreements, Zhongshan Huoju 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 Huoju, the Company shall complement the difference to Zhongshan Huoju. However, Zhongshan Huoju'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 Huoju 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.

In September 2022, the Company entered into a new shareholders' agreements with the nominal shareholders of Yunfu Guarantee ("**2022 Yunfu Guarantee Shareholders Agreement**"). According to the 2022 Yunfu Guarantee Shareholders Agreement, Guangdong Utrust invested RMB10,000,000 in Yunfu Guarantee as a new nominal shareholder and enjoyed a capital contribution return of 2% per annum. If the profits distributed by Yunfu Guarantee cannot meet the 2% capital contribution return requirements of Guangdong Utrust, the Company shall complement the difference to Guangdong Utrust. At the same time, if the operating conditions of Yunfu Guarantee do not meet certain criteria mentioned in 2022 Shareholders' Agreement, Guangdong Utrust has the right to require the Company to repurchase all of its capital contribution at a redemption price of RMB10,000,000.

In 2023, the Company entered into a shareholders' agreement with the nominal shareholders of Guangdong finance Guarantee ("2022 Guangdong Financing Guarantee Shareholders Agreement"). On 3 February 2023, Guangdong Finance Guarantee was established. According to the 2022 Guangdong Financing Guarantee Shareholders Agreement, Guangdong Utrust invested RMB30,000,000 in Guangdong Finance Guarantee as a nominal shareholder and enjoyed a capital contribution return of 2% per annum. If the profits distributed by Guangdong Finance Guarantee cannot meet the 2% capital contribution return requirements of Guangdong Utrust, the Company shall complement the difference to Guangdong Utrust. At the same time, if the operating conditions of Guangdong Finance Guarantee do not meet certain criteria mentioned in the 2022 Guangdong Financing Guarantee Shareholders Agreement, Guangdong Utrust has the right to require the Company to repurchase all of its capital contribution at a redemption price of RMB30,000,000. If the repurchase event arises, the Company shall inevitably deliver cash or financial assets to Guangdong Utrust.

In conclusion, the above three obligations recognized financial liabilities in the consolidated financial statements of the Group, which are accounted as other financial instruments.

19 FINANCIAL LIABILITIES MEASURED AT FVPL

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Financial liabilities arising from interests in jointly controlled Trust Plans	**7,526**	1,818

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.

Details of the Group's interest in the Trust Plans, which is accounted for as financial liabilities in the consolidated financial statements, are as follows:

Names of ventures	*Note*	Form of business structure	Date and place of incorporation/ establishment	Registered capital unaudited	Paid-in capital unaudited	Proportion of ownership interest As at 30 June 2023: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Yuecai Trust • Huijinkeji 129–1 Collective Fund Trust Plan ("**Yuecai Trust Huijnkeji 129–1**") (粵財信託•慧金科技129–1號集合資金信託計劃)	(i)	Trust plan	June 2021 the PRC	RMB 134,100,000	RMB 134,100,000	50%	50%	0%	Investment
Yunnan Trust Qingquan 48 Collective Fund Trust Plan ("**Yunnan Trust Qingquan 48**") ("雲南信託-清泉48號單一資金信託計劃")	(ii)	Trust plan	January 2021 the PRC	RMB 50,000,000	RMB 50,000,000	50%	50%	0%	Investment
Yunnan Trust Qingquan 37 Collective Fund Trust Plan ("**Yunnan Trust Qingquan 37**") ("雲南信託-清泉37號單一資金信託計劃")	(iii)	Trust plan	March 2021 the PRC	RMB 161,000,000	RMB 161,000,000	50%	50%	0%	Investment

(i) The underlying loans of Yuecai Trust • Huijinkeji 129–1 Collective Fund matured in June 2022. After negotiation with the trust investors, the Group does not perform the guarantee obligation for a certain grace period.

(ii) The underlying loans of the Yunnan Trust Qingquan 48 Collective Fund Trust Plan matured in January 2022. After negotiation with the trust investors, the Group does not perform the guarantee obligation for a certain grace period.

(iii) Part of the underlying loan of the Yunnan Trust Qingquan 37 Collective Fund Trust Plan matured in September 2022, which is amounted to RMB58,139,000. As the borrowers of the underlying loans were unable to repay the principal and interest as expected, the Group fulfilled its obligation of default guarantee payments to the Trust Plan in September 2022 according to the relevant guarantee contract. Subsequently, the Group irrevocably assigned part of defaulted guarantee payments amounted to RMB37,289,000 arising from the above matter to Foshan Properties Management Co., Ltd. for a total consideration of RMB32,000,000. As at 30 June 2023, the Group recovered part of the amount from the debtors, and the balance of the default guarantee payment arising from the above matter was RMB13,408,000 (2022: RMB16,048,000).

Summarised financial information of the Trust Plans, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

Aggregate information of individually immaterial jointly controlled Trust Plans:

	At 30 June 2023	At 31 December 2022
	RMB'000	*RMB'000*
Aggregate carrying amount of individually immaterial jointly controlled Trust Plans in the consolidated financial statements	**7,526**	1,818
Aggregate amounts of the Group's share of profit of these controlled Trust Plans in the consolidated financial statements:		
Loss from operation and total comprehensive income	**5,708**	6,843

As of 30 June 2023, the Company's maximum potential loss in relation to the financial guarantees issued the Trust Plans amounted to RMB98,179,000 (31 December 2022: RMB109,057,000), which would be recognised if the underlying investments of the Trust Plans default completely.

20 CAPITAL, RESERVES AND DIVIDENDS

Dividends

Dividends payable to equity shareholders attributable to the previous financial year, approved during the interim period.

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Final dividend in respect of the previous financial year, approved during the following interim period, of RMB3.5 cents per share (six months ended 30 June 2022: RMB5 cents per share)	**54,628**	78,039

The Company will pay final cash dividends of RMB54.63 million, which had been declared on 28 June 2023 but not yet distributed.

On 28 July 2022, the Company paid final cash dividends of RMB78.04 million, which had been declared on 22 June 2022.

21 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

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

	30 June	31 December
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Performance guarantee	**6,093,359**	5,893,316
Financing guarantee	**5,049,983**	4,356,958
Litigation guarantee	**64,409**	31,411
Subtotal	**11,207,751**	10,281,685
Less: Customer pledged deposits	**(59,865)**	(73,328)
Total	**11,147,886**	10,208,357

The total maximum guarantees issued (net of counter-guarantees) represent the maximum potential loss that would be recognised if counterparties failed completely to perform as contracted.

22 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Litigations and disputes

As at 30 June 2023, the Group had no material outstanding litigation or disputes in which the Group was a defendant.

23 SUBSEQUENT EVENTS

The Group paid the 2022 Final Dividend in cash of RMB54.63 million on 24 August 2023 to the Shareholders whose names appear on the register of members of the Company on 7 July 2023. Further details are disclosed in Note 20.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

In the first half of 2023, despite increasing uncertainties in the global economy, pressure on the domestic economy and an increasing complex and severe external environment, the Chinese government adhered to the general principle of seeking progress while maintaining stability, effectively responded to challenges from all sides, and coordinated Chinese economic and social development. Market demand has gradually recovered, production and supply have continued to increase, employment and prices have remained stable on the whole, residents' income has steadily increased, and the overall economic performance has improved. According to the data from the National Bureau of Statistics, China's Gross Domestic Products ("**GDP**") reached RMB59.3034 trillion in the first half of 2023, representing a year-on-year increase of 5.5% at constant prices, which demonstrated the overall economy recovery trend. On a quarterly basis, GDP in the first quarter increased by 4.5% quarter-on-quarter. China's GDP reached RMB30.8038 trillion in the second quarter, representing a quarter-on-quarter increase of 6.3% at constant prices. The added value of the three industries accounted for 6.1%, 39.8% and 54.0% of GDP, respectively, which was similar to the average proportion in the second quarter of 2017–2019, and basically recovered to the level of the same period before the pandemic. In terms of consumption expenditure, the economic growth driven by the final consumption expenditure was 4.2 percentage points in the first half of 2023. The scale of investment also maintained growth. With the accelerating construction of major projects and effective policy-oriented development financial instruments, effective investment continued to expand, providing important support for stable growth. Gross capital formation drove the economic growth to increase by 1.8 percentage points in the first half of 2023.

As policies and measures of promoting economic recovery continued to take effect, China's economy has generally maintained a recovery trend, and the development index of small and medium-sized enterprises has shown a rebounding trend. In June 2023, the Small and Medium Enterprises Development Index (SMEDI) was 89.1, ending a decline trend of three consecutive months and higher than the level in the same period in 2022. Guangdong Join-share Financing Guarantee Investment Co., Ltd.* has been continuously committed to exploring innovative financial service mechanisms and practices, giving full play to its professional business advantages and insisting on serving SMEs.

In April 2020, in accordance with the Regulation on the Supervision and Administration of Financing Guarantee Companies (Order No. 683 of the State Council) and the Administrative Measures for Business License of Financing Guarantee Business《融資擔保業務經營授權管理辦法》(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 approved and renewed by Guangdong Financial Supervisory Authority. At 30 December 2022, Guangdong Zhongying Shengda Finance Guarantee Company

Limited, a subsidiary of the Company, also obtained the business license of financing guarantee business approved by Guangdong Financial Supervisory Authority. Protecting market entities is crucial to the stabilisation of livelihoods and economies. The small and medium sized and microenterprises ("**SMEs**"), as important market entities, are the backbone to stabilise economic development, promote employment and secure livelihood. After years of development, the Group has grown into a creditworthy, industry-driven, financially-driven systematic investment and financing service platform for SMEs based in Guangdong and radiating across the country. The Group has a unique management model in the domestic financing guarantee industry, which provides liquidity to enterprises through establishing supply chain companies to cooperate with banks, so as to accurately address the problems faced by the SMEs.

Mr. Wu Liejin, the chairman of the Board of the Company (the "**Chairman**") and the president of the Group (the "**President**"), expressed that 2023 is the 20th anniversary of the founding of Join-Share, the first year of top-level structural adjustment, and a critical year for the Group to achieve high-quality development. High-quality development is the result of hard work. The Group will actively implement the spirit of the provincial high-quality development conference, take "be steady, accurate and quick" as the working guideline, insist on stability while pursuing progress, put risk in the first place, guard the bottom line and red line, find the right orientation, identify the right target, make precise efforts, and strive for implementation under the premise of stability and accuracy.

Business Review

The business of the Group mainly consists of two segments, namely the guarantee business and the SMEs lendings.

Guarantee Business

The Group provides guarantees on behalf of SMEs and individual business proprietors to guarantee their repayment of loans or performance of their contractual obligations. Among which, regarding the financing guarantee business, the Group and the creditors such as banking financial institutions agree that, in case that the warrantee fails to perform its financing debts owed to the creditors, the Group as guarantor shall bear the guarantee liabilities as agreed in the agreement in accordance with laws. The Group mainly provides the following products and services:

Financing guarantee	**Non-financing guarantee**
Indirect financing guarantee	Litigation preservation guarantee
Direct financing guarantee	Engineering guarantee letters and other performance guarantee letters

As at 30 June 2023, the Group's total outstanding guarantee was approximately RMB11,147.89 million (31 December 2022: RMB10,208.36 million). For the six months ended 30 June 2023, the net guarantee fee income was approximately RMB105.88 million, which remains relatively stable as compared to approximately RMB88.73 million for the six months ended 30 June 2022.

SMEs Lendings

The Group provides loans and advances to customers comprising entrusted loans and micro-lending.

(a) **Entrusted loan business.** The Group, operated through the Company, deposits its own funds into intermediary banks, which on-lend the funds to ultimate borrowers selected by the Group and charges fixed interest rate. The Group usually provides entrusted loans of relatively large amount ranging from approximately RMB1.00 million to approximately RMB35.00 million through banks, and is not subject to geographical restriction. According to Regulations on the Supervision and Administration of Financing Guarantee Companies promulgated by the State Council of the PRC, financing guarantee companies shall not run self-operated loans or entrusted loans, and hence the Company adopted the business model of lending loans through entrusting banks qualified to operate loan businesses. During the course of entrusted loan business of the Company, related entities including the Company, the bank and the borrowers agree on their respective rights and obligations by way of contract. The Company is in charge of the provision of entrusted loan fund, receipt of entrusted loan interests from borrowers and bearing the credit risks, while the bank is responsible for charging for commission expenses, lending entrusted loans, assisting on the supervision on the usage and recovery of the loans without bearing the credit risks. For the six months ended 30 June 2023, the monthly fixed interest rate charged by the Group for entrusted loans ranged from 1.2% (inclusive) to 1.8% (inclusive) (for the six months ended 30 June 2022: from 0.5% to 1.8%), which was determined by the negotiation with the borrowers according to the borrowers' creditworthiness, loan amount, loan term, type of guarantee and others. As at 30 June 2023, the balance of the Group's entrusted loans was approximately RMB397.70 million (31 December 2022: RMB231.42 million). The top five customers of such business in terms of remaining balance represent approximately 38.73% of the total remaining balance of entrusted loans as at 30 June 2023 and their respective terms were as follows:

Borrower	**Cooperative institutions**	**Loan amount** *(RMB'000)*	**Loan balance as at 30 June 2023** *(RMB'000)*	**Loan interest rate** *(month,%)*	**Loan term**	**Type of guarantee**
Company A	Bank a	35,000	30,750	1.8	17 October 2014– 17 January 2015	Collateral guarantee
Company B	Bank a	31,790	31,270	1.6	8 July 2015– 8 January 2016	Collateral guarantee
Company C	Bank a	33,000	33,000	1.2	25 April 2023– 22 October 2023	Equity pledge
Company D	Bank b	30,000	30,000	1.2	6 February 2023– 5 August 2023	Credit guarantee
Company E	Bank c	29,000	29,000	1.45	8 December 2015– 8 December 2016	Credit guarantee
Total		**158,790**	**154,020**			

(b) **Micro-lending business.** The Group, operated through Foshan Chancheng Join-Share Micro Credit Co., Ltd.* ("**Foshan Micro Credit**"), provides advances to SMEs, individual business proprietors and individuals in Foshan and charges fixed interest rate. According to relevant regulations, micro-lending business refers to lending business operated by micro-lending companies established subject to the approval from relevant government authorities. Lending business conducted by micro-lending companies must follow the principle of "small loans, and decentralised resource distribution". The amount of loans and repayment term must be determined with reference to factors such as the income, overall liabilities, asset position and actual demand of the borrowers to ensure the repayment amount may not exceed the borrowers' repayment capacity. The Group operates micro-lending business through its subsidiary Foshan Micro Credit, a limited liability company operating micro-lending business under the approval of the Guangdong Financial Supervisory Authority. Due to regulatory limits, the amount of micro-lending that the Group may provide is up to RMB15.00 million. For the six months ended 30 June 2023, the monthly fixed interest rate charged by the Group for micro-lending ranged from 0.55% (inclusive) to 1.8% (inclusive) (for the six months ended 30 June 2022: 0.65% (inclusive) to 1.7% (inclusive)), which was determined by the negotiation with the borrowers according to the borrowers' creditworthiness, loan amount, loan term, type of guarantee and others. As at 30 June 2023, the balance of the Group's micro-lending was approximately RMB538.57 million (31 December 2022: RMB550.74

million). The top five customers of such business in terms of remaining balance represent approximately 12.33% of remaining balance of total micro-lending as at 30 June 2023 and their respective terms were as follows:

Borrower	**Loan amount** *(RMB'000)*	**Loan balance as at 30 June 2023** *(RMB'000)*	**Loan interest rate** *(month,%)*	**Loan term**	**Type of guarantee**
Company A	15,000	15,000	1.6	19 June 2023– 18 October 2023	Pledge guarantee
Individual B	15,000	13,600	1	26 December 2022– 25 December 2023	Pledge guarantee
Individual C	13,000	13,000	1.8	26 June 2023– 25 August 2023	Credit guarantee
Individual D	13,000	12,980	1.6	16 December 2022– 15 November 2023	Pledge guarantee
Individual E	12,050	11,850	1.45	28 May 2023– 27 May 2025	Pledge guarantee
Total	**68,050**	**66,430**			

For the six months ended 30 June 2023, the Group's net interest income was approximately RMB43.32 million, representing a decrease of approximately 21.45% as compared to approximately RMB55.15 million for the six months ended 30 June 2022.

Internal Control

The Group had put in place the following internal control policy and procedures to manage the risks of its businesses:

(1) For its **guarantee business**:

(a) For financing guarantee business, upon receiving approval, the business department will arrange for the execution of the transaction documents with the customers and the guarantors. If any registrable collateral is provided, the Company will register its security interest in such collateral with the relevant governmental authorities first. The risk control department inspects the contract execution, the implementation of counter-guarantee measures and supplemental matters under the requirements of the approval documents. Once these steps are completed, the Company's letter of guarantee becomes effective or the bank will be notified to release the loans to the borrowers.

The Company's post-transaction inspection procedures are launched upon engaging in the guarantee business. Through its post-transaction inspection procedures, the Company aims to identify any potential repayment difficulties of its customers ahead of the guarantee due date and to take appropriate precautionary measures. The project manager, as the project supervisor, visits customers regularly to understand the customers' profile in all aspects, including daily production or operation, financial status, credit, actual use of proceeds, changes in the counter-guarantee measures, changes in the condition or value of collateral, and any other material advance change on the borrowers, their ultimate beneficial owners or counter-guarantors. He/she will also enquire online public information of the guarantee customers through third party service providers to obtain public monitoring data.

(b) The Company has established certain measures and procedures in order to monitor the quality of its customers and assets in respect of its financing guarantee business, which include regular post-transaction supervision, special post-transaction supervision, risk screening, procedures for storing collateral and classification of risk profiles, and the relevant details are set out below:

(i) Regular post-transaction supervision. The project supervisor regularly monitors and assesses the project conditions and risk conditions, predicts and evaluates risks according to the supervision plan, and reports to relevant departments. The Company conducts such supervision once every half month, every month, every two months, every three months or every six months depending on the risk profile of the project.

(ii) Special post-transaction supervision. A special post-transaction supervisor, in addition to the project supervisor, will be introduced for post-transaction supervision when necessary, generally for: (1) projects with certain operational risks; (2) the first time guarantee projects; (3) projects with high cumulative balance of guarantee liabilities; or (4) projects with certain industry risks. The special post-transaction supervisor is generally the Company's risk control manager, an officer responsible for collection and recovery, or the head of the business department or the risk control department. The Company conducts a special post-transaction supervision every month.

(iii) Risk screening. According to the macro-economy and the change in market environment, the Company formulates business guidelines and opinion on risks by classification of industry from time to time with an aim to promote healthy business development and risk control. The Company conducts risk screening by adopting stricter, higher standard and more specific risk supervision or special risk investigation on companies that are in industries with greater risks or easily affected by the macro economy, or the projects for which material counter-guarantee is in abnormal condition. The risk management department and the business department develop project due date guidance based on the customers' performance and the Company's guiding opinions on such customers before maturity of each project. If there is material abnormal matter affecting repayment during the post-transaction supervision, the project supervisor should report to the business department head and the risk management department in a timely manner, and the risk management department will adjust the supervision frequency and risk category, and arrange a special post-transaction supervisor's on-site supervision or hold a risk project seminar to discuss solutions.

(iv) Management procedures for collateral. Collaterals include both tangible and intangible assets. Normally there is no storage requirement for intangible assets. For tangible assets, subject to conditions including project risks, characteristics of the customer's business and mortgage rate, the Company may adopt different measures, such as entering into and registering a mortgage, performing regular on-site inspections and conducting regular supervision through a third party designated by the Company. For real estate that has undergone mortgage registration, the Company will occasionally arrange an asset appraisal manager to conduct appraisals, check the market price of real estate of the same type through real estate websites, or check the status of the mortgage real estate with the registration department.

(v) Risk profile classification. The Company conducts post-transaction risk management review and classifies guarantees or loans in five risk profiles. The Company classifies its customer's risk profile as "normal," "special-attention," "substandard," "suspicious" or "loss" based upon the customer's financial condition, profitability, repayment capability, repayment record, willingness to repay, counter-guarantee conditions and other relevant material adverse incidents. Based on such risk profile classification, the Company adjusted the project's supervision grade and the corresponding frequency of review, adopt differentiated risk management and control strategies and enhance supervision on "special-attention" projects with a focus on collections from "substandard," "suspicious" or "loss" projects.

(c) The Company initiates its collection and recovery process if it assesses, that projects have great hidden risks or risk exposure. In the case of a customer default under its guarantee business, the Company will pay to the lending bank the outstanding principal amount of the loan, plus all accrued and unpaid interest and expenses within the time frame set forth in the relevant guarantee agreement. The Company's collection efforts generally involve its collection and recovery department and its legal department. Its collection and recovery process primarily involves the following steps and procedures:

(i) the Company will commence its collection process by calling the customer after the default is occurred. After that, the Company will attempt to collect the default payment on-site at the customer's business address and residential address;

(ii) in most cases where a customer defaults, the Company will work with the customer to develop alternative repayment plans to and urge the customer to fulfil its repayment obligations if the customer indicates an intention to repay, the fundamentals of the customer's business are found to be sound, the cash flow prospects are expected to be sufficient to assure repayment and the Company is not aware of enforcement actions being taken by other creditors; and

(iii) the Company usually enforces its rights to collateral when it determines that the customer's business prospects or the value of the collateral have deteriorated, when the customer does not indicate any intention to make repayments or when actions taken by other creditors may compromise the Company's rights. The Company will negotiate on disposal of the collateral with customers to recover its losses with the proceeds from the disposal of such collateral. In addition, the Company may call upon the guarantees or counter-guarantees provided by the customers and other guarantors or counter-guarantors. The Company may initiate legal or arbitration proceedings against a customer if there is any dispute over the Company's right to the collateral or other assurance measures. The Company generally seeks a court order enforcing the guarantee agreement and the right of sale in relation to pledged or mortgaged collateral.

(2) For its **entrusted loan business**:

(a) For the approval of entrusted loans, the project manager is responsible for preparing the project investigation report and collecting, among others, materials in relation to collateral or other guarantee measures, financial related information, and other information about the customers for submission for approval. The legal approval officers of the Company review the investigation report and due diligence documents, mainly including the litigation of the borrowers, project operation plan, etc. The legal approval officers will discuss with the project manager and require him to carry out further on-site investigations or interviews with the borrower/guarantor/collateral when there are doubts in the process of reviewing the project compliance of borrower's subject qualification, ownership of counter-guarantee, litigation information and others, but no relevant information can be found in the investigation report. The legal opinion will be prepared to indicate the risks involved in the transaction and the relevant risks assessment conducted. According to the articles of association of the Company (the "**Articles of Association**"), the chairman or chairlady of executive committee, which is served by the chairman of the Board, will approve the entrusted loan projects with the balance of loans to individual enterprises of not more than 6% of the net assets of the group company. Any application for entrusted loans over such threshold will be approved by the Board/general meeting.

(b) For the collection of entrusted loans, post-loan management procedures kicks start once the business commences, with the aim to identify whether there are any potential difficulties for the customers to repay the entrusted loans upon expiry, and take preventive measures when appropriate. As the project supervisor, the project manager visits the customers according to the supervision plan in order to understand the conditions of the customers in all aspects, to assess the project status and risk exposure, including changes in daily production or operation, financial position, credit status, actual use of loans, and guarantee measures, as well as any material adverse changes of the borrowers, de facto controllers, or guarantors (if any), and to search for online public information in relation to the customers and obtain public opinion monitoring data through third-party service providers. Any significant anomalies affecting repayment identified under the supervision shall be reported by the project manager to the head of the business department and the risk management department in a timely manner, and the risk management department will adjust the frequency of supervision and risk level, or organised seminars to discuss corresponding solutions for the risk projects.

(c) If a project is assessed to have a greater risk potential or is exposed to risk, the Company will initiate the recovery procedures by calling the customer after the default of such customer. The Company will then proceed with the recovery procedures at the business address and residential address of such customer. In most cases of default of customer, if the customer intends to repay the loan and the Company considers that the customer maintains a sound and stable business foundation and the expected cash flow prospect is sufficient to ensure the repayment, and the Company is not aware of any enforcement actions taken by other creditors, the Company will work with such customer to formulate a repayment plan and procure such customer to fulfil such plan. When the Company assesses that there is deterioration of the business prospects of the customer or a drop in value of the collateral, and the customer has no intention to repay the loan or the actions taken by other creditors will damage the rights of the Company, the Company will usually choose to enforce its rights to the collateral. The Company will negotiate with the customer to sell the collateral and recover the proceeds to compensate the loss of the Company. In addition, the Company may require the performance of guarantees provided by the customer and other guarantors. If there is any dispute over the Company's rights to the collateral or other guarantee measures, the Company may take legal proceedings or arbitration procedures against the customer. The Company will normally file an application with the court for an order to enforce the guarantee agreement and the right to sell the pledged or mortgaged collateral.

(3) For its **micro-lending business**:

(a) For the approval of all micro-lending loans, the risk management department will review and examine the investigation report on pre-loan investigations and on-site inspections, and review and verify the borrower's family structure, actual income, operating conditions and repayment ability sated in the report. In addition, the risk management department will request for the investigation report on the guarantor and the valuation report of the collateral to ensure the effectiveness and reliability of the guarantee.

(b) The principal terms and conditions of a loan, such as the principal amount, interest rate, quality and adequacy of the security and collateral (if any) and the term of the loan, are considered and approved during the approval process of a loan application. Loans in an amount of RMB1,000,000 or more shall be approved by the micro-lending review committee and loans in an amount of less than RMB1,000,000 shall be approved by the general manager of the Company. The micro-lending review committee is led by the general manager of the Company and consists of five members with veto rights over loan applications. By strictly implementing the above-mentioned authorisation mechanism, the Company ensures that the terms and conditions of loans are in line with the credit policy of the Company.

(c) For micro-lending loans, in general, the borrowers are required to make monthly interest payments on the loan and to repay the principal amount of the loan when it is due, and the Group may sometimes accept monthly instalments of payment for partial principal amount plus interest. To ensure timely collection of the micro-lending loans, the account managers will remind the borrowers of their payment obligations in advance of the relevant due date.

(d) The Group considers all or part of the principal amount of any loan that has been overdue for a month or more to be overdue. When the principal amount of the loan is overdue or the interest on the loan is not repaid as at the end of the relevant month, the account managers will visit the customer to remind him or her of the overdue situation, assess the overdue status and reasons, make a preliminary assessment on the risk level, mitigation measures and the possibility of recovering the loan, and report to the person in charge of the customer service department, the person in charge of the risk management department and the general manager. If the overdue situation does not improve after the visit and lasts for more than 20 days, the account managers, together with the representative of the legal department, the Group will carry out another site visit to remind the defaulting customer of his or her payment obligations. If the overdue situation remains unresolved and lasts for more than 45 days, the Group may arrange on-site meetings with the defaulting customer to negotiate a repayment plan for the overdue amount. If the customer insists on not fulfilling the repayment plan, the risk management department and legal department will initiate the following steps to seek recovery:

(i) activate recourse right against the guarantor: If loan repayment is guaranteed by the guarantor, the Group will require the guarantor to repay the principal amount of the loan and accrued interest; or

(ii) foreclose on collateral: For loans secured by collateral, the Group will initiate foreclosure procedures by filing a petition with the court to attach and preserve the collateral. Upon obtaining a favourable judgement, the Group will file an enforcement petition with the court to realise the value of the collateral through auction or sale and subsequently apply all or part of its value to repay the loan.

Major Business Activities Undertaken by the Group During the Period

For the six months ended 30 June 2023, with an aim to strengthen the Group's overall market position, the Group has undertaken the major business activities as follows:

1. In order to effectively provide premium financial services for SMEs to support the high-quality development of local economy, the Group entered into the Cooperation Agreement on Guarantee Business with Postal Savings Bank of China, Foshan Branch, pursuant to which, the two parties will conduct comprehensive high-quality cooperation on inclusive business, fund projects, supply chain finance business and other business in a way that lays a sound foundation for better serving real economy in future.

2. In March 2023, the Group joined hands with the government of Lecong Town to carry out industrial credit risk compensation program of Lecong Town so as to follow the spirit of Foshan financial work conference, play a key role of the financial industry in developing economy and provide more support for the manufacturing industry to be a leader. The program aims at promoting the integrated development of industry and finance to offer loan credit support to qualified enterprises in Lecong Town and boosting the scale development of specialized markets such as steel and plastics with the first amount of RMB10 million by establishing industrial credit risk compensation, building multi-linkage among cities, districts, town and sub-districts,

and promoting the collaboration model among government, finance, industry and enterprises. As a quality local financial organization, the Group further prospered the high-quality development of local industries by providing premium financial services through the program.

3. On 23 March, Guangdong Zhongying Shengda Finance Guarantee Company Limited, the new guarantee subsidiary of the Group, officially commences its business. The establishment of the new guarantee subsidiary plays an important part in the Group's adjustment of the top-level structure and future business development, and is also an essential intermediary between the Group and the government of Chancheng district of Foshan in their strategic cooperation. Besides, it is an significant achievement of provincial, municipal and district capital collaboration to improve the financing guarantee system development in Guangdong.

4. In April, 2023, the Department of Science and Technology of Guangdong Province published the list of technology-driven SMEs included in 2023 (second batch). A digital company under the Group passed the recognition and became one of the technology-driven SMEs included in the list for consecutive three years, which indicated the official affirmation to the scientific prowess of the digital company and the full recognition to its innovation capability. As a pioneer of the Group in exploring fintech, the digital company adheres to developing supply chain finance, inclusive finance, fintech and other fields through technological empowerment, and improving business efficiency and risk-control capability through business innovation and information technology and scientific prowess to promote the high-quality development of its business.

5. To better solve the problem of enterprises bidding financing and allow financial resources to flow precisely to the key areas and crucial links in public resources exchange, Anhui Company, a subsidiary of the Group, actively innovated and developed "Tou Baobao (投保寶)", a WeChat mini program for Letter of Guarantee for Tender, which was successfully launched in May. "Tou Baobao (投保寶)" is mainly targeted at enterprises bidding, and realizes the full online processing of tender application, audit and payment processes through the dual empowerment of finance and technology, which effectively improved customer experience. With the advantages of high efficiency, convenience and professional standardization, "Tou Baobao (投保寶)" can effectively reduce the time cost and transaction cost of enterprises bidding, which is of positive significance in fully releasing the cash flow of the enterprises and improving the business environment.

Financial Review

Net Guarantee Fee Income

The Group's total guarantee fee income increased by approximately RMB17.15 million, or approximately 19.33%, from approximately RMB88.73 million for the six months ended 30 June 2022 to approximately RMB105.88 million for the six months ended 30 June 2023. Such increase was mainly because (i) the Group shall charge a subsidy of 1% of the actual business amount for loan guarantee projects with guarantee rates reduced to no more than 1% per year for Foshan financing guarantee fund projects carried out from June 4, 2022; and (ii) the increase in total financing guarantees issued increased from RMB4,356.96 million as at 31 December 2022 to RMB5,049.98 million as at 30 June 2023.

Net Interest Income

The Group's net interest income decreased by approximately RMB11.83 million, or approximately 21.45%, to approximately RMB43.32 million for the six months ended 30 June 2023 from approximately RMB55.15 million for the corresponding period in 2022, which was mainly a combined effect of the following factors:

(a) interest income from entrusted loan business increased by approximately RMB2.52 million or approximately 34.19% from approximately RMB7.37 million for the six months ended 30 June 2022 to approximately RMB9.89 million for the six months ended 30 June 2023, which was mainly attributable to the increased in balance of entrusted loan from RMB231.42 million to RMB397.70 million.

(b) interest income on micro-lending business remained stable at approximately RMB29.51 million for the six months ended 30 June 2023 as compared to approximately RMB29.89 million for the corresponding period in 2022;

(c) interest income on factoring service remained stable at approximately RMB9.81 million for the six months ended 30 June 2023 as compared to approximately RMB10.68 million for the corresponding period in 2022;

(d) interest income from cash at banks and pledged bank significantly increased by approximately RMB5.09 million or approximately 71.29% from approximately RMB7.14 million for the six months ended 30 June 2022 to approximately RMB12.23 million for the six months ended 30 June 2023, which was mainly attributable to negotiated deposit interest rate on the Group's new guarantee subsidiary.

(e) interest expense from debt securities issued significantly increased by approximately RMB4.50 million or approximately 76.66% from approximately RMB5.87 million for the six months ended 30 June 2022 to approximately RMB10.37 million for the six months ended 30 June 2023, which was mainly attributable to the increase in number of interest payment arising in the debt securities issued.

Service Fee from Consulting Services

The Group's service fee from consulting services decreased by approximately RMB4.42 million or approximately 28.57% from approximately RMB15.47 million for the six months ended 30 June 2022 to approximately RMB11.05 million for the six months ended 30 June 2023, which was mainly attributable to recession in consulting demand.

Other Revenue

The Group's other revenue decreased significantly by approximately RMB14.03 million, or approximately 74.39%, to approximately RMB4.83 million for the six months ended 30 June 2023 from approximately RMB18.86 million for the corresponding period in 2022, primarily due to (i) decrease in government grant; (ii) loss on fair value changes in financial assets measured at FVPL; and (iii) loss on foreign exchange.

Share of (losses)/gains of associates

The Group's share of losses of associates of approximately RMB4.32 million for the six months ended 30 June 2022 remained a share of losses of associates of approximately RMB4.06 million for the six months ended 30 June 2023, which was primarily attributable to associates face mounting downward pressure.

Provisions charged for guarantee losses

Provisions charged for guarantee losses primarily reflect the management's estimate on the level of provisions that is adequate to the Group's guarantee business. The Group made provisions charged for guarantee losses of approximately RMB13.21 million for the six months ended 30 June 2023 as compared to provisions charged for guarantee losses of approximately RMB24.09 million for the corresponding period in 2022, primarily because the vigorous promotion of the financing guarantee business backed by the "Government, Banks, and Guarantee Companies" this year, which features "proportional guarantee and capping of compensation" and a manageable level of risk control.

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 amount of the capital portfolio of financing solutions the Group provided to customers not being able to be recovered by the Group; (iii) loans and advances to customers in the

Group's entrusted loan and micro-lending businesses which reflect the net amount of loans and advances to the customers not being able to be collected by the Group; and (iv) factoring receivables which mainly reflect the net amount of factoring facility services that are unable to be recovered.

The Group's impairment losses decreased by approximately RMB15.43 million, or approximately 28.21%, to approximately RMB39.27 million for the six months ended 30 June 2023 from approximately RMB54.70 million for the corresponding period in 2022, primarily due to the decrease in impairment loss of receivables from default guarantee payments from approximately RMB35.15 million for the six months ended 30 June 2022 to approximately RMB19.21 million for the six months ended 30 June 2023.

Operating Expenses

The Group's operating expenses increased by approximately RMB19.46 million, or approximately 38.07%, to approximately RMB70.57 million for the six months ended 30 June 2023 from approximately RMB51.11 million for the corresponding period in 2022 which was mainly due to (i) staff cost increased to approximately RMB48.38 million for the six months ended 30 June 2023 from approximately RMB33.36 million for the corresponding period in 2022; (ii) consultant cost increased to approximately RMB5.46 million for the six months ended 30 June 2023 from approximately RMB3.12 million for the corresponding period in 2022; and (iii) depreciation and amortization cost increased to approximately RMB7.77 million for the six months ended 30 June 2023 from approximately RMB5.56 million for the corresponding period in 2022.

Profit before Taxation

As a result of the foregoing, the Group's profit before taxation decreased by approximately RMB6.01 million, or approximately 13.67%, to approximately RMB37.97 million for the six months ended 30 June 2023 from approximately RMB43.98 million for the corresponding period in 2022.

Income Tax

The Group's income tax decreased by approximately RMB1.38 million, or approximately 11.55%, to approximately RMB10.57 million for the six months ended 30 June 2023 from approximately RMB11.95 million for the corresponding period in 2022, primarily due to the decrease in assessable profits.

Profit for the Period

The Group's profit for the period decreased by approximately RMB4.63 million, or approximately 14.46%, to approximately RMB27.40 million for the six months ended 30 June 2023 from approximately RMB32.03 million for the corresponding period in 2022, and the profit attributable to equity shareholders of the Company decreased by approximately RMB6.15 million, or approximately 23.70%, to approximately RMB19.80

million for the six months ended 30 June 2023 from approximately RMB25.95 million for the corresponding period in 2022. The Group's net profit margin decreased to approximately 17.10% for the six months ended 30 June 2023 from approximately 20.10% for the corresponding period in 2022.

In view of the declining financial performance of customers of the Group under the current challenging economic environment, the Group will strictly adhere to its internal control policy and measures to manage the corresponding risks. For further details, please refer to the paragraphs headed "Business Review — Internal Control" above.

Capital Expenditure

The Group's capital expenditures consist primarily of expenditures for the purchase of relevant properties and other equipment. For the six months ended 30 June 2023, the Group's capital expenditures amounted to approximately RMB2.46 million (for the six months ended 30 June 2022: RMB1.06 million), which was primarily related to the acquisition of office equipment and the research and development expenses incurred from improving business operation systems.

Capital Commitments and Contingent Liabilities

As at 30 June 2023, the Group's outstanding capital commitments relating to (i) the total maximum guarantee issued to customers for its guarantee business of approximately RMB11,147.89 million (31 December 2022: RMB10,208.36 million); and (ii) the Group's leases of office premises of approximately RMB14.58 million (31 December 2022: RMB18.97 million).

Save as aforesaid, the Group did not have other contingent liabilities as at 30 June 2023.

Charge of Assets

The Group did not pledge any of its assets to secure any banking facility or bank loan as at 30 June 2023.

INTERIM DIVIDEND

The Board does not recommend any distribution of interim dividend for the six months ended 30 June 2023.

PROSPECTS AND FUTURE DEVELOPMENTS IN THE BUSINESS OF THE GROUP

(I) Development trend of the industry

Adapting to the trend to supporting SMEs, giving China's economy a new boost

Economy and finance are two inseparable concepts, and there is a close relationship and interaction between them. Economic development requires financial support, while financial stability also requires economic development. With the rapid development of China's economy, as the important components of the real economy, the number of SMEs is also growing, and has become the backbone for stabilising economic development, securing employment and promoting livelihood, and its position in the national economy is becoming more and more important. However, under the current situation, SMEs are facing many difficulties and challenges like financing problems, and need the support and assistance of the government and society. In this regard, in order to fully implement the spirit of the 20th National Congress of the CPC and Central Economic Work Conference, China issued and advanced a series of policies and measures to address problems faced by enterprises to support SMEs.

On 20 April 2023, China Banking and Insurance Regulatory Commission issued the Notice of Enhancing the Quality of Financial Services for SMEs in 2023 (《關於2023年加力提升小微企業金融服務質量的通知》) (hereinafter referred to as the "**Notice**"). According to the Notice, the working objectives are to form a financial service system for SMEs that is in line with the development of the real economy, continue to maintain the trend of increasing the volume and expanding the coverage in 2023, continuously optimize the service structure, continue to improve the service accuracy in key areas, and progressively expand the channels of insurance protection. The overall interest rate on loans will remain stable, and the comprehensive financing cost of SMEs will be gradually reduced. The Notice emphasizes the need to enhance the endogenous power of large and medium-sized banks to serve SMEs. Large and medium-sized commercial banks should enhance the regional coordination of financial supply, and further consolidate responsibilities and urge the relevant branches to increase their investment efforts in the areas where credit release to SMEs was weak in the early stage. With the support of the policy, loans to inclusive SMEs have achieved rapid growth for five consecutive years. At the end of June 2023, the balance of national loans to inclusive SMEs was RMB27.37 trillion, the number of customers with a loan balance was 41,151,200, the average growth rate of the past five years of the two indicators has exceeded 25%.

Continuous optimisation of the financing environment for SMEs and joint efforts of government and banks to give a "boost" for its development

In order to enhance the support for the real economy, assist enterprises to reduce financing costs and promote the stability of the financing market and the healthy development of the economy, the People's Bank of China announced on 17 March 2023 that it decided to reduce the deposit reserve ratio of financial institutions by 0.25 percentage points on 27 March 2023 (excluding financial institutions that have implemented a 5% deposit reserve ratio). After this reduction, the weighted average deposit reserve ratio of financial institutions is approximately 7.6%.

On 5 March, the Ministry of Finance issued the First Session of the 14th National People's Congress to review the Report on the Implementation of the Central and Local Budgets for 2022 and the Draft of Central and Local Budgets for 2023 (《關於2022年中央和地方預算執行情況與2023年中央和地方預算草案的報告》). The Report indicated that in 2023, it is necessary to further optimise the implementation of policies and continue to enhance the vitality of various enterprises. In terms of financial subsidies, tax incentives, government procurement, all types of business entities should be treated equally while supporting the development of private enterprises, SMEs and individual business proprietors. It is necessary to improve the accuracy of policies, optimise the structure of expenditures, strengthen the management and supervision of fiscal fund performance, so as to practically enhance the effectiveness of policies.

On 31 July, the All-China Federation of Industry and Commerce and the China Banking Association recently released a proposal of the 2023 "SMEs Assistance Plan (助微計劃)" to various financial institutions, proposing to jointly promote the sustainable improvement of economic operation and help SMEs accelerate its recovery. The 2023 "SMEs Assistance Plan (助微計劃)" proposal issued that SMEs and individual business proprietors are the driving force of China's economic and social development, and an essential force for employment expansion, people's livelihood improvement, and entrepreneurship and innovation promotion. Each financial institution should continue to expand service coverage, increase credit support for SMEs and individual business proprietors, guide financial institutions to provide credit support for SMEs with good credit, and help SMEs, individual business proprietors and other business entities to recover and improve.

The Board believes that, with the continuous rapid growth of the national economy as well as existing policies continuing to favour the SMEs, China's financing guarantee industry has been playing an important role in aspects of the sustainable volume reduction and quality increase, constant enhancement of capital strength, continuous expansion of business scale, significant growth of inclusive business, alleviation of overall risks in the industry, and overall improvement of financial indicators. As a financing guarantee enterprise, the Group should concentrate on SMEs, provide more diversified financing support, satisfy the financing needs of

SMEs, promote the development of SMEs, make positive efforts to serve weak fields of economy and society and boost the development of the real economy, so as to provide strong growth momentum for the stable development of China's economy.

(II) Development strategies of the Group

In the first half of 2023, China's economy achieved a resuming growth under the dual support of the optimisation of pandemic prevention and control as well as stabilisation economic development policies, with key economic indicators stabilising and recovering and market expectations gradually improving. In the second half of 2023, the economic recovery has shown great resilience and the future is promising. China's economy is expected to accelerate the repair of the micro-foundations on the basis of the first half of the year and continue to improve the market expectations, so as to move towards expansionary growth and show ten major trends, such as domestic demand-driven, stable investment, foreign trade resilience, supply reform, innovation-driven, green development, livelihood protection, regional coordination, opening to the outside and high-quality development. Such trends will lay a solid foundation for high-quality economic development and provide significant support and contribution to global economic recovery and growth. While in the face of certain risks and challenges in economic operation, China still needs to make continuous efforts in export, employment and consumption.

The Group (stock code: 01543.HK), which was founded in May 2003 as the earliest financing guarantee institution in Foshan, with rich industry experience and expertise, it has gradually pioneered the model of "mixed ownership of financing guarantee" in the course of its development and growth, and has become the first domestic company listed on the Main Board of Hong Kong Stock Exchange with financing guarantee as its main business in 2015. From the active exploration along the way of transformation and upgrading to leapfrog development in capital increase, listing and bond issuance, the Group has witnessed its solid development over the past 20 years and formed a sustainable development model with its own characteristics. The Group is committed to solving the problems of difficult and expensive financing for SMEs and insisting on financial innovation. On the basis of guarantee as the main business, the Group has innovated guarantee plus (擔保+) according to the different needs of SMEs in different stages at different times and formed an integrated financial service system, including guarantee, microfinance, pawn, factoring, supply chain finance, equity investment and consultancy services, etc. Since its establishment, the Group has accumulatively provided financial services to nearly 20,000 enterprises with an accumulated service amount of more than RMB180 billion. In the second half of the year, the Group will continue to focus closely on its original mission of serving SMEs, continuously improve the quality and efficiency of its financial services, seize the opportunities, maintain confidence and forge ahead, and make positive contributions to the high-quality development of the city and the province with excellent results, thus setting a benchmark for the financing guarantee industry.

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 and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure in order to maintain a balance between the higher equity holders/shareholders returns that might be possible with higher levels of borrowings, and the benefits and security brought by a sound capital position. The Group 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 the Shareholders, cash flows from operations and banks and other borrowings.

As at 30 June 2023, the Group's cash and bank deposits were approximately RMB976.45 million (31 December 2022: RMB1,085.49 million).

Indebtedness

As at 30 June 2023, the Group's interest-bearing borrowings amounted to approximately RMB93.82 million (31 December 2022: RMB162.87 million), which are repayable within one year bearing interest at a range of from 3.80% to 7.00% per annum and are guaranteed.

As at 30 June 2023, the Group has debt securities issued of approximately RMB500 million (31 December 2022: RMB500 million), which was the face value of the Tranche 1 Corporate Bonds with a coupon rate of 4.60% and 3.50%.

In addition, as at 30 June 2023, the Group had other financial instrument of approximately RMB142.99 million (31 December 2022: RMB113.17 million) (detailed at note 18 to the financial statements), financial liabilities measured at FVPL of approximately RMB7.53 million (31 December 2022: RMB1.82 million) and lease liabilities of approximately RMB14.58 million (31 December 2022: RMB18.97 million).

The gearing ratios of the Group as at 30 June 2023 and 31 December 2022 were approximately 36.27% and 35.96%, respectively. Such gearing ratio 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 business. The contract amount reflects the extent of the Group's involvement in the financing guarantee business and also represents its maximum exposure to credit loss. As at 30 June 2023, the outstanding guarantee of the Group totaled approximately RMB11,147.89 million (31 December 2022: RMB10,208.36 million). Save as aforesaid, the Group had no other off-balance-sheet arrangements as at 30 June 2023.

Proceeds from the listing and proceeds from issue of investor subscription shares and placing of new H shares

(I) Proceeds from the Listing

The actual net proceeds from the listing of the H shares of the Company (the "**H Shares**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 23 December 2015 (the "**Listing**") (after deducting underwriting fees and commissions and listing related expenses, and excluding the amount remitted to the National Council for Social Security Fund of the PRC (全國社會保障基金理事會) in accordance with the relevant PRC regulations regarding the reduction of state-owned shares) amounted to approximately HK$340.3 million.

Following the Listing, in response to changing business environment and the business development requirement of the Group, the Board resolved to revise and fine tune its proposed use and the expected time of utilisation of proceeds from the Listing. Please refer to the announcements of the Company dated 16 May 2016, 26 September 2016, 8 February 2021, 27 April 2022 and 22 June 2022, the 2022 June Circular and subparagraphs headed "(III) Further change in expected time of utilisation of proceeds" below for further details.

As at 30 June 2023, details of use of proceeds from the Listing are as follows:

Net proceeds allocation	Intended use of the proceeds	Actual use of the proceeds as at 30 June 2023	Amount of proceeds brought forward to the current financial year (approximate)	Amount of the remaining proceeds as at 30 June 2023 (approximate)	Expected time of utilisation
(i) HK$120.00 million	Develop financing guarantee business, establish new subsidiaries and branches (including those in Dongguan, Yunfu and Zhuhai, Guangdong Province) and increase the capital base for financing guarantee and expand the Group's business in order to enhance competitive advantage in the financing guarantee market.	Approximately HK$23.86 million and HK$47.56 million had been utilised to establish Yunfu Yuecai Puhui Financing Guarantee Co., Ltd.* (雲浮市粵財普惠融資擔保股份有限公司), the name of which was changed to Yunfu Puhui Financing Guarantee Co., Ltd.* (雲浮市普惠融資擔保股份有限公司) ("**Yunfu Puhui**") afterwards, with Guangdong Financing Re-Guarantee Company Limited* (廣東省融資再擔保有限公司), Yunfu Rongda Asset Operations Company Limited* (雲浮市融達資產經營有限公司) and Guangdong Wenshi Investment Company Limited* (廣東溫氏投資有限公司) and to increase the registered capital of Yunfu Puhui after Guangdong Financing Re-Guarantee Company Limited ceased to be a shareholder thereof. Upon the completion of capital contribution, the shareholding of the Group in Yunfu Puhui increased to 53.85%. And approximately HK$48.58 million had been used to contribute to the registered capital of Anhui Join-Share Financing Guarantee Co., Ltd.* (安徽中盈盛達融資擔保有限公司) ("**Anhui Join-Share**"), following which the Group's shareholding in Anhui Join-Share increased from 51% to approximately 63.05%.	Nil	Nil	N/A
(ii) HK$61.18 million	Develop SMEs lending business, establish new subsidiaries and increase capital base in order to expand the Group's SME lending business and improve its status in the market.	Approximately HK$28.79 million and HK$32.39 million had been used to contribute to the registered capital of Foshan Micro Credit and the acquisition of shares in Foshan Micro Credit from its existing shareholders, respectively. Following the acquisition of shares in Foshan Micro Credit, the Group's shareholding in Foshan Micro Credit increased from 30% to approximately 55.247%.	Nil	Nil	N/A
(iii) HK$33.90 million	To increase the registered capital of Foshan Micro Credit and/or acquire part of the equity interests held by other shareholders, where practicable.	Approximately HK$8.40 million and HK$13.72 million has been used to contribute to the registered capital of Foshan Micro Credit and the acquisition of shares in Foshan Micro Credit from its existing shareholders, respectively. The Group's shareholding in Foshan Micro Credit increased from 55.247% to 58.00%.	HK$33.90 million	HK$11.78 million	2024-12-31
(iv) HK$63.70 million	Contribution to the registered capital of a new wholly-owned subsidiary to provide capital management services.	Approximately HK$63.70 million had been used to contribute to the registered capital of Guangdong Join-Share Capital Management Limited* ("**Guangdong Capital Investment**") (廣東中盈盛達資本管理有限公司).	Nil	Nil	N/A
(v) HK$61.52 million	Supplement operating capital and other business expenses.	Approximately HK$61.52 million had been utilised for supplementing operating capital and other business expenses.	HK$37.72 million	Nil	N/A

(II) Proceeds from investor subscription shares and placing of new H Shares

Reference is made to the announcements of the Company dated 15 May 2017, 25 May 2017, 29 June 2017, 18 July 2017, 26 July 2017, 28 September 2017, 29 December 2017, 27 March 2018, 28 March 2018, 29 March 2018, 18 April 2018, 22 February 2019, 8 May 2020, 8 February 2021, 27 April 2022 and 22 June 2022, respectively; the circulars of the Company dated 30 September 2017 (the "**2017 Circular**"), 9 May 2019, 15 May 2020 (the "**2020 Circular**") and the 2022 June Circular, respectively; and subparagraphs headed "(III) Further change in expected time of utilisation of proceeds" below in relation to, among other things, (i) the Investor Subscription; (ii) the Placing; (iii) the connected and discloseable transaction in relation to the Capital Injection into Guangdong Yaoda Financial Leasing Company Limited* (廣東耀達融資租賃有限公司 ("**Guangdong Yaoda**")); and (iv) the change in use and expected time of utilisation of such proceeds. Unless otherwise specified, capitalised terms used in this sub-paragraph shall have the same meanings as those defined in the 2020 Circular and the 2022 June Circular.

The Company has allotted and issued and Foshan Financial Investment Holding Co., Ltd.* ("**Foshan Financial**") (the Subscriber) has subscribed for the Investor Subscription Shares comprising, in aggregate, (i) 233,096,020 new Domestic Shares at an issue price of RMB1.264 (approximately HK$1.428 at the exchange rate of HK$1: RMB0.88507) per Domestic Share, equal to the net price per Domestic Share; and (ii) 74,364,000 new H Shares at an issue price of HK$1.42 per H Share, equal to the net price per H Share on 18 April 2018. The Subscriber has nominated Fojin Hongkong Limited (佛金香港有限公司) ("**Fojin HK**"), a wholly-owned subsidiary of the Subscriber, to take up the Investor Subscription H Shares. The average market price and closing market price of H Share on 15 May 2017, being which the date of the Investor Subscription Agreement entered into between the Company and Subscriber was HK$1.51 per H Share and HK$1.42 per H Share, respectively.

For the reasons and benefits of issue of Investor Subscription Shares, please refer to the 2017 Circular.

The net proceeds from the Investor Subscription is approximately RMB375.45 million (approximately HK$424.21 million at the exchange rate of HK$1:RMB0.88507).

As at 30 June 2023, details of the use of proceeds from the Investor Subscription are as follows:

Net proceeds allocation	Intended use of the proceeds	Actual use of the proceeds as at 30 June 2023	Amount of proceeds brought forward to the current financial year (approximate)	Amount of the remaining proceeds as at 30 June 2023 (approximate)	Expected time of utilisation
(i) Approximately 60% (i.e. approximately RMB225.27 million (equivalent to approximately HK$254.52 million) of the proceeds)	Pursuing acquisition and merger opportunities when suitable target becomes available, in order to expand the Group's service mix and further consolidate the market position of the Group in Guangdong Province or Pearl River Delta region, among which:	RMB45.00 million and RMB90.00 million have been used for the capital contribution of establishment of Shenzhen Join-Share Commercial Factoring Co., Ltd.* (深圳中盈盛達商業保理有限公司) (currently known as Guangdong Join-Share Commercial Factoring Co., Ltd.* (廣東中盈盛達商業保理有限公司)) and capital contribution of establishment of Shenzhen Join-Share Engineering Guarantee Co., Ltd.* (深圳市中盈盛達工程擔保有限公司), which was held as to 90% by the Company.	Nil	Nil	N/A
	(a) Approximately RMB30.00 million (equivalent to approximately HK$33.89 million) to establish a new engineering guarantee company in Foshan, PRC.	N/A	HK$33.89 million	HK$28.81 million	31-12-2023
	(b) Approximately RMB20.00 million (equivalent to approximately HK$22.60 million) to increase the registered capital of Foshan Micro Credit and/or acquire part of the equity interests held by other shareholders, where practicable.	Approximately HK$22.60 has been used to contribute to the registered of Foshan Micro Credit. The Group's shareholding in Foshan Micro Credit increased from 55.247% to 58.00%.	HK$22.60 million	Nil	N/A
	(c) Approximately RMB40.27 million, equivalent to approximately HK$45.50 million) establish the New Subsidiary as detailed in the 2022 June Circular.	Approximately HK$45.50 million has been used to establish the New Subsidiary as detailed in the 2022 June Circular. (Note 1)	HK$45.50 million	Nil	N/A
(ii) Approximately 40% (i.e. approximately RMB150.18 million (equivalent to approximately HK$169.68 million) of the proceeds)	Capital injection into Guangdong Yaoda and/or development of other financial-related services business that comply with the relevant regulations and policies, whereby:	RMB112.57 million (equivalent to approximately HK$132.84 million) has been used for capital injection into Guangdong Yaoda.	Nil	Nil	N/A
	(a) Following disposal of Guangdong Yaoda, approximately RMB37.61 million (equivalent to approximately HK$36.84 million) will be used to establish the New Subsidiary as detailed in the 2022 June Circular. (Note 2)	Approximately HK$36.84 million has been used to establish the New Subsidiary as detailed in the 2022 June Circular. (Note 1)	HK$36.84 million	Nil	N/A

Notes:

(1) From 26 July 2022 to 28 July 2022, the Group, Foshan Hi-Tech and GD Yuecai have made the payment of registered capital of the New Subsidiary of RMB300 million in total. As at the date of this announcement, the New Subsidiary has obtained the approval of the Guangdong Financial Supervisory Authority* (廣東省地方金融監督管理局) and Foshan Administration for Market Regulation* (佛山市市場監督管理局), and is duly incorporated. For details, please refer to the announcement of the Company dated 6 February 2023.

(2) The disposal of Guangdong Yaoda was completed on 9 December 2020.

(3) The proceeds from the investor subscription domestic shares were issued in RMB currency (which HK dollar were estimated amount), the actual amount might be varied according to exchange rate fluctuation.

Upon the completion of the Investor Subscription, the conditions precedent to both of the First Tranche Placing and Second Tranche Placing have been satisfied and the Placing was completed on 18 April 2018. A total of 186,666,000 Placing Shares (new H Shares) have been placed to nine Placees at a Placing Price of HK$1.42 per Placing Share (with an net price of approximately HK$1.41 per Placing Share). The average market price and closing price of H Share on 17 July 2017, being which the Placing Agreement was entered into between the Company and the Placing Agent in relation to the Placing, was HK$1.36 per H Share and HK$1.37 per H Share, respectively. The Placing Shares were placed to cover the Initial Public Float Shortfall upon the completion of the Investor Subscription and the Possible Further Public Float Shortfall upon the completion of the Possible Shareholders' Transaction, with a view to maintaining the Public Float Requirement at all times.

Please refer to the 2017 Circular for further details regarding the reasons and benefits of issue of Placing Shares.

The net proceeds (after deducting the placing commission and relevant expenses) from the Placing (comprising the First Tranche Placing and the Second Tranche Placing) are approximately HK$262.4 million.

As at 30 June 2023, actual use of proceeds from Placing are as follows:

Net proceeds allocation	Intended use of the proceeds	Actual use of the proceeds as at 30 June 2023	Amount of proceeds brought forward to the current financial year (approximate)	Amount of the remaining proceeds as at 30 June 2023 (approximate)	Expected time of utilisation
(i) Approximately 55% (i.e. approximately HK$144.32 million of the proceeds)	(a) Approximately RMB60.00 million (equivalent to approximately HK$67.79 million) will be used for capital injection in Guangdong Capital Investment.	Approximately RMB60.00 million (equivalent to approximately HK$67.79 million) has been used for capital injection in Guangdong Capital Investment.	Nil	Nil	N/A
	(b) Approximately RMB50.00 million (equivalent to approximately HK$56.49 million) will be used to establish the New Subsidiary as detailed in the 2022 June Circular.	Approximately HK$56.49 million has been used to establish the New Subsidiary as detailed in the 2022 June Circular. (Note 1)	HK$56.49 million	Nil	N/A
	(c) Approximately RMB17.73 million (equivalent to approximately HK$20.04 million) will be used for general working capital and general corporate purposes of the Group.	Approximately HK$20.04 million) has been used for general working capital and general corporate purposes of the Group.	Nil	Nil	N/A
(ii) Approximately 35% (i.e. approximately HK$91.84 million of the proceeds)	To establish the New Subsidiary as detailed in the 2022 June Circular.	Approximately HK$91.84 million has been used to establish the New Subsidiary as detailed in the 2022 June Circular. (Note 1)	HK$91.84 million	Nil	N/A
(iii) Approximately 10% (i.e. approximately HK$26.24 million of the proceeds)	General working capital purposes, of which approximately 6% will be used for the renovation of existing office premises of the Group and the setting up of new offices by the Group in Foshan to enhance its business network in the city and approximately 4% will be used for purchasing office equipment including computers and for upgrading the computer software.	HK$15.744 million has been used for the renovation of existing office premises of the Group and the setting up of new offices by the Group in Foshan to enhance its business network in the city and HK$10.496 million has been used for purchasing office equipment including computers and for upgrading the computer software.	Nil	Nil	N/A

Notes:

(1) From 26 July 2022 to 28 July 2022, the Group, Foshan Hi-Tech and GD Yuecai have made the payment of registered capital of the New Subsidiary of RMB300 million in total. As at the date of this announcement, the New Subsidiary has obtained the approval of the Guangdong Financial Supervisory Authority* (廣東省地方金融監督管理局) and Foshan Administration for Market Regulation* (佛山市市場監督管理局), and is duly incorporated. For details, please refer to the announcement of the Company dated 6 February 2023.

(2) For illustrative purpose only, conversion of RMB into HK$ is based on the approximate exchange rate of HK$1: RMB0.88507.

The actual and proposed use of net proceeds from the Listing, the Investor Subscription and the Placing aforementioned are consistent with the intended use of the proceeds disclosed in the announcements of the Company dated 26 September 2016 and 8 February 2021.

(III) Further change in expected time of utilisation of proceeds

In view of the continual stringent regulatory measures imposed on companies engaging in the financial industry in the PRC, certain proceeds from the Listing, the Investor Subscription and the Placing (collectively, the "**Proceeds**") have not been used up according to the expected time of utilisation as disclosed in the announcement of the Company dated 8 February 2021.

The Board noted that, the PRC government and regulatory authorities remained stringent in the regulation and control over the financial industry to prevent systemic financial risks, and the approval procedures for investments in the financial industry continued to be strictly scrutinised and complicated. The establishment of, or investments in certain businesses, in particular finance leasing, factoring and asset management companies, are subject to prior-approval by relevant government authorities. Such industries are currently undergoing the stage of regulatory compliance enhancement and rectification, resulting in delay or suspension in certain approval process. Accordingly, during the first half of 2023, the Board remained having the view that it was no wise timing to deploy its resources to identify and execute its expansion or investments in the PRC financial industry.

As the development of the current regulatory regime remains uncertain, to optimise the Group's financial resources and enhance the cost efficiency of using the remaining proceeds, the Board has further revised the expected time of utilisation of the remaining proceeds as illustrated in the tables set out in sub-paragraphs headed "(I) Proceeds from the Listing" and "(II) Proceeds from investor subscription shares and placing of new H Shares" above. The Board will closely monitor the development of the regulatory regime and the market conditions of the PRC financial industry and actively explore suitable opportunities to achieve its expansion goal.

Significant Investments

As at 30 June 2023, save as disclosed under the paragraphs headed "Major business activities undertaken by the Group during the period" in this Management Discussion and Analysis, the Group had no significant investments.

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 period" in this Management Discussion and Analysis, there were no material acquisitions or disposals of subsidiaries, associates or joint ventures for the six months ended 30 June 2023.

Future Plans for Material Investments or Capital Assets

The Group had no specific plan for material investments or capital assets as at 30 June 2023.

EVENTS AFTER REPORTING PERIOD

From 30 June 2023 and 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 30 June 2023 was 294 (31 December 2022: 307). As at 30 June 2023, the number of staff holding a bachelor's degree or above was 255, accounting for 86.7% of its total number of staff; and the number of staff holding a junior college degree or below was 39, accounting for 13.3% of its total number of staff. The Directors believe that employees' quality is the most important factor in maintaining the sustained development and growth of the Group and in raising its profitability. 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 six months ended 30 June 2023, the Group incurred approximately RMB48.38 million (six months ended 30 June 2022: RMB33.36 million) as staff costs (including salaries, wages, bonuses and other benefits and contributions to retirement schemes). The Group also offers trainings to its new employees once a year. It believes 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 the 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 six months ended 30 June 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2023, there was no purchase, sale and redemption by the Company or any of its subsidiaries of any listed securities of the Company.

AUDIT COMMITTEE

The audit committee of the Board (the "**Audit Committee**") consists of five members, being Mr. Wu Xiangneng, Mr. Leung Hon Man and Mr. Wang Bo, who are independent non-executive Directors and Mr. Li Shenhua and Mr. Luo Zhenqing, who are non-executive Directors. Mr. Wu Xiangneng is the chairman of the Audit Committee. The unaudited consolidated interim financial statements for the six months ended 30 June 2023 and this announcement have been reviewed by the Audit Committee. This announcement has been prepared in accordance with the applicable disclosure provisions of the Listing Rules, and in compliance with Hong Kong Accounting Standard 34, Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance and has steered its development and protected the interests of the Shareholders in an enlightened and open manner. The Board has adopted the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 to the Listing Rules. For the six months ended 30 June 2023, except that Mr. Wu Liejin, an executive Director, has been performing the roles as the Chairman and the President, which deviates from provision C.2.1 of the CG Code, 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.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as the code of practice for carrying out securities transactions by the Directors and the supervisors of the Company (the "**Supervisors**"). Having made specific enquiry with all the Directors and the Supervisors, they have confirmed full compliance with the relevant standards stipulated in the Model Code during the six months ended 30 June 2023.

INTERIM DIVIDEND

The Board does not recommend any distribution of interim dividend for the six months ended 30 June 2023.

INTERIM REPORT

The interim report of the Company for the six months ended 30 June 2023 will be despatched to the Shareholders and made available on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.join-share.com) in September 2023.

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

Foshan, the PRC, 25 August 2023

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

* *for identification purpose only*