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Join-Share 中盈盛达

共创 共享 共成长

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

廣東中盈盛達融資擔保投資股份有限公司

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

(Stock Code: 1543)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

RESULTS HIGHLIGHTS

- For the first half of 2024, revenue was approximately RMB177.21 million, representing an increase of approximately 9.75% as compared to the corresponding period in 2023.
- For the first half of 2024, profit before taxation amounted to approximately RMB39.51 million, representing an increase of approximately 4.05% as compared to the corresponding period in 2023.
- For the first half of 2024, profit attributable to equity shareholders of the Company amounted to approximately RMB21.62 million, representing an increase of approximately 9.20% as compared to the corresponding period in 2023.
- The Board does not recommend any distribution of interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: 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 2024, along with comparative figures for the six months ended 30 June 2023, 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 2024 — unaudited
(Expressed in Renminbi)

	<i>Note</i>	Six months ended 30 June	
		2024	2023
		<i>RMB'000</i>	<i>RMB'000</i>
Guarantee fee income		119,576	108,571
Guarantee cost		(2,658)	(2,692)
Net guarantee fee income		116,918	105,879
Interest income		63,959	64,994
Interest expenses		(16,837)	(21,673)
Net interest income		47,122	43,321
Service fee and other operating income		13,168	12,272
Revenue	3(a)	177,208	161,472
Other revenue	4	6,104	8,891
Gains/(losses) from fair value changes		4,952	(5,290)
Share of losses of associates		(6,996)	(4,058)
Provisions charged for guarantee losses		(21,200)	(13,210)
Impairment losses	5(a)	(60,061)	(39,265)
Operating expenses		(60,499)	(70,570)
Profit before taxation	5	39,508	37,970
Income tax	6	(14,623)	(10,573)
Profit for the period		24,885	27,397
Attributable to:			
Equity shareholders of the Company		21,619	19,798
Non-controlling interests		3,266	7,599
Profit for the period		24,885	27,397
Earnings per share			
Basic and diluted (<i>RMB per share</i>)	7	0.01	0.01

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

*for the six months ended 30 June 2024 — unaudited
(Expressed in Renminbi)*

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Profit for the period	24,885	27,397
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)	(3,713)	1,802
Income tax arises from financial assets measured at FVOCI	928	(451)
Other comprehensive income for the period	(2,785)	1,351
Total comprehensive income for the period	22,100	28,748
Attributable to:		
Equity shareholders of the Company	18,834	21,149
Non-controlling interests	3,266	7,599
Total comprehensive income for the period	22,100	28,748

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2024 — unaudited

(Expressed in Renminbi)

	Note	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Assets			
Cash and bank deposits	8	850,738	1,222,784
Pledged deposits		276,425	261,057
Trade and other receivables	9	1,044,595	947,335
Loans and advances to customers	10	969,480	885,864
Factoring receivables	11	208,585	123,871
Financial assets measured at FVOCI	12	21,658	25,371
Financial assets measured at FVPL	13	64,910	81,689
Receivable investments	14	26,682	26,672
Interest in associates		18,875	18,298
Fixed assets		17,341	19,342
Investment property		7,108	5,859
Intangible assets		6,608	7,953
Goodwill		419	419
Deferred tax assets		196,747	161,724
Total assets		3,710,171	3,788,238
Liabilities			
Interest-bearing borrowings	15	195,224	210,455
Debt securities issued	16	508,948	511,217
Liabilities from guarantees	17	270,639	265,754
Customer pledged deposits	18(a)	38,958	49,491
Accruals and other payables	18(b)	180,076	207,624
Other financial instrument	19	151,472	150,565
Financial liabilities measured at FVPL	20	13,714	23,968
Lease liabilities		12,057	13,125
Deferred tax liabilities		—	293
Total liabilities		1,371,088	1,432,492
NET ASSETS		2,339,083	2,355,746

	<i>Note</i>	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
CAPITAL AND RESERVES	21		
Share capital		1,560,793	1,560,793
Reserves		<u>443,252</u>	<u>455,634</u>
Total equity attributable to equity shareholders of the Company		2,004,045	2,016,427
Non-controlling interests		<u>335,038</u>	<u>339,319</u>
TOTAL EQUITY		<u><u>2,339,083</u></u>	<u><u>2,355,746</u></u>

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 28 August 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 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 2023 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”).

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 1, *Presentation of financial statements: Classification of liabilities as current or non-current (“2020 amendments”)*
- Amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants (“2022 amendments”)*
- Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures — Supplier finance arrangements*

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 or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Guarantee fee income		
Financing guarantee fee income	104,002	87,636
Performance guarantee fee income	15,574	20,935
Subtotal	<u>119,576</u>	<u>108,571</u>
Guarantee cost		
Re-guarantee expenses	(2,643)	(2,027)
Risk management service expense	(15)	(665)
Subtotal	<u>(2,658)</u>	<u>(2,692)</u>
Net guarantee fee income	<u>116,918</u>	<u>105,879</u>
Interest income arising from:		
— Loans and advances to customers	45,037	39,396
— Factoring service	9,967	9,811
— Cash at banks and pledged bank deposits	7,245	12,231
— Trade and other receivables	1,710	3,556
Subtotal	<u>63,959</u>	<u>64,994</u>
Interest expenses arising from:		
— Debt securities issued	(9,650)	(10,368)
— Interest-bearing borrowings	(4,665)	(3,145)
— Other financial instruments	(1,208)	(6,021)
— Others	(1,314)	(2,139)
Subtotal	<u>(16,837)</u>	<u>(21,673)</u>
Net interest income	<u>47,122</u>	<u>43,321</u>
Service fee and other operating income arising from:		
— Consulting services fee	6,893	7,268
— Supply chain services	6,275	5,004
Subtotal	<u>13,168</u>	<u>12,272</u>
Revenue	<u>177,208</u>	<u>161,472</u>

4 OTHER REVENUE

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Government grant	1,864	3,655
Investment income from financial assets measured at FVPL	1,230	1,456
Investment income of receivable investments	1,154	715
Foreign exchange gains	154	711
Investment (losses)/income from financial assets measured at FVOCI	(250)	566
Gains on disposal of an associate	—	1,042
Others	1,952	746
	<u>6,104</u>	<u>8,891</u>

5 PROFIT BEFORE TAXATION

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

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

	<i>Note</i>	Six months ended 30 June	
		2024	2023
		<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	(unaudited)
Receivables for default guarantee payments	9(b)(i)	40,118	19,208
Loans and advances to customers	10(f)	12,653	4,338
Repossessed assets	9(vi)	4,997	—
Receivables from supply chain business	9(b)(iii)	2,492	—
Factoring receivables	11(b)	1,153	(3,428)
Investment Property		647	—
Trade debtors		67	—
Receivables from guarantee customers	9(b)(ii)	(1,970)	11,881
Receivable investments		(10)	—
Other receivables		(86)	7,266
		<u>60,061</u>	<u>39,265</u>

(b) Staff costs

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Salaries, wages, bonuses and other benefits	33,469	44,662
Contributions to retirement schemes	3,955	3,714
	<u>37,424</u>	<u>48,376</u>

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

(c) Other items

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Depreciation and amortization	6,524	7,772
Auditors' remuneration	740	720

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Current tax		
Provision for PRC income tax for the period	49,705	47,506
Deferred tax		
Origination and reversal of temporary differences	(34,388)	(36,891)
Over-provision in previous year		
Over-provision in previous year	<u>(694)</u>	<u>(42)</u>
Income tax expense	<u>14,623</u>	<u>10,573</u>

- (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%, except that the subsidiary Guangdong Join-Share Digital Technology Co., Ltd applies the tax rate of 15% for high-tech enterprises during 2024.
- (ii) The provision for Hong Kong Profits Tax for 2024 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 2024.
- (iii) On December 28, 2023, Guangdong Join-Share Digital Technology Co., Ltd was awarded the “High-tech Enterprise Certificate” by the Guangdong Provincial Department of Science and Technology, the Guangdong Provincial Department of Finance, and the Guangdong Provincial Tax Service of the State Administration of Taxation. The certificate is numbered GR202344001245 and is valid from December 28, 2023, to December 27, 2026. Guangdong Join-Share Digital Technology Co., Ltd applies the tax rate of 15% for high-tech enterprises during 2024.

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 RMB21,619,000 (six months ended 30 June 2023: RMB19,798,000) and the weighted average of 1,560,793,000 ordinary shares (30 June 2023: 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 2024 and 2023, therefore, diluted earnings per share are the same as the basic earnings per share.

8 CASH AND BANK DEPOSITS

	At 30 June 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
Cash in hand	13	12
Cash at banks	<u>545,206</u>	<u>833,188</u>
Cash and cash equivalents in the condensed consolidated cash flow statement	545,219	833,200
Term deposits with banks	103,071	192,554
Restricted bank deposits	<u>196,697</u>	<u>192,060</u>
Subtotal	844,987	1,217,814
Accrued interest	<u>5,751</u>	<u>4,970</u>
	<u><u>850,738</u></u>	<u><u>1,222,784</u></u>

The Group's operation of principal activities 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.

For the purpose of the consolidated cash flow statement, the Group's restricted bank deposits and term deposits with banks have been excluded from cash and cash equivalents.

9 TRADE AND OTHER RECEIVABLES

	<i>Note</i>	At 30 June 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
Receivables for default guarantee payments	(i)/9(a)(i)	636,152	565,243
Less: Allowance for doubtful debts	9(b)(i)	<u>(240,678)</u>	<u>(200,028)</u>
		<u>395,474</u>	<u>365,215</u>
Receivables from guarantee customers	(ii)/9(a)(ii)	136,883	144,955
Less: Allowance for doubtful debts	9(b)(ii)	<u>(41,980)</u>	<u>(43,950)</u>
		<u>94,903</u>	<u>101,005</u>
Interest receivables		4,997	7,916
Less: Allowance for interest receivables		<u>(3,706)</u>	<u>(4,641)</u>
		<u>1,291</u>	<u>3,275</u>
Receivables from supply chain services	9(a)(iii)	204,324	169,802
Less: Allowance for doubtful debts	9(b)(iii)	<u>(11,137)</u>	<u>(8,645)</u>
		<u>193,187</u>	<u>161,157</u>
Prepayment to related parties	(iii)	100,854	113,807
Loans to related parties	(iii)	69,919	63,444
Trade debtors	(iv)	58,997	35,644
Receivables from debt purchased	(iii)	44,462	49,227
Input tax deduction	(vii)	11,276	2,116
Other receivables		<u>12,107</u>	<u>6,864</u>
		<u>297,615</u>	<u>271,102</u>
Repossessed assets	(vi)	37,689	39,832
Less: Allowance for doubtful debts	5(a)	<u>(4,997)</u>	<u>—</u>
		<u>32,692</u>	<u>39,832</u>
Deposits and prepayments	(v)	<u>29,433</u>	<u>5,749</u>
		<u>1,044,595</u>	<u>947,335</u>

- (i) During the six months ended 30 June 2024, the Group did not dispose of receivables for default guarantee payments with no allowances for doubtful debts. During the year ended 31 December 2023, the Group disposed of receivables for default guarantee payments amounted to RMB14,006,000 with no allowances for doubtful debts, without recourse to other parties at considerations (including considerations of overdue interests and penalty interests) amounted to RMB15,202,000.
- (ii) During the six months ended 30 June 2024, the Group disposed of receivables from guarantee customers amounted to RMB3,769,000 (31 December 2023: nil) with no allowances for doubtful debts (31 December 2023: nil), without recourse to other parties at considerations (including considerations of overdue interests and penalty interests) amounted to RMB4,500,000 (31 December 2023: nil).
- (iii) As at 30 June 2024, part of prepayment to related parties, loans to related parties and receivables from debt purchased comprised of three of the Group's associates, i.e. Tongchuangzhiyuan Business Management, Chuangyuan Supply Chain and Foshan Zhongsheng, which amounted to RMB169,318,000 (31 December 2023: RMB183,016,000). Due to the excess loss incurred by the associates mentioned, the Group recorded a cumulative loss arising from share of loss of associates amounted to RMB18,487,000 (31 December 2023: RMB10,913,000) against the receivables from the related parties.
- (iv) 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 2024, the grant receivable from the Foshan Financing Guarantee Fund by the Group include cooperation projects that occurred from 1 January 2023 to 31 March 2024, amounted to RMB56,252,000 (31 December 2023: RMB34,696,000).
- (v) Deposits and prepayments include the advance payment for the purchase of Join-Share International Finance Center office building, amounting to RMB20,000,000. The office building was not officially delivered as of 30 June 2024. As of the date of issue of this announcement, the above office has not completed the transfer procedures. Please see Note 23(a).
- (vi) The Group will dispose of repossessed assets, all of which are houses and buildings, through auction, bidding, and transfer. As of 30 June 2024, impairment loss for repossessed assets was amounted to RMB4,997,000 (31 December 2023: nil). Please see Note 5(a).
- (vii) As of 30 June 2024, the Group's input tax deduction related to supply chain services amounted to RMB11,276,000 (31 December 2023: RMB2,116,000) and will be used for the VAT deduction in the future.

(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 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
Within 1 year	241,573	220,985
Over 1 year but less than 2 years	147,281	134,394
Over 2 years but less than 3 years	89,861	71,173
Over 3 years but less than 5 years	51,433	113,230
Over 5 years	<u>106,004</u>	<u>25,461</u>
Subtotal	636,152	565,243
Less: Allowance for doubtful debts	<u>(240,678)</u>	<u>(200,028)</u>
	<u><u>395,474</u></u>	<u><u>365,215</u></u>

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

(ii) *Receivables from guarantee customers*

	At 30 June 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
Within 1 year	13,365	17,673
Over 1 year but less than 2 years	21,604	22,525
Over 2 years but less than 3 years	6,127	3,459
Over 3 years but less than 5 years	25,800	27,100
Over 5 years	<u>69,987</u>	<u>74,198</u>
Subtotal	136,883	144,955
Less: allowance for doubtful debts	<u>(41,980)</u>	<u>(43,950)</u>
	<u><u>94,903</u></u>	<u><u>101,005</u></u>

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

(iii) Receivables from supply chain services

	At 30 June 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
Within 1 year	184,767	167,750
Over 1 year but less than 2 years	17,505	—
Over 2 years but less than 3 years	1,985	1,985
Over 3 years	67	67
	<hr/>	<hr/>
Subtotal	204,324	169,802
Less: Allowance for doubtful debts	(11,137)	(8,645)
	<hr/>	<hr/>
	193,187	161,157
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The ageing of receivables from supply chain services is from the date of payment.

(iv) Trade debtors

	At 30 June 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
Within 1 year	64,280	40,860
Over 2 years but less than 3 years	—	5
Over 3 years	5	—
	<hr/>	<hr/>
Subtotal	64,285	40,865
Less: Allowance for doubtful debts	(5,288)	(5,221)
	<hr/>	<hr/>
	58,997	35,644
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(b) Impairment of receivables for default guarantee payments, receivables from guarantee customers and receivables from supply chain services:

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

The movement in the allowance for receivables for default guarantee payments, receivables from guarantee customers and receivables from supply chain services for the six months ended 30 June 2024 and the year ended 31 December 2023, are as follows:

(i) Receivables for default guarantee payments

	<i>Note</i>	At 30 June 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
As at 1 January		200,028	127,754
Impairment losses recognised in the consolidated statement of profit or loss	5(a)	40,118	86,206
Amounts written off		—	(13,996)
Amounts recovered		532	64
		<u>240,678</u>	<u>200,028</u>
As at 30 June/31 December		<u>240,678</u>	<u>200,028</u>

(ii) Receivables from guarantee customers

	30 June 2024 (unaudited)			Total <i>RMB'000</i>
	12-month ECL <i>RMB'000</i>	Lifetime ECL not credit- impaired <i>RMB'000</i>	Lifetime ECL credit- impaired <i>RMB'000</i>	
As at 1 January 2024	—	2,700	41,250	43,950
Charge/(reversal) for the period	—	3,574	(5,544)	(1,970)
As at 30 June 2024	<u>—</u>	<u>6,274</u>	<u>35,706</u>	<u>41,980</u>

	31 December 2023 (audited)			
	12-month ECL <i>RMB'000</i>	Lifetime ECL not credit- impaired <i>RMB'000</i>	Lifetime ECL credit- impaired <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2023	—	739	47,461	48,200
Charge for the period	—	1,961	10,577	12,538
Uncollectible amounts write-off	—	—	(16,788)	(16,788)
As at 31 December 2023	<u>—</u>	<u>2,700</u>	<u>41,250</u>	<u>43,950</u>

(iii) Receivables from supply chain services

	30 June 2024 (unaudited)			
	12-month ECL <i>RMB'000</i>	Lifetime ECL not credit- impaired <i>RMB'000</i>	Lifetime ECL credit- impaired <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2024	1,236	68	7,341	8,645
(Reversal)/charge for the period	(697)	(68)	3,257	2,492
As at 30 June 2024	<u>539</u>	<u>—</u>	<u>10,598</u>	<u>11,137</u>

	31 December 2023 (audited)			
	12-month ECL <i>RMB'000</i>	Lifetime ECL not credit- impaired <i>RMB'000</i>	Lifetime ECL credit- impaired <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2023	—	—	—	—
Charge for the period	1,236	68	7,341	8,645
As at 31 December 2023	<u>1,236</u>	<u>68</u>	<u>7,341</u>	<u>8,645</u>

10 LOANS AND ADVANCES TO CUSTOMERS

(a) Analysed by nature

	At 30 June 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
Entrusted loans	407,997	395,566
Micro-lending	<u>659,397</u>	<u>580,305</u>
Gross loans and advances to customers	1,067,394	975,871
Accrued interest	11,382	6,618
Total allowances for impairment losses	<u>(109,296)</u>	<u>(96,625)</u>
Net loans and advances to customers	<u><u>969,480</u></u>	<u><u>885,864</u></u>

(b) Analysed by industry sector

	At 30 June 2024 (unaudited)		At 31 December 2023 (audited)	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Wholesale and retail	463,140	43%	416,446	43%
Service sector	460,583	43%	336,786	34%
Manufacturing	139,671	13%	186,639	19%
Real Estate and construction	<u>4,000</u>	<u>1%</u>	<u>36,000</u>	<u>4%</u>
Gross loans and advances to customers	<u><u>1,067,394</u></u>	<u><u>100%</u></u>	<u><u>975,871</u></u>	<u><u>100%</u></u>

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

	At 30 June 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
Secured loans	596,145	522,035
Unsecured loans	173,503	199,710
Others	297,746	254,126
Gross loans and advances to customers	<u>1,067,394</u>	<u>975,871</u>

- 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 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
Overdue within 1 year (inclusive)	89,592	46,464
Overdue more than 1 year to 2 years (inclusive)	25,959	9,960
Overdue more than 2 year to 3 years (inclusive)	170	978
Overdue more than 3 years	101,175	100,266
	<u>216,896</u>	<u>157,668</u>

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

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

	30 June 2024 (unaudited)			
	12-month ECL <i>RMB'000</i>	Lifetime ECL not credit- impaired <i>RMB'000</i>	Lifetime ECL credit- impaired <i>RMB'000</i>	Total <i>RMB'000</i>
Entrusted loans	292,800	—	115,197	407,997
Micro-lending	555,091	26,950	77,356	659,397
Gross loans and advances to customers	847,891	26,950	192,553	1,067,394
Less: Allowances for impairment losses	(33,935)	(5,105)	(70,256)	(109,296)
Net loans and advances to customers (excluding accrued interest)	<u>813,956</u>	<u>21,845</u>	<u>122,297</u>	<u>958,098</u>
	31 December 2023 (audited)			
	12-month ECL <i>RMB'000</i>	Lifetime ECL not credit- impaired <i>RMB'000</i>	Lifetime ECL credit- impaired <i>RMB'000</i>	Total <i>RMB'000</i>
Entrusted loans	280,300	15,000	100,266	395,566
Micro-lending	495,431	27,472	57,402	580,305
Gross loans and advances to customers	775,731	42,472	157,668	975,871
Less: Allowances for impairment losses	(27,864)	(7,687)	(61,074)	(96,625)
Net loans and advances to customers (excluding accrued interest)	<u>747,867</u>	<u>34,785</u>	<u>96,594</u>	<u>879,246</u>

(f) Movements of allowances for impairment losses

	30 June 2024 (unaudited)			Total <i>RMB'000</i>
	12-month ECL <i>RMB'000</i>	Lifetime ECL not credit- impaired <i>RMB'000</i>	Lifetime ECL credit- impaired <i>RMB'000</i>	
As at 1 January 2024	27,864	7,687	61,074	96,625
Charge/(reversal) for the period	6,071	(2,582)	9,164	12,653
Amounts recovered	—	—	18	18
As at 30 June 2024	<u>33,935</u>	<u>5,105</u>	<u>70,256</u>	<u>109,296</u>
	31 December 2023 (audited)			
	12-month ECL <i>RMB'000</i>	Lifetime ECL not credit- impaired <i>RMB'000</i>	Lifetime ECL credit- impaired <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2023	26,271	1,416	47,125	74,812
Charge for the period	1,764	6,271	16,531	24,566
Write-offs	(171)	—	(2,586)	(2,757)
Amounts recovered	—	—	4	4
As at 31 December 2023	<u>27,864</u>	<u>7,687</u>	<u>61,074</u>	<u>96,625</u>

11 FACTORING RECEIVABLES

	At 30 June 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
Factoring receivables	252,264	166,397
Less: allowances for factoring receivables	<u>(43,679)</u>	<u>(42,526)</u>
	<u>208,585</u>	<u>123,871</u>

(a) Ageing analysis

As at 30 June 2024, the ageing analysis of receivables for factoring business, based on the invoices date and net of allowance for doubtful debts, is as follows:

	At 30 June 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
Within 1 year	143,900	81,450
Over 1 year but less than 2 years	41,000	15,000
Over 2 years but less than 3 years	18,132	31,041
Over 3 years	<u>49,232</u>	<u>38,906</u>
Subtotal	252,264	166,397
Less: allowances for factoring receivables	<u>(43,679)</u>	<u>(42,526)</u>
	<u>208,585</u>	<u>123,871</u>

(b) Impairment of factoring receivables

Impairment losses in respects of receivables for factoring business are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against receivables for factoring business directly.

The movement in the allowance for doubtful debts during the period/year is as follows:

	30 June 2024 (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 2024	439	3,462	38,625	42,526
Charge/(reversal) for the period	658	1,716	(1,221)	1,153
As at 30 June 2024	<u>1,097</u>	<u>5,178</u>	<u>37,404</u>	<u>43,679</u>
	31 December 2023 (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 2023	599	3,369	38,801	42,769
(Reversal)/charge for the period	(160)	93	(176)	(243)
As at 31 December 2023	<u>439</u>	<u>3,462</u>	<u>38,625</u>	<u>42,526</u>

12 FINANCIAL ASSETS MEASURED AT FVOCI

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Unlisted equity investments	<u>21,658</u>	<u>25,371</u>

13 FINANCIAL ASSETS MEASURED AT FVPL

	<i>Note</i>	At 30 June 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
Wealth management products		32,624	22,887
Financial assets arising from interest in jointly controlled			
Trust Plans	(i)	16,282	20,166
Unlisted equity investments		12,201	12,152
Redemption option arising from unlisted equity			
instruments	(ii)	3,803	1,556
Convertible bonds	(iii)	—	24,928
		<u>64,910</u>	<u>81,689</u>

(i) Please see Note 20 (i) and (iii).

(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.

(iii) The Group disposed of the convertible bonds in May, 2024.

14 RECEIVABLE INVESTMENTS

	At 30 June 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
Bonds	25,000	25,000
Trust products	<u>7,000</u>	<u>7,000</u>
Subtotal	32,000	32,000
Accrued interest	1,364	1,364
Less: Allowances for impairment losses	<u>(6,682)</u>	<u>(6,692)</u>
	<u>26,682</u>	<u>26,672</u>

15 INTEREST-BEARING BORROWINGS

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

	<i>Note</i>	At 30 June 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
Bank loans	(i)		
— Unsecured		184,990	159,990
Other loans		<u>10,000</u>	<u>50,000</u>
Subtotal		194,990	209,990
Accrued interest payable		<u>234</u>	<u>465</u>
		<u>195,224</u>	<u>210,455</u>

(i) At 30 June 2024, loans bear interest at a range from 3.80% to 10.00% (31 December 2023: from 3.80% to 10.00%).

16 DEBT SECURITIES ISSUED

	At 30 June 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
Corporate Bonds — Par Value	500,000	500,000
Corporate Bonds — Interest Adjustment	(815)	(1,218)
Corporate Bonds — Accrued Interest	<u>9,763</u>	<u>12,435</u>
	<u>508,948</u>	<u>511,217</u>

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 2024, Guangdong Join-Share Financing Guarantee Investment Co., Ltd. paid RMB11,919,000 for the interest of the corporate bond during the period from 18 March 2023 to 17 March 2024.

As at 30 June 2024, the fair value of corporate bonds amounted to RMB506,318,000 (31 December 2023: RMB501,260,000).

17 LIABILITIES FROM GUARANTEES

	<i>Note</i>	At 30 June 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
Deferred income		193,521	209,836
Provisions for guarantee issued	17(a)	<u>77,118</u>	<u>55,918</u>
		<u>270,639</u>	<u>265,754</u>

(a) Provisions for guarantee losses

	At 30 June 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
As at 1 January	55,918	99,790
Charge/(reversal) for the period/year	<u>21,200</u>	<u>(43,872)</u>
As at 30 June/31 December	<u>77,118</u>	<u>55,918</u>

18 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.

(b) Accruals and other payables

		At 30 June 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
Dividends payable		39,686	1,452
Accrued staff cost		34,973	46,589
Advance payments	(iii)	31,388	23,645
Income tax payable		40,423	34,633
Accounts payable	(i)/(ii)	12,803	20,367
Payable to guarantee partners		6,768	7,504
Other tax payable		3,822	1,518
Contract liabilities		3,094	2,965
Notes payable		—	60,000
Others		7,119	8,951
		<u>180,076</u>	<u>207,624</u>

(i) As of 30 June 2024, the amount of accounts payable is RMB12.8 million (31 December 2023: RMB20.37 million), which mainly consisted of the Group's payment for the purchase of goods from suppliers and the service fees for the delivery of goods by downstream partners.

(ii) As of 30 June 2024, accounts payable mainly represents the amount due to suppliers related to the Group's supply chain business;

As of 30 June 2024, the ageing of accounts payable (based on the invoice date) amounting to RMB10.05 million (31 December 2023: RMB18.25 million) was within 1 year (inclusive), RMB1.83 million (31 December 2023: RMB1.59 million) were over 1 year but within 3 years and the rest were over 3 years.

(iii) The Group receives advance payments from customers for the supply chain services. As at 30 June 2024, advance payments related to supply chain services amounted to RMB31,388,000 (31 December 2023: RMB23,645,000).

19 OTHER FINANCIAL INSTRUMENT

	<i>Note</i>	At 30 June 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
Zhongshan Join-Share	(i)	104,513	110,063
Yunfu Guarantee	(ii)	10,000	10,000
Guangdong finance Guarantee	(iii)	30,000	30,000
Subtotal		144,513	150,063
Accrued interest		6,959	502
		<u>151,472</u>	<u>150,565</u>

- (i) 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 a 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.

- (ii) 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. If the repurchase event arises, the Company shall inevitably deliver cash or financial assets to Guangdong Utrust.
- (iii) In April 2022, 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.

20 FINANCIAL LIABILITIES MEASURED AT FVPL

	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Financial liabilities arising from interests in jointly controlled Trust Plans	<u>13,714</u>	<u>23,968</u>

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 assets and financial liabilities.

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

Names of ventures	Note	Form of business structure	Date and place of incorporation/ establishment	Proportion of ownership interest As at 30 June 2024					
				Registered capital unaudited	Paid-in capital unaudited	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 Huijinkeji 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	RMB134,100,000	RMB134,100,000	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	RMB50,000,000	RMB50,000,000	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	RMB161,000,000	RMB161,000,000	50%	50%	0%	Investment

- (i) As of 30 June 2024, the underlying loan of the Yuecai Trust • Huijinkeji 129-1 Collective Fund Trust Plan have all matured. 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 June 2024 according to the relevant guarantee contract which is amounted to RMB17,823,000.
- (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.

The liability of aggregate carrying amount of individually immaterial jointly controlled Trust Plans in the consolidated financial statements formed by the above (ii) Trust Plan, which is amounted to RMB13,714,000 (31 December 2023: RMB23,968,000).

- (iii) As of 30 June 2024, the underlying loan of the Yunnan Trust Qingquan 37 Collective Fund Trust Plan have all matured. 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 and October 2023 according to the relevant guarantee contract, which was amounted to RMB58,139,000 and RMB49,637,000. In 2022, 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.

During the period of 30 June 2024, the Group recovered part of the amount from the debtors, and the balance of the default guarantee payment arising from the above (i) and (iii) Trust Plan was RMB70,691,000 (31 December 2023: RMB62,758,000) and the asset of aggregate carrying amount of individually immaterial jointly controlled Trust Plans in the consolidated financial statements is RMB16,282,000 (31 December 2023: RMB20,166,000). Please see Note 13(i).

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:

	30 June 2024 RMB'000	31 December 2023 RMB'000
Asset of aggregate carrying amount of individually immaterial jointly controlled Trust Plans in the consolidated financial statements	16,282	20,166
Liability of aggregate carrying amount of individually immaterial jointly controlled Trust Plans in the consolidated financial statements	<u>13,714</u>	<u>23,968</u>
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	<u>1,563</u>	<u>48,623</u>

As of 30 June 2024, the Company's maximum potential loss in relation to the financial guarantees issued the Trust Plans amounted to RMB81,014,000 (31 December 2023: RMB95,224,000). The company has considered the maximum potential loss and the expected subsequent recoveries as key assumptions during the fair value evaluation of the related financial assets/liabilities.

21 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 2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Final dividend in respect of the previous financial year, approved during the following interim period, of RMB2 cents per share (six months ended 30 June 2023: RMB3.5 cents per share)	<u>31,216</u>	<u>54,628</u>

The Company will pay final cash dividends of RMB31.22 million, which had been declared on 18 June 2024 but not yet distributed.

On 7 July 2023, the Company paid final cash dividends of RMB54.63 million, which had been declared on 28 June 2023.

22 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 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Performance guarantee	4,474,694	5,261,559
Financing guarantee	4,269,035	4,576,108
Litigation guarantee	<u>9,124</u>	<u>6,501</u>
Subtotal	8,752,853	9,844,168
Less: Customer pledged deposits	<u>(41,026)</u>	<u>(51,559)</u>
Total	<u>8,711,827</u>	<u>9,792,609</u>

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.

23 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Commitments

The capital expenditure commitment of the Group is related to the contracted but not fully provided office buildings purchase. On June 18 2024, the Company entered into a contract with Foshan Zhongsheng to purchase certain office building units of Join-Share International Finance Center, which was developed and held by Foshan Zhongsheng. The total consideration was RMB28,605,300. As of 30 June 2024, the Company paid RMB20,000,000 for the mentioned contract. As of the signing date of this report, the transfer procedures of the related office buildings have not completed.

(b) Litigations and disputes

As at 30 June 2024, the Group had no material outstanding litigation or disputes in which the Group was a defendant.

24 SUBSEQUENT EVENTS

The Group paid the 2023 Final Dividend in cash of RMB31.22 million on 31 July 2024 to the Shareholders whose names appear on the register of members of the Company on 28 June 2024. Further details are disclosed in Note 21.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

In the first half of 2024, the global economy exhibited a complex and volatile trend under numerous adverse factors. Faced with multiple pressures and uncertainties in the external environment, the PRC government effectively coped with the downward economic pressure by implementing a series of macro-control policies and enabled China's economy to buck the trend, demonstrating its strong resilience and growth potential. According to the data from the National Bureau of Statistics, Gross Domestic Products (“GDP”) reached RMB61.6836 trillion in the first half of 2024, representing a year-on-year increase of 5.0%. The steady growth of China's economy has contributed positively to the global economic recovery, showing its responsibility and commitment as the second largest economy in the world. On a quarterly basis, GDP increased by 5.3% in the first quarter and 4.7% in the second quarter. The primary, secondary and tertiary industries accounted for 5.0%, 38.3% and 56.7% of GDP, respectively, showing a stable growth in the tertiary industries and a steady increase in production and supply. In terms of consumption expenditure, the contribution rate of final consumption expenditure to economic growth reached 60.5%, driving GDP growth by 3.0 percentage points in the first half of 2024. The policy of stabilising investment continued to exert its influence, with gross capital formation contributing 1.3 percentage points to economic growth.

With the implementation of a package of favorable policies, China's economy has shown an overall trend of stability with slight upward momentum, and the development status of small and medium-sized enterprises (SMEs) has continued to improve, with stabilising development confidence. According to data released by the China Association of Small and Medium Enterprises, the Small and Medium Enterprises Development Index was 89.0 in the second quarter of 2024, representing a decrease of 0.3 points from the first quarter of 2024, which was still higher than the corresponding period in 2022 and on par with the corresponding period in 2023. Guangdong Join-Share Financing Guarantee Investment Co., Ltd.* (the “**Company**”, together with its subsidiaries, the “**Group**”) has always been adhering to the spirit of innovation, relying on our specialisation and unique advantages in the field of finance, insisting on providing precise and efficient services for SMEs, to help them grow healthily and promote high-quality economic development.

In April 2020, the Group obtained the business license of financing guarantee business approved and renewed by Guangdong Financial Supervisory Authority, and its subsidiary Guangdong Join-Share Financing Guarantee Co., Ltd.* (廣東中盈盛達融資擔保有限公司) also obtained the business license of financing guarantee business. Ensuring the stability of market entities is the cornerstone for safeguarding economic vitality and innovation capabilities, as well as a crucial aspect of maintaining the livelihoods and economies. As an important source of market vitality, SMEs play an irreplaceable role in stabilising economic development, promoting employment and securing livelihood. After years of unremitting efforts and continuous intensive cultivation, the Group has successfully transformed itself into a credit-centred, industry-based and finance-driven

comprehensive service platform, enabling itself to accurately respond to various challenges encountered by SMEs in the course of their growth and development, and provide customised solutions to help SMEs break through the bottlenecks, seize the opportunities for development, and move forward steadily in the ever-changing business environment, to achieve sustainable operation.

Mr. Wu Liejin, the chairman of the Board of the Company (the “**Chairman**”), stated that 2024 is the 21st anniversary of the founding of Join-Share, and the Group will continue to focus on its main business and make steady progress with high-quality development. The Group also promises to maintain sufficient attention to risk while pursuing excellence, and write a new chapter of corporate development with innovation and practicality.

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 the applicable laws. The Group mainly provides the following products and services:

Financing guarantee

Indirect financing guarantee
Direct financing guarantee

Non-financing guarantee

Litigation preservation guarantee
Engineering guarantee letters and other performance
guarantee letters

As at 30 June 2024, the Group’s total outstanding guarantee was approximately RMB8,711.83 million (31 December 2023: RMB9,792.61 million). For the six months ended 30 June 2024, the net guarantee fee income was approximately RMB116.92 million, which remains relatively stable as compared to approximately RMB105.88 million for the six months ended 30 June 2023.

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 2024, the monthly fixed interest rate charged by the Group for entrusted loans ranged from 0.5% (inclusive) to 1.15% (inclusive) (for the six months ended 30 June 2023: from 1.2% (inclusive) to 1.8% (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 2024, the balance of the Group's entrusted loans was approximately RMB408.00 million (31 December 2023: RMB395.57 million).

The top five customers of such business in terms of remaining balance represent approximately 45.91% of the total remaining balance of entrusted loans as at 30 June 2024 and their respective terms were as follows:

Borrower	Cooperative institutions	Loan amount (RMB'000)	As at 30 June 2024			Type of guarantee
			Loan balance (RMB'000)	Loan interest rate (month, %)	Loan term	
Company A	Bank a	61,800	60,800	0.83	21 December 2023– 22 April 2025	Collateral loan
Company B	Bank b	42,000	42,000	0.58	25 July 2023– 21 June 2025	Credit loan
Company C	Bank a	30,000	30,000	1.15	13 May 2024– 11 November 2024	Credit loan
Company D	Bank a	29,000	29,000	0.67	15 September 2023– 26 September 2024	Credit loan
Company E	Bank a	25,500	25,500	0.5	11 August 2023– 11 August 2024	Guarantee loan
Total		188,300	187,300			

(b) **Micro-lending business.** The Group, operated through Foshan 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 2024, the monthly fixed interest rate charged by the Group for micro-lending ranged from 0.55% (inclusive) to 1.8% (inclusive)^{Note} (for the six months ended 30 June 2023: 0.55% (inclusive) to 1.8% (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 2024, the balance of the Group’s micro-lending was approximately RMB659.40 million (31 December 2023: RMB580.31 million). The top five customers of such business in terms of remaining balance represent approximately 11.37% of remaining balance of total micro-lending amount as at 30 June 2024 and their respective terms were as follows:

Borrower	Loan amount (RMB’000)	Loan balance (RMB’000)	Loan interest rate (month, %)	Loan term	Type of guarantee
Company A	15,000	15,000	1.25	14 May 2024– 13 November 2024	Collateral guarantee
Individual B	15,000	15,000	1	6 June 2024– 5 September 2024	Pledge guarantee
Individual C	15,000	15,000	1.08	31 January 2024– 30 August 2024	Pledge guarantee
Individual D	15,000	15,000	1.08	31 January 2024– 30 August 2024	Assurance guarantee
Individual E	15,000	15,000	1.08	4 February 2024– 3 August 2024	Assurance guarantee
Total	75,000	75,000			

^{Note} *Monthly interest rates for entrusted loans and micro-lending, top five customer terms excluding overdue items*

For the six months ended 30 June 2024, the Group's net interest income was approximately RMB47.12 million, representing an increase of approximately 8.77% as compared to approximately RMB43.32 million for the six months ended 30 June 2023.

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 stated 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 shall be approved by the micro-lending review committee. The micro-lending review committee consists of three to seven 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;
 - (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 2024, with an aim to strengthen the Group's overall market position, the Group has undertaken the major business activities as follows:

1. In April 2024, the Group successfully signed a contract with CZBank for the cooperation model of “Discount at sight of guarantee (見保即貼)” for its “Gong-E-Tong (供E通)” product. The “Discount at sight of guarantee (見保即貼)” referred to the bank's direct discounting of customers who have been approved by the Company and provided guarantees. The innovation of this model simplified the internal approval process of the bank, greatly improved the efficiency of business processing, effectively improved customer experience, and laid the foundation for the product to become greater and stronger.
2. In May 2024, Zhongshan Join-Share Technology Financing Guarantee Investment Co., Ltd. of the Group successfully launched the “Electronic guarantee letter to purchase (採購電子履約保函)” product. The electronic guarantee letter realised online operation of business functions such as guarantee letter application and solved the pain and difficulty of cumbersome and time-consuming processing of traditional paper form guarantee letter from the root source, and greatly simplified the business process. The transformation of “fee” into “guarantee” reduced the burden and increased the efficiency for suppliers participating in government procurement, which meant that Zhongshan Join-Share Technology Financing Guarantee Investment Co., Ltd. breaks through the new field of electronic guarantee letter and takes a solid step forward in cooperating with the local optimisation of the business environment.
3. In May 2024, Yunfu Puhui Financing Guarantee Co., Ltd. of the Group successfully launched the “Guarantee letter for travel agency warranties (旅行社質保金保函)” product. This product provided a more convenient and efficient guarantee service for the majority of tourism service enterprises, which was of great significance to further promote the quality of tourism services and help tourism to recover strongly, and meant that Yunfu Puhui Financing Guarantee Co., Ltd. has taken an important step in the “Financial services to the real economy, helping millions of projects (金融服務實體經濟，助力百千萬工程)”.
4. In May 2024, the case of “Yunshi Loan (雲石貸)” developed by Yunfu Puhui Financing Guarantee Co., Ltd. of the Group in conjunction with Yunfu Rural Commercial Bank on the basis of the State Guarantee Fund's batch business model won the “First Prize” of the Excellent Cases of Rural Revitalisation of Financial Services in Yunfu. This product not only can increase the amount of credit for stone enterprises, but also significantly reduce the cost of renewing the loan, to protect the continued operation of the funds, help the stone enterprises developing bigger and stronger, and promote the high-quality development of the stone industry.

Financial Review

Net Guarantee Fee Income

The Group's total guarantee fee income increased by approximately RMB11.04 million, or approximately 10.43%, from approximately RMB105.88 million for the six months ended 30 June 2023 to approximately RMB116.92 million for the six months ended 30 June 2024. 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 4 June 2022; (ii) the decrease in total financing guarantees issued from RMB4,576.11 million as at 31 December 2023 to RMB4,269.04 million as at 30 June 2024; and (iii) notwithstanding that the maximum aggregate guarantees issued reduced, the recovery income for the first half of the year realised an increase of approximately RMB9.02 million.

Net Interest Income

The Group's net interest income increased by approximately RMB3.80 million, or approximately 8.77%, to approximately RMB47.12 million for the six months ended 30 June 2024 from approximately RMB43.32 million for the corresponding period in 2023, which was mainly a combined effect of the following factors:

- (a) interest income from entrusted loan business increased by approximately RMB1.33 million, or approximately 13.45% from approximately RMB9.89 million for the six months ended 30 June 2023 to approximately RMB11.22 million for the six months ended 30 June 2024, which was mainly attributable (i) the balance of entrusted loans increased from approximately RMB39.56 million to approximately RMB40.80 million; and (ii) in the first half of 2024, loan disbursements were mainly concentrated in the first quarter, while loan disbursements in the first half of 2023 were mainly concentrated at the end of the second quarter. As a result, relatively more interest income from entrusted loans was recognised in the first half of 2024.
- (b) interest income from the micro-lending loan business increased by approximately RMB4.31 million, or approximately 14.61% from approximately RMB29.51 million for the six months ended 30 June 2023 to approximately RMB33.82 million for the six months ended 30 June 2024, which was mainly due to the increase in the balance of micro-lending loan from approximately RMB58.03 million to approximately RMB65.94 million.
- (c) interest income on factoring service remained stable at approximately RMB9.97 million for the six months ended 30 June 2024 as compared to approximately RMB9.81 million for the corresponding period in 2023;

- (d) interest income from cash at banks and pledged bank decreased by approximately RMB4.98 million or approximately 40.72% from approximately RMB12.23 million for the six months ended 30 June 2023 to approximately RMB7.25 million for the six months ended 30 June 2024, which was mainly due to the decrease in bank deposits balance.

Service fee and other operating income

The service fee and other operating income of the Group remained stable at approximately RMB13.17 million for the six months ended 30 June 2024, as compared to approximately RMB12.27 million for the same period in 2023.

Other Revenue

The Group's other revenue decreased by approximately RMB2.79 million, or approximately 31.38%, to approximately RMB6.10 million for the six months ended 30 June 2024 from approximately RMB8.89 million for the corresponding period in 2023, primarily due to (i) decrease in government grant; and (ii) gains from the disposal of associates only occurred in the first half of 2023.

Share of losses of associates

The Group's share of losses of associates of approximately RMB4.06 million for the six months ended 30 June 2023 increased to a share of losses of associates of approximately RMB7.00 million for the six months ended 30 June 2024, 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 RMB21.20 million for the six months ended 30 June 2024 as compared to provisions charged for guarantee losses of approximately RMB13.21 million for the corresponding period in 2023, primarily because the Group has adopted a more prudent strategy in provisions charged for guarantee losses in view of the downward pressure on the economy.

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; (iv)

factoring receivables which mainly reflect the net amount of factoring facility services that are unable to be recovered; and (v) supply chain business receivables which mainly reflect the net amount of the supply chain business receivables of the Group for its customers that are unable to be recovered.

The Group's impairment losses increased by approximately RMB20.79 million, or approximately 52.94%, to approximately RMB60.06 million for the six months ended 30 June 2024 from approximately RMB39.27 million for the corresponding period in 2023, primarily due to the increase in impairment loss of receivables from default guarantee payments from approximately RMB19.21 million for the six months ended 30 June 2023 to approximately RMB40.12 million for the six months ended 30 June 2024.

Operating Expenses

The Group's operating expenses decreased by approximately RMB10.07 million, or approximately 14.27%, to approximately RMB60.50 million for the six months ended 30 June 2024 from approximately RMB70.57 million for the corresponding period in 2023 which was mainly due to (i) staff cost decreased to approximately RMB37.42 million for the six months ended 30 June 2024 from approximately RMB48.38 million for the corresponding period in 2023; and (ii) depreciation and amortization cost decreased to approximately RMB6.52 million for the six months ended 30 June 2024 from approximately RMB7.77 million for the corresponding period in 2023.

Profit before Taxation

As a result of the foregoing, the Group's profit before taxation increased by approximately RMB1.54 million, or approximately 4.06%, to approximately RMB39.51 million for the six months ended 30 June 2024 from approximately RMB37.97 million for the corresponding period in 2023.

Income Tax

The Group's income tax increased by approximately RMB4.05 million, or approximately 38.32%, to approximately RMB14.62 million for the six months ended 30 June 2024 from approximately RMB10.57 million for the corresponding period in 2023, primarily due to the increase in assessable profits.

Profit for the Period

The Group's profit for the period decreased by approximately RMB2.51 million, or approximately 9.16%, to approximately RMB24.89 million for the six months ended 30 June 2024 from approximately RMB27.40 million for the corresponding period in 2023, and the profit attributable to equity shareholders of the Company increased by approximately RMB1.82 million, or approximately 9.19%, to approximately RMB21.62 million for the six months ended 30 June 2024 from approximately RMB19.80 million for

the corresponding period in 2023. The Group's net profit margin decreased to approximately 14.04% for the six months ended 30 June 2024 from approximately 16.97% for the corresponding period in 2023.

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 2024, the Group's capital expenditures amounted to approximately RMB0.97 million (for the six months ended 30 June 2023: RMB2.46 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 2024, the Group's outstanding capital commitments relating to (i) the total maximum guarantee issued to customers for its guarantee business of approximately RMB8,711.83 million (31 December 2023: RMB9,792.61 million); and (ii) the Group's leases of office premises of approximately RMB12.06 million (31 December 2023: RMB13.13 million).

The capital expenditure commitment of the Group is related to office buildings purchase. On 18 June 2024, the Company entered into a contract with Foshan Zhongsheng to purchase certain office building units of Join-Share International Finance Center, which was developed and held by Foshan Zhongsheng. The total consideration was RMB28,605,300. As of 30 June 2024, the Company paid RMB20,000,000 for the mentioned contract. As of the date of this announcement, the transfer procedures of the related office buildings are still ongoing and has not completed.

Save as aforesaid, the Group did not have other contingent liabilities as at 30 June 2024.

Charge of Assets

The Group did not pledge any of its assets to secure any banking facility or bank loan as at 30 June 2024.

INTERIM DIVIDEND

The Board does not recommend any distribution of interim dividend for the six months ended 30 June 2024.

PROSPECTS AND FUTURE DEVELOPMENTS IN THE BUSINESS OF THE GROUP

(I) Development trend of the industry

Supporting the Real Economy to Provide High-quality Financial Services to SMEs

Economy and finance are two closely interrelated fields that are interdependent and mutually reinforcing. Economy is the foundation of finance, while finance is an important means of capital flow and resource allocation in economic activities. With the rapid development of China's economy, SMEs, as the cornerstone of the real economy, play an irreplaceable role in promoting economic growth, innovation, employment and social stability, and are a key force in promoting economic diversification and enhancing market competitiveness. Under the current circumstances, SMEs are facing multiple challenges and difficulties, among which the problems of expensive and difficult financing are particularly prominent, and they are in urgent need of support and assistance from the government and all sectors of society. To this end, the PRC government has launched and implemented a series of policies to help SMEs survive against the odds.

On 28 March 2024, the National Financial Regulatory Administration issued the “Notice on Inclusive Credit in 2024 (《關於做好2024年普惠信貸工作的通知》)” (hereinafter referred to as the “**Notice**”). The Notice requires accelerating the formation of inclusive credit service system that is compatible with the development of the real economy to better meet the diversified financial needs of small and micro-sized enterprises, agriculture-related business entities and major groups in need of support.

On 2 April 2024, the General Office of the State Council issued the “Notice on the Implementation Plan of Overall Financing Credit Service Platform Construction to Improve the Financing Convenience Level of Small and Medium-sized Enterprises (《統籌融資信用服務平台建設提升中小微企業融資便利水平實施方案》)” (hereinafter referred to as the “**Notice**”). The Notice requires speeding up the construction of a new development pattern, focusing on high-quality development, improving the basic data system, increasing the overall construction of financing credit service platform, increasing efforts in “credit-easy loan”, deepening the application of credit big data, ensuring information security and the legitimate rights and interests of business entities, and providing high-quality financial services for enterprises, especially SMEs. With the support of policies, SMEs have achieved rapid growth in loans. At the end of the second quarter of 2024, the balance of loans for small and micro-sized enterprises (including loans for small and micro-sized enterprises, loans for individual business proprietors and loans for small and micro-sized enterprise owners) by banking financial institutions was RMB78 trillion, of which the balance of loans for

inclusive small and micro-sized enterprises with a total credit of RMB10 million or less was RMB32 trillion, a year-on-year increase of 17.1%, showing a strong growth momentum.

Multi-sectoral efforts to boost sustained improvement in financing environment for SMEs

In order to promote effective qualitative improvement and reasonable quantitative growth of the economy, help enterprises reduce financing costs and provide more liquidity support, the People's Bank of China announced its decision to lower the deposit reserve ratio of financial institutions by 0.5 percentage points from 5 February 2024 onwards, and to reduce the interest rates for agricultural refinancing, small-scale refinancing and rediscounting by 0.25 percentage point each from 25 January 2024 onwards. The reduction does not affect financial institutions that have implemented a 5% deposit reserve ratio. After the cut, the weighted average deposit reserve ratio of financial institutions was about 7%. On the same day, the People's Bank of China also announced that it would lower the interest rates for agricultural refinancing, small-scale refinancing and rediscounting by 0.25 percentage points each.

On 20 May 2024, the General Office of the Ministry of Industry and Information Technology issued a notice on the National SMEs Service Month Activity 2024, which calls for promoting the high-quality development of SMEs as the main line, focusing on the pains and difficulties in the production and operation development of SMEs, adhering to the demand-oriented and problem-oriented approach, reinforcing the synergy between SMEs' competent departments at all levels, associations/chambers of commerce and service institutions, and leading and driving all kinds of service resources to focus on SMEs service activities in various forms and with rich contents, so as to promote the specialised, refined, differentiated and innovative development of SMEs.

On 28 June 2024, the People's Bank of China and seven other departments recently jointly issued the "Work Programme on Science and Technology Finance (關於扎實做好科技金融大文章的工作方案)", which requires promoting financial institutions and financial markets to comprehensively improve the capacity, intensity and level of science and technology financial services, and provide whole chain and whole life cycle financial services for the science and technology innovation activities of all kinds of innovative entities. It will focus on supporting small and medium-sized technology enterprises, improve the credit and insurance products that are suitable for the characteristics of technology enterprises in the start-up and growth stage, further promote the regional equity market innovation pilot, and enrich the capital sources and exit channels of venture capital funds.

On 5 August 2024, the People’s Bank of China, the National Financial Regulatory Administration, China Securities Regulatory Commission, the Ministry of Finance, and the Ministry of Agriculture and Rural Affairs jointly issued the “Notice on Special Actions of Learning and Utilizing the Experience of the “Ten Million Projects” to Strengthen Financial Support for Comprehensive Rural Revitalisation (《關於開展學習運用「千萬工程」經驗，加強金融支持鄉村全面振興專項行動的通知》)” (hereinafter referred to as the “**Notice**”), which stresses that five special actions will be implemented to strengthen financial support for the comprehensive rural revitalisation, give full play to the incentive role of monetary policy tools such as agricultural and small-scale refinancing, rediscounting and refinancing for scientific and technological innovation and technological upgrading, encouraging the issuance of special financial bonds by financial institutions, support agriculture-related enterprises to issue financing tools, and continue to increase the capital investment in key areas of rural revitalisation.

The Board believes that, under the guidance and support of policies, the financing guarantee industry has achieved rapid development in recent years. At the same time, the industry itself has been accelerating its digital transformation to enhance its risk prevention and control capabilities. With the promotion of the national financing guarantee fund and expansion of cooperation scope and the gradual downward trend of the financial guarantee policy support system, the municipal-level financing guarantee institutions have received greater policy support, resulting in corresponding improvements in business competitiveness and development, effectively alleviating the financing difficulties faced by SMEs. As a financing guarantee enterprise, the Group will continue to focus on SMEs, innovate business models, strengthen its own competence building, continuously enrich financing products, and offer more diversified financing support solutions. Meanwhile, the Group will actively expand its business scope, improve the quality and efficiency of its financial services, so as to inject vitality into the development of the real economy, and contribute to the promotion of social progress and economic prosperity.

(II) Development Strategies of the Group

In the first half of 2024, driven by both policy support and market vitality, China’s economy demonstrated a progressive momentum amidst stability, achieving steady growth and making new advancements in high-quality development. Looking ahead to the second half of the year, China’s economic structure is expected to be further optimised under the government’s macroeconomic policies and economic transformation and upgrading, and the momentum for high-quality development will become even stronger. The gradual recovery of domestic consumer demand, the expansion of fixed asset investment, the continuous upgrading of technological innovation, the stable growth in foreign trade exports, and the deepening of international cooperation, combined with comprehensive government measures, will contribute positive forces to economic development. China’s economy is expected to achieve more robust and sustainable growth in the second half of the year.

Since its establishment in May 2003, the Group (stock code: 01543.HK) has relied on extensive industry experience and profound professional knowledge to meticulously build a sustainable business model through continuous industry immersion, transformation, and upgrading, which has propelled the Group to rapidly become a leading industry player. In 2015, the Company was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), marking a new chapter in its development. To address the problems of difficult and expensive financing for SMEs, the Group will continue to optimise its credit products and service models, pursue innovation and expansion of operational model, and develop a comprehensive financial service system to support SMEs to unleash their potential, stimulate innovation and promote sustainable economic development.

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 HK dollars and 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 2024, the Group's cash and bank deposits were approximately RMB850.74 million (31 December 2023: RMB1,222.78 million).

Indebtedness

As at 30 June 2024, the Group's interest-bearing borrowings amounted to approximately RMB195.22 million (31 December 2023: RMB210.46 million), which are repayable within one year bearing interest at a range of from 3.80% to 10.00% per annum.

As at 30 June 2024, the Group has debt securities issued of approximately RMB500 million (31 December 2023: 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 2024, the Group had other financial instrument of approximately RMB151.47 million (31 December 2023: RMB150.57 million) (detailed at note 19 to the financial statements), financial liabilities measured at FVPL of approximately RMB13.71 million (31 December 2023: RMB23.97 million) and lease liabilities of approximately RMB12.06 million (31 December 2023: RMB13.13 million).

The gearing ratios of the Group as at 30 June 2024 and 31 December 2023 were approximately 36.95% and 37.81%, respectively. Such gearing ratio was calculated by dividing total liabilities by total assets. Such decrease in gearing ratio was mainly attributable to (i) the interest-bearing borrowings decreased from approximately RMB210.46 million to approximately RMB195.22 million; and (ii) fair value changes in financial liabilities arising from interests in jointly controlled Trust Plans.

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 2024, the outstanding guarantee of the Group totaled approximately RMB8,711.83 million (31 December 2023: RMB9,792.61 million). Save as aforesaid, the Group had no other off-balance-sheet arrangements as at 30 June 2024.

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 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 circular of the Company dated 1 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 2024, 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 2024	Amount of proceeds brought forward to the current financial year (approximate)	Amount of the remaining proceeds as at 30 June 2024 (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 55.24%.	Nil	Nil	N/A

Net proceeds allocation	Intended use of the proceeds	Actual use of the proceeds as at 30 June 2024	Amount of proceeds brought forward to the current financial year (approximate)	Amount of the remaining proceeds as at 30 June 2024 (approximate)	Expected time of utilisation
(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\$11.78 million	HK\$11.78 million	31 December 2024
(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.	Nil	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 2024, 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 2024	Amount of proceeds brought forward to the current financial year (approximate)	Amount of the remaining proceeds as at 30 June 2024 (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.	Approximately HK\$5.08 million has been used to contribute to the registered capital of the newly established engineering guarantee company in Foshan, PRC.	HK\$28.81 million	HK\$28.81 million	31 December 2024
	(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%.	Nil	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. <i>(Note 1)</i>	Nil	Nil	N/A

Net proceeds allocation	Intended use of the proceeds	Actual use of the proceeds as at 30 June 2024	Amount of proceeds brought forward to the current financial year (approximate)	Amount of the remaining proceeds as at 30 June 2024 (approximate)	Expected time of utilisation
(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.	Approximately HK\$36.84 million has been used to establish the New Subsidiary as detailed in the 2022 June Circular. <i>(Note 1)</i>	Nil	Nil	N/A

(Note 2)

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 Places 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 2024, 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 2024	Amount of proceeds brought forward to the current financial year (approximate)	Amount of the remaining proceeds as at 30 June 2024 (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. <i>(Note 1)</i>	Nil	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. <i>(Note 1)</i>	Nil	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.

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 2024, 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 2024.

Future Plans for Material Investments or Capital Assets

The Group had no specific plan for material investments or capital assets as at 30 June 2024.

EVENTS AFTER REPORTING PERIOD

From 30 June 2024 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 2024 was 289 (31 December 2023: 294). As at 30 June 2024, the number of staff holding a bachelor’s degree or above was 251, accounting for 87% of its total number of staff; and the number of staff

holding a junior college degree or below was 38, accounting for 13% 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 2024, the Group incurred approximately RMB37.42 million (six months ended 30 June 2023: RMB48.38 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 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2024, there was no purchase, sale and redemption by the Company or any of its subsidiaries of any listed securities (including sale of treasury shares (as defined under the Listing Rules)) of the Company. As at 30 June 2024, the Company did not hold any treasury shares.

AUDIT COMMITTEE

The audit committee of the Board (the "Audit Committee") consists of five members, being Mr. Wu Xiangneng, Mr. Leung Hon Man and Ms. Li Xia, who are independent non-executive Directors and Mr. Huang Weibo and Ms. Feng Qunying, 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 2024 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.

The interim consolidated financial statements for the six months ended 30 June 2024 have been reviewed by KPMG, the Company's independent auditor, 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 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 C1 to the Listing Rules. For the six months ended 30 June 2024, 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 2024.

INTERIM DIVIDEND

The Board does not recommend any distribution of interim dividend for the six months ended 30 June 2024.

INTERIM REPORT

The interim report of the Company for the six months ended 30 June 2024 will be despatched to the Shareholders in the manner in which the Shareholders have selected to receive corporate communications 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 2024.

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

Foshan, the PRC, 28 August 2024

As at the date of this announcement, the executive Director is Mr. Wu Liejin (Chairman); the non-executive Directors are Mr. Huang Weibo, Mr. Zhao Wei, Mr. Pan Mingjian, Ms. Feng Qunying and Mr. Ou Weiming; and the independent non-executive Directors are Mr. Wu Xiangneng, Mr. Leung Hon Man and Ms. Li Xia.

* *for identification purpose only*