Join-Share中盈盛达
共创 共享 共成长

Guangdong Join-Share Financing Guarantee Investment Co., Ltd.*
廣東中盈盛達融資擔保投資股份有限公司
(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1543)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

HIGHLIGHT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

- Total revenue was approximately RMB359.03 million, including revenue of approximately RMB344.79 million and other revenue of approximately RMB14.24 million, representing a decrease of approximately 7.60% as compared with last year.
- Profit for the year and net profit margin were approximately RMB42.82 million and 12.42%, respectively.
- Profit before taxation amounted to approximately RMB66.85 million, representing a decrease of approximately 11.23% as compared with last year.
- Profit for the year attributable to equitable shareholders of the Company amounted to approximately RMB42.18 million, representing an increase of approximately 9.84% as compared with last year.
- The payment of final dividends of RMB0.019 per Share for the year ended 31 December 2024 is recommended by the Board.

The board (the "**Board**") of directors (the "**Directors**") of Guangdong Join-Share Financing Guarantee Investment Co., Ltd.* (廣東中盈盛達融資擔保投資股份有限公司). (the "**Company**") is pleased to announce the audited annual results for the year ended 31 December 2024 of the Company and its subsidiaries (collectively, the "**Group**"), along with comparative figures from the year ended 31 December 2023, which should be read in conjunction with the following management discussion and analysis.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2024
(Expressed in RMB'000)

	Note	**2024** **RMB'000**	*2023* *RMB'000*
Guarantee fee income		**229,500**	250,340
Guarantee cost		**(5,735)**	(4,860)
Net guarantee fee income		**223,765**	245,480
Interest income		**132,827**	131,852
Interest expenses		**(37,982)**	(44,452)
Net interest income		**94,845**	87,400
Service fee and other operating income		**26,177**	27,446
Revenue	3(a)	**344,787**	360,326
Other revenue	4	**14,241**	28,228
Losses from fair value changes		**(4,510)**	(51,991)
Share of losses of associates		**(6,958)**	(15,673)
(Provision for)/Reversal of Allowance on Guarantee Loss	16(a)	**(3,700)**	43,872
Impairment losses	5(a)	**(134,838)**	(146,079)
Operating expenses		**(142,171)**	(143,375)
Profit before taxation	5	**66,851**	75,308
Income tax	6(a)	**(24,030)**	(33,446)
Profit for the year		**42,821**	41,862
Attributable to:			
Equity shareholders of the Company		**42,179**	38,400
Non-controlling interests		**642**	3,462
Profit for the year		**42,821**	41,862
Earnings per share			
Basic and diluted *(RMB per share)*	7(a)	**0.03**	0.02

	2024	2023
	RMB'000	*RMB'000*
Profit for the year	**42,821**	41,862
Other comprehensive income for the year		
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)	**3,187**	(43,513)
Income tax arises from financial assets measured at FVOCI	**(797)**	10,878
Other comprehensive income for the year	**2,390**	(32,635)
Total comprehensive income for the year	**45,211**	9,227
Attributable to:		
Equity shareholders of the Company	**44,569**	5,765
Non-controlling interests	**642**	3,462
Total comprehensive income for the year	**45,211**	9,227

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2024
(Expressed in RMB'000)

	Note	**At 31 December 2024** ***RMB'000***	At 31 December 2023 *RMB'000*
Assets			
Cash and bank deposits	8(a)	**887,153**	1,222,784
Pledged deposits		**208,588**	261,057
Trade and other receivables	9	**1,114,437**	947,335
Loans and advances to customers	10(a)	**1,002,269**	885,864
Factoring receivables	11	**192,497**	123,871
Financial assets measured at FVOCI	12	**12,558**	25,371
Financial assets measured at FVPL	13	**153,300**	81,689
Receivable investments	14	**12,625**	26,672
Interests in associates		**18,885**	18,298
Fixed assets		**48,407**	19,342
Investment property		**31,860**	5,859
Intangible assets		**7,316**	7,953
Goodwill		**419**	419
Deferred tax assets		**194,271**	161,724
Total assets		**3,884,585**	3,788,238
Liabilities			
Interest-bearing borrowings	15	**359,852**	210,455
Liabilities from guarantees	16	**234,397**	265,754
Customer pledged deposits	17(a)	**57,415**	49,491
Accruals and other payables	17(b)	**185,239**	207,624
Debt securities issued	18	**509,325**	511,217
Other financial instruments	19	**149,488**	150,565
Financial liabilities measured at FVPL	20	**10,702**	23,968
Lease liabilities		**17,082**	13,125
Deferred tax liabilities		**—**	293
Total liabilities		**1,523,500**	1,432,492
NET ASSETS		**2,361,085**	2,355,746
CAPITAL AND RESERVES	21		
Share capital		**1,560,793**	*1,560,793*
Reserves		**468,985**	455,634
Total equity attributable to equity shareholders of the Company		**2,029,778**	2,016,427
Non-controlling interests		**331,307**	339,319
TOTAL EQUITY		**2,361,085**	2,355,746

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB'000 unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

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

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the "**Group**") and the Group's interest in associates and a joint venture.

The measurement basis used in the preparation of the financial statements is the historical cost basis except for financial assets measured at fair value through other comprehensive income (FVOCI), financial assets and liabilities measured at fair value through profit or loss (FVPL) that are stated at their fair value.

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

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

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

(c) Changes in accounting policies

The Group has applied the following new and amended 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**") and 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 financial report.

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

2 ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

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

Fixed assets: determining the lease term.

(b) Sources of estimation uncertainty

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

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

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

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

No impairment loss is recognised on equity investments.

(ii) Impairment of non-financial assets

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

(c) Depreciation and amortisation

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

(d) Provisions for guarantee losses

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

(e) Deferred tax assets

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

(f) Measurement of fair values

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

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

(g) Judgement on the degree of control of investment

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

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

3 REVENUE AND SEGMENT REPORTING

(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:

	2024	2023
	RMB'000	*RMB'000*
Guarantee fee income		
Financing guarantee fee income	**198,346**	206,772
Performance guarantee fee income	**31,154**	43,568
Subtotal	**229,500**	250,340
Guarantee cost		
Re-guarantee expenses	**(5,719)**	(4,074)
Risk management service expense	**(16)**	(786)
Subtotal	**(5,735)**	(4,860)
Net guarantee fee income	**223,765**	245,480
Interest income arising from:		
— Loans and advances to customers	**96,775**	86,513
— Cash at banks and pledged deposits	**14,307**	22,491
— Factoring service	**17,929**	18,348
— Trade and other receivables	**3,816**	4,500
Subtotal	**132,827**	131,852
Interest expenses arising from:		
— Debt securities issued	**(18,427)**	(20,738)
— Interest-bearing borrowings	**(12,994)**	(7,054)
— Interest expenses from other financial instruments	**(5,785)**	(14,201)
— Others	**(776)**	(2,459)
Subtotal	**(37,982)**	(44,452)
Net interest income	**94,845**	87,400
Service fee and other operating income arising from:		
— Supply chain services	**16,437**	12,847
— Consulting services fee	**9,740**	14,599
Subtotal	**26,177**	27,446
Revenue	**344,787**	360,326

4 OTHER REVENUE

	2024	2023
	RMB'000	*RMB'000*
Government grant	**3,915**	20,463
Investment income from financial assets measured at FVPL	**2,735**	3,038
Investment income of receivable investments	**1,439**	1,708
Gains arising from a disposal of an associate	**—**	1,042
Foreign exchange gains	**206**	103
Others	**5,946**	1,874
Total	**14,241**	28,228

5 PROFIT BEFORE TAXATION

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

(a) Impairment and provision charged/(reversed)

	2024	2023
	RMB'000	*RMB'000*
Receivables for default guarantee payments	**85,421**	86,206
Receivables from guarantee customers	**2,864**	12,538
Loans and advances to customers	**47,658**	24,566
Factoring receivables	**(6,004)**	(243)
Receivable investments	**(219)**	(521)
Receivables from supply chain business	**(1,237)**	8,645
Trade debtors	**27**	5,688
Other receivables	**1,392**	9,200
Repossessed assets	**4,893**	—
Investment Property	**43**	—
	134,838	146,079

(b) Staff costs

	2024	2023
	RMB'000	*RMB'000*
Salaries, wages, bonuses and other benefits	**80,621**	83,716
Contributions to retirement schemes	**8,145**	7,540
	88,766	91,256

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

(c) Losses from fair value changes

	2024	2023
	RMB'000	*RMB'000*
Fair value changes loss from financial assets arising from interest in jointly controlled Trust Plans	**5,124**	26,473
Fair value changes loss from financial liabilities arising from interest in jointly controlled Trust Plans	**—**	22,150
Fair value changes (gain)/loss from unlisted equity instruments	**(567)**	2,023
Fair value changes gain from wealth management products	**(47)**	(139)
Fair value changes loss from redemption option arising from unlisted equity instruments	**—**	1,484
Total	**4,510**	51,991

(d) Other items

	2024	2023
	RMB'000	*RMB'000*
Depreciation and amortization	**12,656**	12,315
Auditors' remuneration	**2,985**	2,990
Gains on disposal of long-term assets	**60**	33

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	2024	2023
	RMB'000	*RMB'000*
Current tax		
Provision for PRC income tax for the year	**58,361**	55,097
Deferred tax		
Origination of temporary differences	**(33,637)**	(21,466)
Over-provision in previous year		
Over-provision in previous year	**(694)**	(185)
Income tax expense	**24,030**	33,446

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

	Note	**2024** *RMB'000*	2023 *RMB'000*
Profit before taxation		**66,851**	75,308
Notional tax on profit before taxation, calculated at 25%	(i)	**16,713**	18,827
Tax effect of non-deductible interest expenses arising from other financial instruments		**1,446**	3,425
Tax effect of subsidiary using different taxation rate	(ii)	**261**	(88)
Tax effect of non-deductible expenses		**191**	933
Tax effect of unused tax losses not recognised		**6,900**	9,767
Over-provision in previous year		**(694)**	(185)
Others		**(787)**	767
Actual income tax expense		**24,030**	33,446

(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 (except for Guangdong Join-Share Digital Technology Co., Ltd.) are subject to PRC income tax at the statutory tax rate of 25%.

(ii) Join-Share Financial Holdings Co., Limited located in Hong Kong is subject to Hong Kong Profits Tax at the statutory tax rate of 16.5% during 2024 and 2023.

Guangdong Join-Share Digital Technology Co., Ltd. incorporated in PRC mainland is subject to CIT, and it enjoys a preferential tax rate of 15% from 2023 to 2026 as a qualified high and new technology enterprise.

7 EARNINGS PER SHARE

(a) Basic earnings per share

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

	2024	2023
Profit attributable to the equity shareholders of the Company *(RMB'000)*	**42,179**	38,400
Weighted average number of ordinary shares in issue for the purpose of basic earnings per share *('000)*	**1,560,793**	1,560,793
Basic earnings per share *(RMB per share)*	**0.03**	0.02

(b) Weighted average number of ordinary shares

	2024	2023
Issued ordinary shares at 1 January *('000)*	**1,560,793**	1,560,793
Weighted average number of new issue *('000)*	**—**	—
Weighted average number of ordinary shares at 31 December *('000)*	**1,560,793**	1,560,793

(c) Diluted earnings per share

There were no dilutive potential ordinary shares during the years ended 31 December 2024 and 2023, and therefore, diluted earnings per share are equivalent to the basic earnings per share.

8 CASH AND BANK DEPOSITS

(a) Cash and cash equivalents comprise:

	At 31 December 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Cash in hand	**9**	12
Cash at banks	**559,211**	833,188
Cash and cash equivalents in the condensed consolidated cash flow statement	**559,220**	833,200
Term deposits with banks	**132,000**	192,554
Restricted bank deposits	**188,251**	192,060
	879,471	1,217,814
Accrued interest	**7,682**	4,970
	887,153	1,222,784

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. Restricted bank deposits mainly represent certificates of deposit pledged for customers to obtain bank loans and pledged deposits for bank acceptance bill.

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

9 TRADE AND OTHER RECEIVABLES

	Note	At 31 December 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Receivables for default guarantee payments	(i)/9(a)(i)	**624,262**	565,243
Less: Allowance for doubtful debts	9(b)(i)	**(280,278)**	(200,028)
		343,984	365,215
Receivables from guarantee customers	(ii)/9(a)(ii)	**109,584**	144,955
Less: Allowance for doubtful debts	9(b)(ii)	**(46,796)**	(43,950)
		62,788	101,005
Interest receivables		**8,618**	7,916
Less: Allowance for interest receivables		**(5,787)**	(4,641)
		2,831	3,275
Receivables from supply chain services	(iii)/9(a)(iii)	**253,640**	169,802
Less: Allowance for doubtful debts	9(b)(iii)	**(7,408)**	(8,645)
		246,232	161,157
Receivables from related parties		**128,814**	113,807
Loan to related parties	(iv)	**122,646**	63,444
Receivables from debt purchased	(v)	**20,115**	49,227
Trade debtors	(vi)/9(a)(iv)	**35,503**	35,644
Input tax deduction		**6,594**	2,116
Other receivables		**8,044**	6,905
		321,715	271,143
Repossessed assets		**133,376**	39,832
Less: Allowance for doubtful debts		**(4,893)**	—
		128,483	39,832
Deposits and prepayments		**8,404**	5,708
		136,887	45,540
		1,114,437	947,335

As at 31 December 2024, receivables from deposits and prepayments and repossessed assets expected to be recovered or recognized as expense after more than one year is RMB911.25 million (31 December 2023: RMB46.3 million). All of the remaining trade and other receivables are expected to be recovered or recognized as expense within one year.

(i) During the year ended 31 December 2024, the Group disposed of receivables for default guarantee payments amounted to RMB1,500,000 (2023: RMB14,066,000) with no allowances for doubtful debts (2023: RMB nil), without recourse to other parties at a consideration (including considerations of overdue interests and penalty interests) of RMB1,550,000 (2023: RMB15,202,000).

(ii) During the year ended 31 December 2024, the Group disposed of receivables from guarantee customers amounted to RMB3,769,000 (2023: RMB nil) with no allowances for doubtful debts (2023: RMB nil), without recourse to other parties at a consideration (including considerations of overdue interests and penalty interests) of RMB4,500,000 (2023: RMB nil).

(iii) As at 31 December 2024, receivables from supply chain services of RMB42,689,000 (2023: RMB21,657,000) was pledged for the Group's interest-bearing borrowing. Please see Note 15(i).

(iv) The interest on the loan to related parties is 3.8% to 8% per annum. As at 31 December 2024, the loan to Chuangyuan Supply Chain, one of the Group's associates, is RMB66,180,000 (2023: RMB26,000,000). Due to the excess loss incurred by Chuangyuan Supply Chain, the Group recorded a cumulative loss arising from share of loss of associates amounted to RMB7,823,000 against the loan to Chuangyuan Supply Chain.

(v) On 28 December 2018, the Group entered into a debt purchase contract with Guangdong Join-Share Holding Co., Ltd. such that the Group purchased the creditor's right and relevant interests, amounting to RMB41,874,000, of Foshan Zhongsheng Properties Co., Ltd. (Foshan Zhongsheng), one of the Group's associates, at a price of RMB42,094,000. The Group is entitled to 12% fixed interest on the principal of RMB26,000,000. As of 31 December 2024, Foshan Zhongsheng Properties has repaid the principal of RMB26,000,000. Due to the excess loss incurred by Foshan Zhongsheng Properties, the Group recorded an accumulated losses arising from the interest in associates amounted to RMB8,459,000 against the receivables from debt purchased, as at 31 December 2024.

(vi) Trade debtors mainly includes the receivables from Foshan Financing Guarantee Fund. According to Foshan Caijin [2023] No. 21 and Foshan Caijin [2024] No.22 regarding the subsidy of guarantee fees for financing guarantee companies in Foshan, the Group is entitled a subsidy to 0.5% to 1% of the amount for eligible guarantee issued. As of 31 December 2024, the receivables from the Foshan Financing Guarantee Fund derived from the Group's eligible guarantee issued from 1 January 2024 to 30 September 2024, amounted to RMB32,267,000 (31 December 2023: RMB34,696,000).

(a) Ageing analysis:

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

(i) Receivables for default guarantee payments

	At 31 December 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Within 1 year	**239,193**	220,985
Over 1 year but less than 2 years	**187,970**	134,394
Over 2 years but less than 3 years	**86,837**	71,173
Over 3 years but less than 5 years	**39,495**	113,230
Over 5 years	**70,767**	25,461
Subtotal	**624,262**	565,243
Less: Allowance for doubtful debts	**(280,278)**	(200,028)
	343,984	365,215

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

(ii) Receivables from guarantee customers

	At 31 December 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Within 1 year	**29,669**	17,673
Over 1 year but less than 2 years	**—**	22,525
Over 2 years but less than 3 years	**4,191**	3,459
Over 3 years but less than 5 years	**19,800**	27,100
Over 5 years	**55,924**	74,198
Subtotal	**109,584**	144,955
Less: Allowance for doubtful debts	**(46,796)**	(43,950)
	62,788	101,005

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

(iii) Receivables from supply chain services

	At 31 December 2024 RMB'000	At 31 December 2023 RMB'000
Within 1 year	**241,099**	167,750
Over 1 year but less than 2 years	**10,556**	—
Over 2 years but less than 3 years	**—**	1,985
Over 3 years	**1,985**	67
Subtotal	**253,640**	169,802
Less: Allowance for doubtful debts	**(7,408)**	(8,645)
	246,232	161,157

The ageing of receivables from supply chain services is measured from the date of payment.

(iv) Trade debtors

	At 31 December 2024 RMB'000	At 31 December 2023 RMB'000
Within 1 year	**40,746**	40,860
Over 1 year but less than 2 years	**—**	—
Over 2 years but less than 3 years	**—**	5
Over 3 years	**5**	—
Subtotal	**40,751**	40,865
Less: Allowance for doubtful debts	**(5,248)**	(5,221)
	35,503	35,644

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

(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 and receivables from guarantee customers during the years ended 31 December 2024 and 2023, are as follows:

(i) Receivables for default guarantee payments

	Note	**At 31 December 2024 *RMB'000***	At 31 December 2023 *RMB'000*
As at 1 January		**200,028**	127,754
Impairment losses recognised in the consolidated statement of profit or loss	5(a)	**85,421**	86,206
Amounts written off		**(12,111)**	(13,996)
Recovery of amounts written off		**6,940**	64
As at 31 December		**280,278**	200,028

(ii) Receivables from guarantee customers

	2024			
	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	**—**	**2,700**	**41,250**	**43,950**
Transfer to lifetime ECL credit-impaired	**—**	**—**	**—**	**—**
Net re-measurement of loss allowance	**—**	**(2,700)**	**222**	**(2,478)**
Receivables from guarantee customers newly originated	**—**	**1,326**	**4,016**	**5,342**
Recovery of amounts written off	**—**	**—**	**10**	**10**
Uncollectible amounts written off	**—**	**—**	**(28)**	**(28)**
As at 31 December 2024	**—**	**1,326**	**45,470**	**46,796**

	2023			
	12-month ECL *RMB'000*	Lifetime ECL not credit-impaired *RMB'000*	Lifetime ECL credit-impaired *RMB'000*	Total *RMB'000*
As at 1 January 2023	—	739	47,461	48,200
Transfer to lifetime ECL credit-impaired	—	(739)	739	—
Net re-measurement of loss allowance	—	—	9,586	9,586
Receivables from guarantee customers newly originated	—	2,700	252	2,952
Uncollectible amounts written off	—	—	(16,788)	(16,788)
As at 31 December 2023	—	2,700	41,250	43,950

(iii) Receivables from supply chain services

	2024			
	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	**1,236**	**68**	**7,341**	**8,645**
Receivables from supply chain services newly originated	**744**	**(4)**	**(1,977)**	**(1,237)**
As at 31 December 2024	**1,980**	**64**	**5,364**	**7,408**

10 LOANS AND ADVANCES TO CUSTOMERS

(a) Analysed by nature

	At 31 December 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Entrusted loans	**385,460**	395,566
Micro-lending	**727,409**	580,305
Gross loans and advances to customers	**1,112,869**	975,871
Accrued interest	**16,182**	6,618
Total allowances for impairment losses	**(126,782)**	(96,625)
Net loans and advances to customers	**1,002,269**	885,864

(b) Analysed by industry sector

	At 31 December 2024		At 31 December 2023	
	RMB'000	*%*	*RMB'000*	*%*
Service sector	**511,346**	**46%**	336,786	34%
Wholesale and retail	**390,832**	**35%**	416,446	43%
Manufacturing	**170,991**	**15%**	186,639	19%
Real Estate and construction	**39,700**	**4%**	36,000	4%
Gross loans and advances to customers	**1,112,869**	**100%**	975,871	100%

(c) Analysed by type of collateral

	At 31 December 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Secured loans	**459,383**	522,035
Unsecured loans	**177,719**	199,710
Others	**475,767**	254,126
Gross loans and advances to customers	**1,112,869**	975,871

— Secured loans: Secured loans refer to the 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 estates and land use rights.

— Unsecured loans: Unsecured loans refer to the 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 unregistrable real properties, land use rights, and registrable account receivables, vehicles, machineries and inventories.

(d) Overdue loans analysed by overdue period

	At 31 December 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Overdue within 1 year (inclusive)	**155,990**	46,464
Overdue more than 1 year to 2 years (inclusive)	**26,328**	9,960
Overdue more than 2 year to 3 years (inclusive)	**4,356**	978
Overdue more than 3 years	**101,129**	100,266
	287,803	157,668

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

	At 31 December 2024			
	12-month ECL *RMB'000*	**Lifetime ECL not credit-impaired** *RMB'000*	**Lifetime ECL credit-impaired** *RMB'000*	**Total** *RMB'000*
Entrusted loans	**262,856**	**—**	**123,152**	**386,008**
Micro-lending	**572,791**	**22,650**	**147,602**	**743,043**
Gross loans and advances to customers	**835,647**	**22,650**	**270,754**	**1,129,051**
Less: Allowances for impairment losses	**(39,184)**	**(4,168)**	**(83,430)**	**(126,782)**
Net loans and advances to customers (excluding accrued interest)	**796,463**	**18,482**	**187,324**	**1,002,269**

	At 31 December 2023			
	12-month ECL *RMB'000*	Lifetime ECL not credit-impaired *RMB'000*	Lifetime ECL credit-impaired *RMB'000*	Total *RMB'000*
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)	747,867	34,785	96,594	879,246

(f) Movements of allowances for impairment losses

	2024			
	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	**27,864**	**7,687**	**61,074**	**96,625**
Transfer to lifetime ECL not credit-impaired	**(646)**	**646**	**—**	**—**
Transfer to lifetime ECL credit-impaired	**(889)**	**—**	**889**	**—**
Net re-measurement of loss allowance	**(26,242)**	**(5,095)**	**10,818**	**(20,519)**
Loans and advances newly originated	**39,097**	**1,830**	**27,250**	**68,177**
Write-offs	**—**	**(900)**	**(16,752)**	**(17,652)**
Amounts recovered	**—**	**—**	**151**	**151**
As at 31 December 2024	**39,184**	**4,168**	**83,430**	**126,782**

	2023			
	12-month ECL *RMB'000*	Lifetime ECL not credit-impaired *RMB'000*	Lifetime ECL credit-impaired *RMB'000*	Total *RMB'000*
As at 1 January 2023	26,271	1,416	47,125	74,812
Transfer to lifetime ECL not credit-impaired	(122)	122	—	—
Transfer to lifetime ECL credit-impaired	(1,978)	(109)	2,087	—
Net re-measurement of loss allowance	(24,000)	(589)	5,614	(18,975)
Loans and advances newly originated	27,864	6,847	8,830	43,541
Write-offs	(171)	—	(2,586)	(2,757)
Amounts recovered	—	—	4	4
As at 31 December 2023	27,864	7,687	61,074	96,625

11 FACTORING RECEIVABLES

	At 31 December 2024 ***RMB'000***	At 31 December 2023 *RMB'000*
Factoring receivables	**229,019**	166,397
Less: Allowances for factoring receivables	**(36,522)**	(42,526)
	192,497	123,871

12 FINANCIAL ASSETS MEASURED AT FVOCI

	At 31 December 2024 ***RMB'000***	At 31 December 2023 *RMB'000*
Unlisted equity investments	**12,558**	25,371

13 FINANCIAL ASSETS MEASURED AT FVPL

	At 31 December 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Wealth management products	**134,161**	22,887
Unlisted equity investments	**12,719**	12,152
Financial assets arising from interest in jointly controlled Trust Plans	**6,420**	20,166
Convertible bonds	**—**	24,928
Redemption option arising from unlisted equity investments	**—**	1,556
	153,300	81,689

14 RECEIVABLE INVESTMENTS

	At 31 December 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Certificates of deposit	**10,734**	—
Trust products	**7,000**	7,000
Bonds	**—**	25,000
Subtotal	**17,734**	32,000
Accrued interest	**1,364**	1,364
Less: Allowances for impairment losses	**(6,473)**	(6,692)
	12,625	26,672

15 INTEREST-BEARING BORROWINGS

The interest-bearing borrowings were due for repayment as follows:

	At 31 December 2024 RMB'000	At 31 December 2023 RMB'000
Interest-bearing borrowings		
— Due for repayment within 1 year	**359,852**	210,455
Total	**359,852**	210,455

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

	Note	At 31 December 2024 RMB'000	At 31 December 2023 RMB'000
Bank loans			
— Unsecured		**250,490**	159,990
— Pledged		**40,000**	20,000
Other loans	(i)	**69,000**	30,000
		359,490	209,990
Accrued interest payable		**362**	465
		359,852	210,455

(i) As at 31 December 2024, RMB40,000,000 of other loans was secured by receivables from supply chain business amounting to RMB42,689,000. Please see Note 9(iii).

(ii) At 31 December 2024, loans bear interest at a range from 3.05% to 10.00% (2023: 3.80% to 10.00%) per annum.

16 LIABILITIES FROM GUARANTEES

	Note	At 31 December 2024 RMB'000	At 31 December 2023 RMB'000
Deferred income		**174,779**	209,836
Provisions for guarantee losses	(a)	**59,618**	55,918
		234,397	265,754

(a) Provisions for guarantee issued

	At 31 December 2024 *RMB'000*	At 31 December 2023 *RMB'000*
As at 1 January	**55,918**	99,790
Charge/(reversal) for the year	**3,700**	(43,872)
As at 31 December	**59,618**	55,918

17 CUSTOMER PLEDGED DEPOSITS AND ACCRUALS AND OTHER PAYABLES

(a) Customer pledged deposits

Customer pledged deposits refer to deposits received from customers as collateral security for the credit 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

	Note	At 31 December 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Notes payable		**—**	60,000
Accrued staff cost		**48,503**	46,589
Income tax payable		**35,955**	34,633
Advance payments	(i)	**42,035**	23,645
Accounts payable	(ii)	**33,477**	20,479
Payable to customers		**5,797**	7,504
Contract liabilities	(iii)	**3,531**	2,965
Withholding income tax		**4,472**	1,518
Dividends payable		**2,237**	1,452
Consulting service expense payable		**—**	174
Others		**9,232**	8,665
Total		**185,239**	207,624

(i) The Group receives advance payments from customers for the supply chain services. As at 31 December 2024, advance payments related to supply chain services amounted to RMB42,035,000 (31 December 2023: RMB23,645,000).

(ii) As of 31 December 2024, the amount of accounts payable is RMB33,477,000 (31 December 2023: RMB20,479,000), which mainly consisted of the Group's payment for the purchase of inventory goods from suppliers and the service fees for the delivery of goods by downstream partners;

As of 31 December 2024, accounts payable mainly represents the amount due to suppliers related to the Group's supply chain business;

As of 31 December 2024, the ageing of accounts payable (based on the invoice date) amounting to RMB31.35million (31 December 2023: RMB18.36 million) was within 1 year (inclusive), RMB0.69 million (31 December 2023: RMB1.59 million) were over 1 year but within 3 years and the rest were over 3 years.

(iii) Contract liabilities

	At 31 December 2024	At 31 December 2023
	RMB'000	*RMB'000*
Guarantee service and financing consultation service	**3,531**	2,965

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

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

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

18 DEBT SECURITIES ISSUED

	At 31 December 2024	At 31 December 2023
	RMB'000	*RMB'000*
Corporate Bonds — Par Value	**500,000**	500,000
Corporate Bonds — Interest Adjustment	**(658)**	(1,218)
Corporate Bonds — Accrued Interest	**9,983**	12,435
	509,325	511,217

Fixed rate corporate bonds with nominal value RMB260,000,000 and a term of five years were issued on 18 March 2021 ("**2021 Corporate Bond**"), whose coupon rate is 4.60% per annum. Another 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. For 2021 Corporate Bond, the Company issued an interest rate adjustment announcement on February 5, 2024, and decided to reduce the coupon rate to 3.40%, effective for 18 March 2024 to 18 March 2026.

As of 31 December 2024, the fair value of corporate bonds amounted to RMB506,483,000 (31 December 2023: RMB501,260,000).

As of 31 December, 2024, the Company has paid interest of RMB11,960,000 for the 2021 Corporate Bond and RMB8,400,000 for the 2022 Corporate Bond.

19 OTHER FINANCIAL INSTRUMENTS

	Note	**At 31 December 2024** ***RMB'000***	At 31 December 2023 *RMB'000*
Zhongshan Join-Share	(i)	**108,686**	110,063
Yunfu Guarantee	(ii)	**10,000**	10,000
Guangdong Finance Guarantee	(iii)	**30,000**	30,000
		148,686	150,063
Accrued interest		**802**	502
		149,488	150,565

(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' agreement 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 compensate for 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 are recognized financial liabilities in the consolidated financial statements of the Group, which are accounted for as other financial instruments.

20 FINANCIAL LIABILITIES MEASURED AT FVPL

	At 31 December 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Financial liabilities arising from interests in jointly controlled Trust Plans	**10,702**	23,968

During the year ended 31 December 2024, the Company and a third party group ("**Third Party**") entered into a series of contractual agreements related to certain designated collective fund trust plans ("**Trust Plans**"). Under these arrangements, the Company participates in the results with respect to the underlying investments and guarantees losses in excess of those absorbed by the Third Party. The Trust Plans are funded by designated investors. The underlying investments in the Trust Plans mainly include debts to corporate borrowers with pledged notes receivables.

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

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

				Proportion of ownership interest As at 31 December 2024					
Names of ventures	*Note*	**Form of business structure**	**Date and place of incorporation/ establishment**	**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 Huijnkeji 129–1**") ("**粵財信託•慧金科技129–1號集合資金信託計劃**")	(i)	Trust plan	June 2021 the PRC	RMB134,100 thousand	RMB134,100 thousand	50%	50%	0%	Investment
Yunnan Trust Qingquan 48 Single 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 thousand	RMB50,000 thousand	50%	50%	0%	Investment
Yunnan Trust Qingquan 37 Single 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 thousand	RMB161,000 thousand	50%	50%	0%	Investment

(i) As of 31 December 2024, the underlying loans of Yuecai Trust • Huijinkeji, 129–1 Collective Fund have all matured. As the borrowers of the underlying loans under the asset package were unable to repay the principal and interest as expected, the Group fulfilled its obligation of default guarantee payments to the Yuecai Trust in June 2024 according to the relevant guarantee contract, which was amounted to RMB17,829,069. As of 31 December 2024, the Group recovered part of the amount from the debtors, and the balance of the default guarantee payment for the Trust Plan was RMB17,411,801. As of 31 December 2024, the carrying amount of the financial assets of individually immaterial jointly controlled Trust Plans arising from the above matters in the consolidated financial statements was RMB3,184,763, which was accounted for as financial assets at fair value through profit or loss.

(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 is not required to perform the guarantee obligation for a certain grace period.

(iii) As of 31 December 2024, the underlying loans 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 Plans in September 2022 and October 2023 according to the relevant guarantee contract, which amounted to RMB58,139,000 and RMB49,637,000, respectively. In December 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. As of 31 December 2024, the Group recovered part of the amount from the debtors, and the balance of the default guarantee payment arising from the above matter was RMB49,959,825 (2023: RMB62,758,000). As of 31 December 2024, the carrying amount of the financial assets of individually immaterial jointly controlled Trust Plans arising from the above matters in the consolidated financial statements was RMB3,234,909, which was accounted for as financial assets at fair value through profit or loss.

The total carrying amount of financial assets of individually immaterial jointly controlled Trust Plans arising from items (i) and (iii) above in the consolidated financial statements was RMB6,419,672, and the carrying amount of financial liabilities arising from item (ii) in the consolidated financial statements was RMB10,701,879, which was accounted for as financial liabilities at fair value through profit or loss.

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

Aggregate information of individually immaterial jointly controlled Trust Plans:

	At 31 December 2024	At 31 December 2023
	RMB'000	*RMB'000*
Asset of aggregate carrying amount of individually immaterial jointly controlled Trust Plans in the consolidated financial statements	**6,420**	20,166
Liability of aggregate carrying amount of individually immaterial jointly controlled Trust Plans in the consolidated financial statements	**10,702**	23,968
Aggregate amounts of the Group's share of profit of these controlled Trust Plans in the consolidated financial statements:		
Loss from operation and total comprehensive income	**5,124**	48,623

As of 31 December 2024, the Company's maximum potential loss in relation to the financial guarantees issued in respect of the Trust Plans amounted to RMB75,905,000 (31 December 2023: RMB95,224,000), which would be recognised if the underlying investments of the Trust Plans default completely.

21 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

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

	Share capital *RMB'000*	Share premium *RMB'000*	Surplus reserve *RMB'000*	General reserve *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*
Balance at 31 December 2022	1,560,793	133,773	140,784	140,918	67,677	2,043,945
Changes in equity for 2023:						
Profit for the year	—	—	—	—	71,335	71,335
Total comprehensive income	—	—	—	—	71,335	71,335
Issue of ordinary shares	—	—	—	—	—	—
Appropriation to surplus reserve	—	—	7,603	—	(7,603)	—
Appropriation to general reserve	—	—	—	7,603	(7,603)	—
Dividends approved in respect of the previous year	—	—	—	—	(54,704)	(54,704)
Balance at 31 December 2023	1,560,793	133,773	148,387	148,521	69,102	2,060,576

	Share capital ***RMB'000***	**Share premium** ***RMB'000***	**Surplus reserve** ***RMB'000***	**General reserve** ***RMB'000***	**Retained earnings** ***RMB'000***	**Total** ***RMB'000***
Balance at 31 December 2023	**1,560,793**	**133,773**	**148,387**	**148,521**	**69,102**	**2,060,576**
Changes in equity for 2024:						
Profit for the year	**—**	**—**	**—**	**—**	**48,315**	**48,315**
Total comprehensive income	**—**	**—**	**—**	**—**	**48,315**	**48,315**
Issue of ordinary shares	**—**	**—**	**—**	**—**	**—**	**—**
Appropriation to surplus reserve	**—**	**—**	**5,574**	**—**	**(5,574)**	**—**
Appropriation to general reserve	**—**	**—**	**—**	**—**	**(31,218)**	**(31,218)**
Dividends approved in respect of the previous year	**—**	**—**	**—**	**5,572**	**(5,572)**	**—**
Balance at 31 December 2024	**1,560,793**	**133,773**	**153,961**	**154,093**	**75,053**	**2,077,673**

(b) Dividends

In accordance with the resolution of the Company's board of directors' meeting on 27 March 2024, the proposed dividends appropriations for the year ended 31 December 2024 are as follows:

— Cash dividends of RMB29,655,061.05 (2023: RMB31,215,853.74) to all shareholders representing RMB0.019 (2023: RMB0.02) per share before tax.

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

22 GUARANTEES ISSUED:

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

	At 31 December 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Financing guarantee	**3,988,892**	4,576,108
Performance guarantee	**3,603,841**	5,261,559
Litigation guarantee	**—**	6,501
Subtotal	**7,592,733**	9,844,168
Less: Customer pledged deposits	**(59,483)**	(51,559)
Total	**7,533,250**	9,792,609

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

23 COMMITMENTS AND CONTINGENT LIABILITIES

Litigation and disputes

As at 31 December 2024, the Group had no material outstanding litigation or disputes in which the Group was a defendant.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

In 2024, after weathering multiple shocks and due to the limited impact of contractionary monetary policies and the relative strength of major economies' labor markets, the world economy has shown signs of stabilisation, demonstrating notable resilience. Meanwhile, intensifying strategic rivalry among major powers, heightened geopolitical risks and a resurgence of trade protectionism were collectively undermining the momentum of global economic growth. Confronting mounting external pressures and intensifying domestic challenges, Chinese economy has demonstrated proactive and effective risk mitigation through a well-calibrated suite of macroeconomic policy measures. These timely and targeted interventions have underpinned stable economic performance with qualitative improvements, sustaining steady growth amid the global recovery backdrop. According to the National Bureau of Statistics' preliminary estimates, China's gross domestic product ("**GDP**") reached RMB134.9084 trillion in 2024, surpassing the RMB130 trillion threshold for the first time. In constant price terms, the economy expanded year-on-year by 5.0%, maintaining its position as the world's second-largest economy. A sectoral analysis reveals, the added value of primary industry was RMB9.1414 trillion, a 3.5% year-on-year increase; that of secondary industry was RMB49.2087 trillion, an increase of 5.3%; and that of tertiary industry was RMB76.5583 trillion, with a 5.0% growth. Quarterly performance exhibited a distinct V-shaped recovery trajectory, with Q1, Q2, Q3 and Q4 showing 5.3%, 4.7%, 4.6% and 5.4% year-on-year GDP growth, respectively.

In the past year, China's small and medium-sized enterprises (SMEs) have maintained overall stable operations with notable improvements in business vitality and growth momentum. Particularly in Q4, a combination of existing policy measures and newly introduced initiatives synergistically boosted SME confidence. Throughout the year, SMEs accelerated their transformation and upgrading processes, with digitalisation, intelligentisation and green transition emerging as primary development vectors. Adhering to the principles of "government guidance, social participation, professional operation and market-oriented management", with credit as the foundation, industry as the anchor and the finance as the driver, the Group has set up a systematic investment and financing service platform for SMEs. Rooted in Guangdong and extending nationwide, the Group is committed to supporting the development of SMEs by enhancing financing efficiency, reducing financing costs and alleviating funding challenges.

The Group obtained renewed approval for its financing guarantee business license from the Guangdong Provincial Local Financial Regulatory Authority in April 2020. Subsequently, its subsidiary, Guangdong Join-Share Financing Guarantee Co., Ltd.* (廣東中盈盛達融資擔保有限公司), was granted the Financing Guarantee Business License by the same regulatory body on 30 December 2022. With robust internal control and risk management systems in place, the Group ensures compliant operations and sustainable development. The year 2024 marks the first year of the Group's new twenty-year cycle. Benefiting from favorable policy tailwinds and positive industry trends, the Group has not only withstood market challenges, maintained fundamental stability and consolidated its achievements and brand reputation, but has also proactively optimized its business structure, innovated service model, identified strategic growth vectors and enhanced corporate governance. These initiatives have laid a solid foundation for long-term sustainable development of the Group, advancing the Group's vision of becoming a systematic investment and financing service provider for SMEs.

Mr. Wu Liejin, chairman of the Board ("**Chairman**") and president of the Group ("**President**"), stated that "we will continue to adhere to the dual principles of 'stability' and 'transformation' in our operations. With 'stability' as our foundation and 'transformation' as our driving force, we will steadfastly advance our initiatives to provide enhanced financing services for SMEs. Our focus remains on improving financing accessibility and reducing funding costs for SMEs, thereby enabling increased investment in innovation and business expansion. These efforts will contribute to the vitality of financial markets and provide greater financial support for China's economic development".

Business Review

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

Guarantee Business

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

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

As at 31 December 2024, the Group's total outstanding guarantee was approximately RMB7,533.25 million (31 December 2023: RMB9,792.61 million). For the year ended 31 December 2024, the net guarantee fee income was approximately RMB223.77 million (31 December 2023: RMB245.48 million).

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 (《融資擔保公司監督管理條例》) 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 year ended

* Monthly interest rates for entrusted loans and small loans, top five customer terms excluding overdue items.

31 December 2024, the monthly fixed interest rate charged by the Group for entrusted loans ranged from 0.5% (inclusive) to 1.15% (inclusive) (for the year ended 31 December 2023: from 0.5% (inclusive) to 1.15% (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 31 December 2024, the balance of the Group's entrusted loans was approximately RMB385.46 million (31 December 2023: RMB395.57 million). The top five customers of such business in terms of remaining balance represent approximately 47.32% of the total remaining balance of entrusted loans as at 31 December 2024 and their respective terms were as follows:

Borrower	**Cooperative institutions**	**Loan amount** *(RMB'000)*	**Loan balance as at 31 December 2024** *(RMB'000)*	**Loan interest rate** *(month, %)*	**Loan term**	**Type of guarantee**
Company A	Bank a	57,400	55,900	0.83	22 April 2024– 11 October 2025	Collateral loan
Company B	Bank a	42,000	42,000	0.58	21 June 2024– 26 July 2025	Credit loan
Company C	Bank b	30,000	30,000	1.03	7 November 2024– 28 April 2025	Collateral loan
Company D	Bank a	29,000	29,000	0.67	3 September 2024– 23 September 2025	Credit loan
Company E	Bank b	25,500	25,500	0.5	16 August 2024– 13 August 2025	Guarantee loan
Total		**183,900**	**182,400**			

(b) **Micro-lending business.** The Group, operated through Foshan Chancheng Join-Share Micro Credit Co., Ltd.* ("**Foshan Micro Credit**"), provides advances to SMEs, individual business proprietors and individuals in Foshan and charges fixed interest rate. According to relevant regulations, micro-lending business refers to lending business operated by micro-lending companies established subject to the approval from relevant government authorities. Lending business conducted by micro-lending companies must follow the principle of "small loans, and decentralised resource distribution". The amount of loans and repayment term must be determined with reference to factors such as the income, overall liabilities, asset position and actual demand of the borrowers to ensure the repayment amount may not exceed the borrowers' repayment capacity. The Group operates micro-lending business through its subsidiary Foshan Micro Credit, a limited liability company operating micro-lending business under the approval of the Guangdong Financial Supervisory Authority. Due to regulatory limits, the amount of micro-lending that the Group may provide is up to RMB15.00 million. For the year ended 31 December 2024, the monthly fixed interest rate charged by the Group for micro-lending ranged from 0.55% (inclusive) to 2.0% (inclusive) (for the year ended 31 December 2023: from 0.55% (inclusive) to 2.0% (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 31 December 2024, the balance of the Group's micro-lending was approximately RMB727.41 million (31 December 2023: RMB580.31 million). The top five customers of such business in terms of remaining balance represent approximately 10.31% of remaining balance of total micro-lending as at 31 December 2024 and their respective terms were as follows:

Borrower	**Loan amount** *(RMB'000)*	**Loan balance as at 31 December 2024** *(RMB'000)*	**Loan interest rate** *(month, %)*	**Loan term**	**Type of guarantee**
Individual A	15,000	15,000	1	30 July 2024–29 January 2025	Guarantee loan
Individual B	15,000	15,000	1.25	4 September 2024–3 January 2025	Collateral guarantee
Company F	15,000	15,000	1	7 November 2024–6 March 2025	Guarantee loan
Individual C	15,000	15,000	1.25	6 November 2024–5 May 2025	Collateral guarantee
Individual D	15,000	15,000	1	8 November 2024–7 March 2025	Guarantee loan
Total	**75,000**	**75,000**			

For the year ended 31 December 2024, the Group's net interest income was approximately RMB94.85 million, representing an increase of approximately 8.52% as compared to approximately RMB87.40 million for the year ended 31 December 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 adverse 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 into 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 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 or general meeting.

(b) For the collection of entrusted loans, post-loan management procedures are kick-started 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 organise 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 in an amount of RMB1,000,000 or more shall be approved by the micro-lending review committee and loans in an amount of less than RMB1,000,000 shall be approved by the general manager of the Company. The micro-lending review committee is led by the general manager of the Company and consists of five members with veto rights over loan applications. By strictly implementing the above-mentioned authorisation mechanism, the Company ensures that the terms and conditions of loans are in line with the credit policy of the Company.

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

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

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

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

Major Business Activities Undertaken by the Group During the Year

During the year ended 31 December 2024, with an aim to strengthen the Group's overall market position, the Group has undertaken the major business activities as follows:

(1) In June 2024, Yunfu Puhui Financing Guarantee Co., Ltd.* (雲浮市普惠融資擔保股份有限公司) of the Group has successfully executed the first "City Guarantee Express Loan (市擔快貸)" product in collaboration with ICBC Yunfu Branch, with the loan amount reaching RMB3 million. This milestone marks a significant upgrade in the "City Guarantee" business partnership, effectively alleviating the financing challenges of limited access and high costs for SMEs in the Yunfu region, thereby advancing the development of inclusive finance in that region. The "City Guarantee Express Loan (市擔快貸)" represents an innovative tripartite collaboration model involving government, banks, and guarantee institutions. By leveraging the complementary strengths of banks and guarantee institutions, this product provides a more efficient and cost-effective financing channel for SMEs and "agriculture, rural areas and farmers" entities. Customers can complete the entire application process through an online platform. Moreover, the product eliminates redundant review processes and multiple due diligence requirements between banks and guarantee institutions, creating a win-win scenario by "enhancing customer creditworthiness while mitigating bank risks".

(2) In August 2024, Foshan Join-Share Micro Credit Co., Ltd.* (佛山中盈盛達小額貸款有限公司) of the Group achieved another milestone with the successful registration and approval of five additional software copyrights by the National Copyright Administration of China. These include *Microfinance Risk Control Strategy Management System (小貸風控策略管理系統), Microfinance Market Expansion and Marketing Control System (小貸市場拓展及營銷管控系統), Microfinance Customer Management System (小貸客戶管理系統), Microfinance Intelligent Financial Management System (小貸智能財務管理系統), Microfinance Smart Contract and E-Signature Management System (小貸智能合同與簽章管理系統)*. These software copyright certificates signify authoritative recognition of the Group's independent intellectual property rights, while marking a significant advancement in the Group's digital transformation initiatives. With these new additions, Foshan Join-Share Micro Credit Co., Ltd.* (佛山中盈盛達小額貸款有限公司) has now accumulated a total of nine registered software copyrights.

(3) In October 2024, Country Garden Real Estate Group exercised early redemption of its corporate bonds and fully discharged all associated payment obligations, including both principal and interest. Consequently, in accordance with the guarantee agreement, the Group's guarantee obligations have been automatically released and terminated upon such early redemption.

(4) In December 2024, at the "Smart Inclusive Finance — 2024 SME Finance Forum and Inclusive Financial Innovation Development Symposium" (智普惠新金融–2024中小企業金融論壇暨普惠金融創新發展研討會) held in Beijing, the Group's project titled "Rural Revitalisation, Town-Street Model, and High-Quality Promotion of Manufacturing Leadership" (鄉村振興、鎮街模式、高質量推動製造業當家) was selected as a "2024 National Inclusive Finance Typical Cases" (2024年全國普惠金融典型案例). This exemplary case has been included in the forthcoming publication *National Inclusive Finance Case Studies Collection (2024) (《全國普惠金融典型案例集錦(2024)》)*, demonstrating widespread recognition from various sectors of society for the Group's innovative financial approaches in supporting the high-quality development of the real economy.

Financial Review

Net Guarantee Fee Income

The Group's total guarantee fee income decreased by approximately RMB20.84 million, or approximately 8.32%, from approximately RMB250.34 million for 2023 to approximately RMB229.50 million for 2024. Such decrease was mainly attributable to the Group's close tracking of changes in the macroeconomic environment, dynamic optimisation of its business layout, continuous enhancement of the proportion of low-risk business, and focus on the expansion of high-quality businesses such as the State Financing Guarantee Fund and Foshan Financing Guarantee Fund. In view of the low-risk business featuring lower fee rates, the guarantee income was affected to a certain extent in the short term, but it has effectively optimised the business structure and enhanced risk resistance, laying a solid foundation for the Group's long-term stable development.

Based on a comprehensive assessment of the market environment, regulatory policies and internal risk tolerance capability, the Group has adjusted its risk appetite strategy in a timely manner and strengthened its risk management by raising the entry requirements for the guarantee business. The measures put into practice include, but are not limited to, raising collateral requirements and implementing more stringent credit rating standards, which may lead to the loss of certain customers due to their inability to meet the new entry requirements, which in turn will have a certain impact on the scale of the business. At the same time, the optimisation of the risk control system and the active compression of the scale of high-risk business further led to a decline in business volume. As a result, the outstanding guarantees issued by the Group decreased from approximately RMB9,792.61 million in 2023 to approximately RMB7,533.25 million in 2024.

Net Interest Income

The Group's net interest income increased to approximately RMB94.85 million for 2024, as compared with approximately RMB87.40 million for 2023, which was a combined effect of factors set out below.

— interest income from entrusted loan business increased by approximately RMB2.02 million or approximately 7.80% from approximately RMB25.91 million for 2023 to approximately RMB27.93 million for 2024, which was mainly attributable to the improvement in loan turnover efficiency. In particularly, despite the slight decrease in loan balances during the reporting period, the significant increase in the number of new loan disbursements and the accelerated speed of fund turnover contributed to the year-on-year increase in overall interest income.

— interest income from micro-lending business increased by approximately RMB8.24 million or approximately 13.60% from approximately RMB60.60 million for 2023 to approximately RMB68.84 million for 2024, which was mainly attributable to the simultaneous upward trend of interest income from micro-lending with the significant increase in loan balances.

— interest income from the factoring business decreased by approximately RMB0.42 million or approximately 2.29% from approximately RMB18.35 million for 2023 to approximately RMB17.93 million for 2024, which was mainly attributable to the downward pressure on the economy which resulted in weakening repayment ability of customers, which in turn led to a corresponding decrease in interest income.

— interest income from bank saving and pledged deposit decreased by approximately RMB8.18 million or approximately 36.37% from approximately RMB22.49 million for 2023 to approximately RMB14.31 million for 2024, which was mainly attributable to the decrease in the balance of bank saving and pledged deposit.

Service Fee and other operating income

The Group's consultant service fee and other operating income slightly decreased from RMB27.45 million in 2023 to approximately RMB26.18 million in 2024.

— The Group's income from consultant service fee decreased by approximately RMB4.86 million, or approximately 33.29%, from approximately RMB14.60 million in 2023 to approximately RMB9.74 million in 2024, which was mainly due to the decline in the volume of the Group's business in tailor-made financing solutions for customers and provision of related advisory services in view of the lowering of the financing access threshold for commercial banks.

— The Group's revenue from supply chain business increased by approximately RMB3.59 million or approximately 27.94% from approximately RMB12.85 million in 2023 to approximately RMB16.44 million in 2024, mainly due to the Group's active promotion of the extension of its supply chain business to the grassroots level and its innovative "town-street model", which has injected new impetus into regional economic development by sinking its service network, accurately connecting with local characteristic industries, and guiding the efficient allocation of financial resources. This model not only effectively improved the coverage of supply chain financial services, but also provided strong financial support for the transformation and upgrading of local characteristic industries, realising positive interaction and synergistic development of industries and finance.

Other Revenue

The Group's other revenue decreased by approximately RMB13.99 million, or approximately 49.56%, from approximately RMB28.23 million for 2023 to approximately RMB14.24 million in 2024. The decrease in revenue from other businesses of the Group as compared to the previous year was mainly attributable to the adjustments made by the government to some of its support policies in order to optimise the industrial policy system, resulting in a significant year-on-year decrease in the government subsidies received by the Group.

Share of Losses of Associates

The Group recorded share of losses of associates of approximately RMB6.96 million for 2024 as compared with that of approximately RMB15.67 million for 2023. The decrease in share of losses of associates was mainly attributable to the significant improvement in the operating conditions of associates.

Provisions for Guarantee

Provisions for guarantee primarily reflect the management's estimate on the level of provisions that is adequate to the Group's guarantee business. The change in the provisions for guarantee from a reversal of approximately RMB43.87 million in 2023 to an increase of approximately RMB3.70 million in 2024 was mainly due to the fact that, affected by the macroeconomic environment, the Group has become more cautious in its risk preference and has taken the initiative to increase the level of reserves in order to further enhance its risk resilience and ensure financial stability.

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 is unable to be recovered; (ii) receivables from guarantee customers which reflect the net capital portfolio that is unable to be recovered for the financing solutions provided by the Group to its customers; (iii) loans and advances to customers which reflect the net amount of loans and advances to the customers primarily in the entrusted loan and micro-lending businesses that are unable to be recovered; (iv) factoring receivables which mainly reflect the net amount of factoring financing services provided to customers that are unable to be recovered; (v) supply chain business receivables which mainly reflect the prepayments of the supply chain business of the Company that are unable to be recovered; and (vi) investment property. The Group's impairment losses decreased by approximately RMB11.24 million, or approximately 7.69%, from approximately RMB146.08 million for 2023 to approximately RMB134.84 million for 2024, primarily due to (i) the decrease in the impairment loss of receivables from guarantee customers from approximately RMB12.54 million in 2023 to approximately RMB2.86 million in 2024; and (ii) the impairment loss on factoring receivables increase from a reversal of approximately RMB0.24 million in 2023 to a reversal of approximately RMB6.00 million in 2024.

Operating Expenses

The Group's operating expenses decreased by approximately RMB1.21 million, or approximately 0.84%, from approximately RMB143.38 million in 2023 to approximately RMB142.17 million in 2024, which was mainly due to: (i) the staff cost decreased from approximately RMB91.26 million in 2023 to approximately RMB88.77 million in 2024; (ii) the taxes cost decreased from approximately RMB2.93 million in 2023 to approximately RMB2.55 million in 2024; (iii) the finance cost decreased from approximately RMB0.84 million in 2023 to approximately RMB0.61 million in 2024, although (iv) the office cost increased from approximately RMB3.71 million in 2023 to approximately RMB4.75 million in 2024, such increase was offset by the aforementioned decrease.

Profit Before Taxation

As a result of the foregoing, the Group's profit before taxation decreased by approximately RMB8.46 million, or approximately 11.23%, from approximately RMB75.31 million for 2023 to approximately RMB66.85 million for 2024. The Group's profit before taxation accounted for approximately 20.90% and approximately 19.39% of the Group's revenue for 2023 and 2024, respectively.

Income Tax

Income tax decreased by approximately RMB9.42 million, or approximately 28.16%, from approximately RMB33.45 million for 2023 to approximately RMB24.03 million for 2024.

Profit for the Year

As a result of the foregoing, the Group's profit for the year increased by approximately RMB0.96 million, or approximately 2.29%, from approximately RMB41.86 million for 2023 to approximately RMB42.82 million for 2024, and the Group's net profit margin increased from approximately 11.62% for 2023 to approximately 12.42% for 2024.

Capital Expenditure

The Group's capital expenditures consist primarily of expenditures for the purchase of motor vehicles, office and other equipment, office decorations and purchase of software. For 2024, the Group's capital expenditures amounted to approximately RMB43.24 million (2023: RMB17.52 million), which was primarily related to purchase of houses and buildings.

Capital Commitments and Contingent Liabilities

As at 31 December 2024, the Group's outstanding capital commitments relates to (i) the total maximum guarantee issued to customers for its guarantee business amounted to approximately RMB7,533.25 million (31 December 2023: RMB9,792.61 million); and (ii) the Group's leases of office premises amounted to approximately RMB17.08 million (31 December 2023: RMB13.13 million).

Charge on Assets

As at 31 December 2024, the Group used its investment properties of approximately RMB0.75 million and fixed assets of approximately RMB27.33 million held by the Group as collaterals to guarantee the loans applied by an associate to banks. Meanwhile, pledged borrowings of RMB40.00 million was secured by receivables from supply chain business amounting to RMB42.69 million.

Prospects and Future Developments in the Business of the Group

(1) Development Trend of the Industry

Policy initiatives have been vigorously implemented to enhance financial services' support for the real economy and foster innovative development among SMEs.

As vital drivers of innovation, employment and social welfare, SMEs require greater attention and financial resource allocation compared to large corporations. In 2024, various government departments across China have prioritised SME development, adopted a dual approach of regulatory oversight and service enhancement, while simultaneously providing support and facilitating growth. This comprehensive strategy emphasises policy incentives, business environment optimization, service facilitation, innovation empowerment, and talent development to further expand the SME sector. According to data released by the Ministry of Industry and Information Technology, by the end of 2024, China's SME population exceeded 60 million, including over 600,000 technology and innovation-oriented SMEs, more than 140,000 specialised and sophisticated SMEs, 14,600 "little giant" enterprises, and 300 distinctive SME industrial clusters cultivated nationwide.

On 28 March 2024, the National Financial Regulatory Administration issued the *Notice on Advancing Inclusive Credit Services 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 mandates accelerating the development of an inclusive credit service system aligned with the real economy's needs, aiming to better fulfill the diverse financial requirements of micro and small enterprises, agricultural businesses, and key supported groups.

Subsequently, on 2 April 2024, the General Office of the State Council released the notice regarding the *Implementation Plan for Coordinated Development of Financing Credit Service Platforms to Enhance SME Financing Accessibility (《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 emphasizes accelerating the establishment of a new development paradigm, promoting high-quality growth, improving data infrastructure, strengthening the coordinated development of financing credit service platforms, advancing the "Credit-Easy Loan" initiative, deepening the application of credit big data, ensuring information security, and protecting the legal rights of businesses, particularly SMEs, to provide high-quality financial services.

On 14 June 2024, the Ministry of Finance and the Ministry of Industry and Information Technology jointly issued the *Notice on Further Supporting High-Quality Development of Specialized and Sophisticated SMEs (《關於進一步支持專精特新中小企業高質量發展的通知》)*. This initiative provides central fiscal support to over 1,000 key "little giant" enterprises, aiming to foster new growth drivers, tackle technological challenges, develop innovative products, and enhance industrial chain capabilities. The policy encourages SMEs to focus on their core businesses, refine their operations, and drive the development of new quality productivity through technological innovation. In April 2024, the People's Bank of China, in collaboration with the Ministry of Science and Technology and other departments, established a RMB500 billion re-lending facility for technological innovation and technical transformation, of which RMB100 billion is allocated to support first-time loans for early-stage and growth-phase tech SMEs.

Bolstered by these policy measures, financial institutions have strengthened their service capabilities, directing more bank loans towards SMEs to better facilitate their development. According to data released by the National Financial Regulatory Administration, as of the end of Q4 2024, the outstanding balance of loans to SMEs reached RMB81.4 trillion, including RMB33.3 trillion in inclusive loans to micro and small enterprises with credit lines of RMB10 million or less, representing a year-on-year increase of 14.7%. Simultaneously, credit support for technology innovation enterprises has intensified. By the end of Q4 2024, 262,500 tech SMEs had obtained loan support, with a loan penetration rate of 46.9%, up 2.1 percentage points from the same period in 2023. The outstanding balance of loans in both domestic and foreign currencies to tech SMEs reached RMB3.27 trillion, a year-on-year increase of 21.2%, surpassing the overall loan growth rate by 14 percentage points. Additionally, in 2024, the National Financing Guarantee Fund's re-guarantee business volume reached RMB1.41 trillion, a 7.6% year-on-year increase, with the majority supporting labor-intensive micro enterprises and individual businesses across industries such as light industry and textiles, accommodation and catering, postal and warehousing, wholesale and retail, and construction, benefiting an employment base of approximately 12 million people.

Creating a Favorable Financing Environment to Address SMEs Financing Difficulties and High Costs

Improving the financing challenges of SMEs is a long-term task, and a favorable financing environment serves as a crucial engine for activating the internal dynamics of SMEs and enhancing market vitality. In 2024, bolstered by financial support policies, many regions have promoted financial innovation, gradually improved credit enhancement mechanisms, and enhanced the accessibility of financing for SMEs. This has resulted in increased financing scale, reduced financing costs, and expanded financing channels, effectively addressing long-standing challenges.

On 20 May 2024, the General Office of the Ministry of Industry and Information Technology issued a notice on launching the 2024 National SME Service Month. The notice emphasised promoting high-quality development of SMEs as the main focus, addressing their operational pain points, and adhering to demand-driven and problem-oriented approaches. It called for strengthened coordination among SME regulatory departments, associations/chambers of commerce, and service institutions, mobilising various service resources to conduct diverse and meaningful SME service activities, fostering specialised and sophisticated development of SMEs.

On 28 June 2024, seven departments including the People's Bank of China jointly issued the *Work Plan for Solidly Advancing Science and Technology Finance (《關於扎實做好科技金融大文章的工作方案》)*, requiring financial institutions and markets to comprehensively enhance their capabilities, intensity and level in providing technology financial services. The plan aims to offer full-chain, life cycle financial services for innovation activities, with a particular focus on supporting small and medium-sized tech enterprises. It also seeks to improve credit and insurance products tailored to the characteristics of early-stage and growth-phase tech companies, deepen regional equity market innovation pilots, and diversify funding sources and exit channels for venture capital funds.

On 5 August 2024, the People's Bank of China, the National Financial Regulatory Administration, the China Securities Regulatory Commission, the Ministry of Finance, and the Ministry of Agriculture and Rural Affairs jointly released the *Notice on Strengthening Financial Support for Comprehensive Rural revitalisation by Learning from the 'Thousand Villages Demonstration, Ten Thousand Villages Improvement' Project (《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**"). The Notice highlighted the implementation of five major initiatives to enhance financial support for rural revitalisation, leveraging monetary policy tools such as agricultural and small business re-lending, rediscounting, and re-lending for technological innovation and technical transformation, encouraging financial institutions to issue special financial bonds and support agricultural enterprises in raising funds through financing instruments, ensuring sustained investment in key areas of rural revitalization.

On 24 September 2024, the National Financial Regulatory Administration issued the *Notice on Improving SME Financial Services through Enhanced Loan Renewal Support (《關於做好續貸工作提高小微企業金融服務水平的通知》)* (hereinafter referred to as the "**Notice**"). The Notice outlined seven key measures, including optimising loan service models, increasing loan renewal support, reasonably determining risk classifications for renewed loans, strengthening risk management of renewed loans, improving accountability mechanisms, enhancing financing service levels, and gradually expanding the scope of eligible borrowers. These measures aim to improve loan renewal processes and elevate the quality of financial services for SMEs.

The Board believes that financing guarantee institutions, as a vital component of the financial system, play an irreplaceable role in providing credit support and reducing financing risks for SMEs. Their stable and healthy development is conducive to optimising financial resource allocation and improving the efficiency of the financial system. In recent years, the financing environment for SMEs has continuously improved, with the proportion of financial loans gradually increasing and the share of movable asset financing also rising, driven by digital technologies. China's inclusive finance has evolved into a multi-tiered and broadly covered service system, with increasing coverage and accessibility, while financing costs have steadily declined. As a financing guarantee enterprise, the Group will, based on its principal guarantee business, actively fulfill its mission of supporting rural revitalization and the real economy, providing comprehensive, integrated financial services tailored to the diverse needs of SMEs at different stages of development. By advancing the "Five Major Themes" of finance, the Group is committed to contributing to the high-quality development of China's economy.

(2) Development Strategies of the Group

In 2024, China overcame multiple challenges posed by complex domestic and international environments to develop economy, successfully achieving its major expected targets. It realised both qualitative improvements and reasonable quantitative growth, with economic scale reaching new heights. The momentum and confidence in high-quality development have strengthened, contributing significantly to global growth and remaining a key driver of the world economy. Looking ahead to 2025, China faces both opportunities and challenges in economic development. While the adverse effects of external environmental changes persist and the growing pains of domestic transformation and upgrading remain evident, the fundamental conditions and long-term upward trend of economic development remain unchanged. Challenges present opportunities, and navigating these challenges will create space for adapting to new situations and achieving tangible development outcomes, driving sustained economic recovery and growth.

Established in May 2003 with initial funding from the Foshan Municipal Government, the Group has developed a unique mixed-ownership model in the financing guarantee industry over the years. On 23 December 2015, the Company was successfully listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 01543.HK). At the forefront of unprecedented global changes, the Group has remained closely aligned with the needs of real economic development, focusing on serving SMEs. It has continuously deepened its efforts in the "Five Major Themes of Finance," including science and technology finance, and explored the deep integration of financial technology with business operations. By innovating financial products and service models, the Group provides high-quality, efficient, and convenient financial services to support technological innovation and industrial development, consistently enhancing the effectiveness of financial services in serving the real economy. Since its establishment, the Group has cumulatively provided RMB500 billion in investment and financing services to 50,000 SMEs and has served or invested in over 60 listed companies.

In 2025, the Group intends to take the following measures:

1. **Continue to promote the adjustment of the Group's top-level structure.** The Company will complete the transition of the Group's financial guarantee business to the sub-financial guarantee company as soon as possible and promote the business of the sub-financial guarantee company. We will further enhance the Group's level of control, improve corporate governance, optimise the organisational structure, reduce costs and increase efficiency, improve the control system and processes, and enhance competitiveness to cope with market changes.

2. **Deploy a five-year development plan.** Under the guidance of a third-party professional organisation, and taking into account regulatory policies, industry characteristics and the actual situation of the Company, the Company will thoroughly summarise the difficulties encountered in its past development, sort out its strategic direction and make a development plan of the Group for the next five years in the light of the development opportunities.

3. **Integrating various types of resources to enhance the level of revenue.** The Company will adjust and optimise the business structure, focusing on relatively low-risk guarantee business such as policy guarantee business and non-financing guarantee; implement the requirements of governments at all levels to support science and technology-based enterprises, and actively carry out business such as "science and technology guarantee"; summarise the experience of the 'Town-Street Industrial Risk Compensation Fund Mode and continue to promote it in the key town-street of the five districts of Foshan City, so as to drive the sinking of inclusive finance with the town-street fund.

4. **Risk prevention and control, and technology empowerment.** On the premise of completing the annual performance target, we will take risk prevention measures, improve the level of risk control, build a "full-process risk prevention and control + professional disposal system", improve the efficiency of recovery, and achieve risk control and maximise asset value through the synergy of system, technology and organisation. The Company will further improve and upgrade the Company's self-developed "Join-Share Wolong AI" to empower the core business scenarios, strengthen the cross-border data integration with the governmental system, and make use of data analysis for decision-making support to strengthen the construction of intelligent risk control.

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 before the higher equity holders/shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Foreign Exchange Risks

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

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

Liquidity and Capital Resources

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

As at 31 December 2024, the Group's cash and bank deposits was approximately RMB887.15 million.

Indebtedness

As at 31 December 2024, the Group's interest-bearing borrowings amounted to approximately RMB359.85 million which are repayable within one year bearing interest at a range of from 3.05% to 10% per annum.

As at 31 December 2024, the Group has issued Corporate Bonds of the nominal value of RMB500.00 million, among which the nominal value of the Tranche 1 and 2 was RMB260.00 million and RMB240.00 million, respectively with a coupon rate of 4.6% and 3.5%.

In addition, as at 31 December 2024, the Group had other financial instruments of approximately RMB149.49 million, financial liabilities measured at FVPL of approximately RMB10.70 million and lease liabilities of approximately RMB17.08 million.

The gearing ratios of the Group as at 31 December 2024 and 31 December 2023 were 39.22% and 37.81%, respectively, which were calculated by dividing total liabilities by total assets. Such increase in gearing ratio was mainly attributable to the issue of corporate bonds (tranche 1).

Off-Balance Sheet Arrangements

The Group enters into guarantee contracts with off-balance-sheet risk in the ordinary course of its business. The contract amount reflects the extent of the Group's involvement in the financing guarantee business and represents its maximum exposure to credit loss. As at 31 December 2024, the Group's outstanding guarantee totaled approximately RMB7,533.25 million. Save as disclosed above, the Group had no other off-balance-sheet arrangements as at 31 December 2024.

Significant Investments

Save as disclosed under the paragraphs headed "Major business activities undertaken by the Group during the year" in this Management Discussion and Analysis, the Group had no significant investments for the year ended 31 December 2024.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

Save as disclosed under the paragraphs headed "Major business activities undertaken by the Group during the year" in this Management Discussion and Analysis, there were no material acquisitions or disposals of subsidiaries, associates and joint ventures by the Group during the year ended 31 December 2024.

Future Plans for Material Investments or Capital Assets

The Group had no specific plan for material investments or capital assets as at 31 December 2024.

EVENTS AFTER REPORTING PERIOD

From 31 December 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 31 December 2024 was 291 (31 December 2023: 294). As at 31 December 2024, the number of staff holding a bachelor's degree or above was 253, 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 sustaining the development and growth of the Group and in raising its profitability. The Group offers a base salary with bonuses based on its employees' performance and benefits and allowances to all its employees as an incentive. For the year ended 31 December 2024, the Group incurred staff costs (including salaries, wages, bonuses and other benefits and contributions to retirement schemes) of approximately RMB88.77 million. The Group also offers trainings to its new employees once a year. The Directors believe that both the performance-based salary and staff training play an important role in recruiting and retaining talent as well as enhancing employee loyalty.

The Group is required to participate in pension schemes organised by the respective local governments of the PRC whereby the Group is required to pay annual contributions for PRC based employees at certain rate of the standard wages determined by the relevant authorities in the PRC during the year. The Group has complied with the relevant requirements during the year ended 31 December 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2024, there was no purchase, sale or redemption of any listed securities (including sale of treasury shares (as defined under the Listing Rules)) of the Company by the Company or any of its subsidiaries. As at 31 December 2024, the Company did not hold any treasury shares.

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). As at the date of this announcement, the Audit Committee comprises five members, namely, Mr. Wu Xiangneng (Chairman), Mr. Leung Hon Man, Ms. Li Xia, Mr. Huang Weibo and Ms. Feng Qunying, three of whom are independent non-executive Directors. The Audit Committee has reviewed and discussed the annual results of the Group for the year ended 31 December 2024. The Audit Committee has also reviewed with the management, the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the audit of the consolidated financial statements for the year ended 31 December 2024.

SCOPE OF WORK OF THE INDEPENDENT AUDITOR

The Group's annual results for the year ended 31 December 2024, including the accounting principles and practices adopted, have been reviewed by the Audit Committee in conjunction with the Company's external auditor. The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position and the related notes thereto for the year ended 31 December 2024 as set out in this audited annual results announcement have been agreed by the Company's external auditor, KPMG, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2024. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by KPMG on this audited annual results announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to achieving high standards of corporate governance in order to safeguard the interests of its Shareholders and enhance corporate value and accountability of the Company. The Company has adopted the CG Code as its own code of corporate governance. During the year ended 31 December 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.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as the code of practice for carrying out securities transactions by the Directors and supervisors of the Company. Having made specific enquiry with the Directors and supervisors of the Company, they have confirmed their compliance with the relevant standards stipulated in the Model Code during the year ended 31 December 2024.

FINAL DIVIDEND

The Board recommends the distribution of a final dividend of RMB0.019 (before considering any tax effect) per each domestic share (the "**Domestic Share(s)**") and H share (the "**H Share(s)**") of the Company (Collectively, the "**Share(s)**") for the year ended 31 December 2024, amounting to, in aggregate, RMB29,655,061.05 (the "**2024 Final Dividend**"). No Shareholder has waived or agreed to waive the 2024 Final Dividend.

According to the articles of association of the Company, dividend payable to holders of Domestic Shares will be paid in Renminbi, whereas dividend payable to holders of the H Shares will be declared in Renminbi and paid in Hong Kong dollars. The exchange rate of which will be calculated in accordance with the related national regulations on foreign exchange control. The 2024 Final Dividend will be subject to approval by Shareholders at the forthcoming 2024 annual general meeting (the "**AGM**") and is expected to be paid on or about 30 July 2025.

Pursuant to the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》), the Implementation Regulations of the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法實施條例》), the Administrative Measures of the State Administration of Taxation on Tax Convention Treatment for Non-resident Taxpayers (No. 35 of the Announcement of the State Administration of Taxation for 2019) (《國家稅務總局非居民納稅人享受協定待遇管理辦法》) (國家稅務總局公告2019年第35號), the Notice of the State Administration of Taxation on the Questions Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), other relevant laws and regulations and other regulatory documents, the Company shall, as a withholding agent, withhold and pay individual income tax for the individual holders of H Shares in respect of the dividend to be distributed to them. However, the individual holders of H Shares may be entitled to certain tax preferential treatments pursuant to the tax treaties between the PRC and the countries (regions) in which the individual holders of H Shares are domiciled and the tax arrangements between Mainland China, Hong Kong or Macau. For individual holders of H Shares in general, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the individual holders of H Shares in the distribution of the dividend. However, the tax rates applicable to individual holders of H Shares overseas may vary depending on the tax treaties between the PRC and the countries (regions) in which the individual holders of H Shares are domiciled, and the Company will withhold and pay individual income tax on behalf of the individual holders of H Shares in the distribution of the dividend accordingly.

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

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

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

ANNUAL GENERAL MEETING

The AGM will be held on 6 June 2025. The notice of the AGM will be published and dispatched to Shareholders in the manner as stipulated under the Listing Rules when appropriate.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the Shareholders' eligibility to attend the AGM, the register of members of the Company will be closed from Tuesday, 3 June 2025 to Friday, 6 June 2025, both days inclusive, during which no transfer of shares will be registered. Only Shareholders whose names appear on the register of members of the Company on Friday, 6 June 2025 or their proxies or duly authorised corporate representatives are entitled to attend the AGM. In order to qualify for attending and voting at the AGM, all properly completed transfer documents accompanied with relevant share certificates must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares), or the Company's office in the PRC at Room 4101–4110, Block 1, Join-Share International Financing Center, No. 31 Fuhua Road, Dongping Community, Lecong Town, Shunde District, Foshan, Guangdong Province, the PRC (for holders of Domestic Shares) not later than 4:30 p.m. on Monday, 2 June 2025.

In order to determine the Shareholders entitled to the 2024 Final Dividend, the register of members of the Company will be closed from Thursday, 12 June 2025 to Tuesday, 17 June 2025, both days inclusive, during which no transfer of Shares will be registered. Only Shareholders whose names appear on the register of members of the Company on Tuesday, 17 June 2025 are entitled to the 2024 Final Dividend. In order to qualify for receiving the 2024 Final Dividend which is still subject to approval of the Shareholders at the AGM, all properly completed transfer documents accompanied with relevant Share certificates must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares), or the Company's office in the PRC at Room 4101–4110, Block 1, Join-Share International Financing Center, No. 31 Fuhua Road, Dongping Community, Lecong Town, Shunde District, Foshan, Guangdong Province, the PRC (for holders of Domestic Shares) not later than 4:30 p.m. on Wednesday, 11 June 2025

ANNUAL REPORT

The annual report of the Company for the year ended 31 December 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 April 2025.

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

Foshan, the PRC, 27 March 2025

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

* *for identification purpose only*