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 limited liability company incorporated in the People's Republic of China)

Stock Code: 1543

2017 Interim Report

* For identification purpose only

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Corporate Information

EXECUTIVE DIRECTORS

Mr. Wu Liejin (吳列進)
Mr. Xie Yongdong (謝勇東)

NON-EXECUTIVE DIRECTORS

Mr. Zhang Minming (張敏明)
Ms. Gu Lidan (顧李丹)
Ms. Wu Yanfen (吳艷芬)
Mr. Huang Guoshen (黃國深)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wu Xiangneng (吳向能)
Mr. Leung Hon Man (梁漢文)
Mr. Liu Heng (劉恒)

SUPERVISORS

Mr. Li Qi (李琦)
Ms. Feng Qunying (馮群英)
Mr. Wang Wei (王維)
Mr. Liang Yi (梁毅)
Mr. Liao Zhenliang (廖振亮)
Mr. Zhong Jian (鍾堅)

AUDIT COMMITTEE

Mr. Wu Xiangneng (吳向能) *(Chairman)*
Mr. Leung Hon Man (梁漢文)
Mr. Huang Guoshen (黃國深)

REMUNERATION AND APPRAISAL COMMITTEE

Mr. Leung Han Man (梁漢文) *(Chairman)*
Mr. Liu Heng (劉恒)
Mr. Wu Xiangneng (吳向能)
Mr. Zhang Minming (張敏明)
Mr. Xie Yongdong (謝勇東)

NOMINATION COMMITTEE

Mr. Wu Liejin (吳列進) *(Chairman)*
Mr. Leung Hon Man (梁漢文)
Mr. Liu Heng (劉恒)
Mr. Wu Xiangneng (吳向能)
Ms. Wu Yanfen (吳艷芬)

RISK MANAGEMENT COMMITTEE

Mr. Zhang Minming (張敏明) *(Chairman)*
Mr. Wu Liejin (吳列進)
Mr. Xie Yongdong (謝勇東)
Mr. Huang Guoshen (黃國深)
Mr. Wu Xiangneng (吳向能)

STRATEGY COMMITTEE

Mr. Wu Liejin (吳列進) *(Chairman)*
Mr. Zhang Minming (張敏明)
Mr. Xie Yongdong (謝勇東)
Ms. Gu Lidan (顧李丹)
Mr. Liu Heng (劉恒)

JOINT COMPANY SECRETARIES

Mr. Wong Yat Tung (黃日東)
Mr. Zheng Zhengqiang (鄭正強)

AUTHORISED REPRESENTATIVES

Mr. Wu Liejin (吳列進)
Mr. Wong Yat Tung (黃日東)

REGISTERED OFFICE

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Corporate Information (Continued)

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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LEGAL ADVISORS AS TO HONG KONG LAW

Deacons

AUDITORS

KPMG
Certified Public Accountants

COMPANY'S WEBSITE

www.join-share.com

STOCK CODE

1543

Management Discussion and Analysis

OVERVIEW

In the first half of 2017, from a macro-economic perspective, the economy in China was running steadily with some progress, and the government's emphasis was placed on the supply-side reform aiming at aligning long-term development and short-term growth. Against the backdrop, Guangdong Join-Share Financing Guarantee Investment Co., Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") made headway in achieving a stable and healthy development through the support of its employees at all levels, and maintaining perseverance in overcoming obstacles and challenges in line with its working philosophy of "risk prevention and control as well as innovative development" as developed early this year.

The Group is a financial service provider committed to offering comprehensive financing services to individuals and small and medium sized enterprises ("**SMEs**") and micro enterprises in China. The Group has developed a sound track record of more than 14 years of providing financing guarantee services to SMEs, and has built strong brand recognition, outstanding risk control capability, excellent service and innovation, and an extensive cooperation network, thanks to the continuous commitment of its professional and efficient working team. The Group will continue to leverage on its established leading position in terms of brand reputation, financial strength, service offering, risk management, cooperation channels and staff training to achieve growth and create value to its shareholders. The Group has always been focusing on providing financing guarantee services to SMEs, and formulated a professional model of "financing in small amount with diversified portfolio and effective risk control". The Group adheres to risk prevention and control as the bottom line while encourages innovative development, devotes substantive effort into marketing campaigns and products and services innovation with a view to striving for organic growth, development in diversity and smooth operation. The Group managed to achieve approximately 10.5% increase in revenue in the first half of 2017 compared to that in the first half of last year.

During the reporting period, the Company was elected as the Vice Chairman of China Financial Guarantee Association (中國融資擔保業協會), the Chairman of Guangdong Credit Association (廣東省信用協會), while Mr. Wu Liejin, the chairman of the board of directors of the Company (the "**Board**"), was awarded titles of "Guangdong Top Ten Influential Individuals in Economy (廣東十大經濟風雲人物)" and "Top 10 Huishang Leaders (十大徽商領袖)".

BUSINESS REVIEW

The Board is pleased to announce that, in the first half of this year, the Group maintained sound operation and management with stable performance and bright development momentum.

I Business Highlights

1. Growth in both revenue and profit: In the first half of 2017, the Group achieved revenue of RMB136.4 million and profit for the period of RMB63.0 million, representing an increase of 10.5% and 2.1% as compared to the same period in 2016.

2. Steady expansion of the Group's guarantee business: As at 30 June 2017, the total amount of outstanding guarantees issued by the Group exceeded RMB8,490.7 million, representing an increase of approximately 28.4% as compared to 31 December in 2016.

3. Stable cooperation with external institutions: As of 30 June 2017, the Group had established cooperation with approximately 20 banks and other financial institutions, with bank credit of more than RMB7.8 billion. Upon the listing of the Company's H shares on the main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), the corporate reputation of the Group has been further enhanced, and the Group has received further recognition from external partners, leading to a further increase in leverage ratio. Against the backdrop of a relatively promising economic and financial environment in Guangdong as well as its prudent business operations, the Group has maintained harmonious cooperation with various partners and expects a promising outlook along with steady positive growth.

II Market Exploration and Innovation

1. Embrace the use of internet: In light of the blooming of the e-commerce and online business as well as the rapid growth in the Fin-Tech sector in the PRC, the Group has been carrying out independent research and development of business management and risk management systems in relation to the launching of its products on various internet-based platforms in the future to capture business opportunities with the application of online technology.

2. Product innovation: With the provision of guarantee services as its core business, the Group has introduced a wide array of financial services and products including diversified financial services and financial consulting business to its customers. The Group has also collaborated with PICC Capital Investment Management Company Limited for the launch of "capital management products dedicated to agricultural development and SMEs", and with Haier Finance Company Limited for the launch of a series of low-risk and high-yield business products, including "海爾通產品 (Haier Connect)", further expanding its product mix.

FINANCIAL REVIEW

Net Guarantee Fee Income

For the six months ended 30 June 2017, the Group's net guarantee fee income increased by approximately RMB3.5 million, or approximately 5.5%, to approximately RMB66.6 million for the six months ended 30 June 2017 from approximately RMB63.1 million for the six months ended 30 June 2016. Such increase was mainly attributable to (i) the Group's adjustment to the structure of the guarantee business and prudent operation of the financing guarantee business, which resulted in a decrease of approximately 5.8% in the average balance of outstanding financing guarantee and a decrease of RMB2.3 million, or approximately 3.9%, in the financing guarantee income; and (ii) the Group's increased efforts in expanding its non-financing guarantee business, which resulted in an increase of approximately RMB7.7 million or approximately 111.6% in its non-financing guarantee income which partly offset the decrease in the financing guarantee income.

Net Interest Income

The Group's net interest income increased by approximately RMB3.7 million, or approximately 8.3%, to approximately RMB48.4 million for the six months ended 30 June 2017 from approximately RMB44.7 million for the six months ended 30 June 2016, primarily due to the increase of 3.8% and 23.7% of its interest income from the entrusted loans and the micro-lending business, respectively.

The interest income from the Group's entrusted loan business increased by approximately RMB1.1 million or approximately 3.8% to approximately RMB29.7 million for the six months ended 30 June 2017 from approximately RMB28.6 million for the corresponding period in 2016, which was attributable to (i) the period-on-period increase of approximately 8.1% in the average monthly balance of the entrusted loans for the six months ended 30 June 2017; and (ii) the increase in the proportion of entrusted loans with larger amount and lower interest rate to its entrusted loans combination for the six months ended 30 June 2017.

The interest income from the Group's micro-lending business for the six months ended 30 June 2017 increased by approximately RMB4.5 million or approximately 23.7% to approximately RMB23.5 million for the six months ended 30 June 2017 from approximately RMB19.0 million in the corresponding period in 2016, primarily due to the period-on-period increase in average monthly balance of its micro-lending business by approximately 25.9%.

Service Fee from Consulting Services

The Group's service fee from consulting services increased by approximately RMB5.7 million, or approximately 36.3%, to approximately RMB21.4 million for the six months ended 30 June 2017 from approximately RMB15.7 million for the six months ended 30 June 2016, primarily due to the launch of financial services and products including diversified finance and financial consulting business as well as the Group's active expansion of client base.

Other Revenue

The Group's other revenue decreased by approximately RMB10.6 million, or approximately 70.2%, to approximately RMB4.5 million for the six months ended 30 June 2017 from approximately RMB15.1 million for the six months ended 30 June 2016, primarily due to (i) a decrease of investment income of available-for-sale financial assets (listed security) reclassified from equity on disposal from approximately RMB9.6 million for the six months ended 30 June 2016 to nil for the six months ended 30 June 2017; and (ii) a decrease of foreign exchange gains from approximately RMB2.9 million for 2016 to nil for the six months ended 30 June 2017, and such decreases were partially offset by the increase in investment income of receivable investments and disposal gains of available-for-sale financial assets of approximately RMB1.0 million and RMB0.8 million from approximately RMB0.2 million and RMB1.1 million respectively for the six months ended 30 June 2016 to approximately RMB1.2 million and RMB1.9 million, respectively, for the six months ended 30 June 2017.

Provisions for Guarantee Losses

Provisions for guarantee losses primarily reflect the management's estimate on the level of provisions that is adequate to the Group's guarantee business. The Group made reversal for guarantee losses of approximately RMB2.2 million for the six months ended 30 June 2017 compared to reversal of approximately RMB6.5 million for the six months ended 30 June 2016, primarily due to a decrease by RMB104.2 million or approximately 3.4% of the balance of outstanding financing guarantee from approximately RMB3,092.8 million as of 31 December 2016 to approximately RMB2,988.6 million as of 30 June 2017 which was mainly due to the Group's adjustment to the structure of the guarantee business and prudent operation of the financing guarantee business.

Impairment Losses

Impairment losses mainly include impairment allowances the Group makes in relation to (i) receivables from guarantee customers which reflect the net amount of the capital portfolio of financing solutions we provided to customers not being able to be recovered by the Group; and (ii) loans and advances to customers primarily in the Group's entrusted loan and micro-lending businesses, which reflect the net amount of loans and advances to the customers not being able to be collected by the Group. The Group's impairment losses decreased by approximately RMB9.6 million, or approximately 34.7%, to approximately RMB18.1 million for the first half of 2017 from approximately RMB27.7 million for the six months ended 30 June 2016, primarily due to a decrease of the impairment losses for the receivables of default guarantee payments by approximately RMB25.1 million, or approximately 102.9%, from approximately RMB24.4 million for the six months ended 30 June 2016, which was partially offset by an increase in losses for receivables for guarantee payments by approximately RMB11.0 million, or approximately 1,375.0%, from approximately RMB0.8 million for the six months ended 30 June 2016 to approximately RMB11.8 million for the six months ended 30 June 2017 to reversal of RMB0.7 million for the six months ended 30 June 2017.

Operating Expenses

The Group's operating expenses increased by approximately RMB5.6 million, or approximately 16.4%, to approximately RMB39.7 million for the six months ended 30 June 2017 from approximately RMB34.1 million for the six months ended 30 June 2016, mainly attributable to (i) an increase in professional and consultancy fees by RMB3.8 million from approximately RMB1.7 million for the six months ended 30 June 2016 to approximately RMB5.5 million for the six months ended 30 June 2017; (ii) an increase by RMB2.4 million of foreign exchange losses from nil for the six months ended 30 June 2016 to approximately RMB2.4 million for the six months ended 30 June 2017; (iii) an increase in staff cost by RMB0.7 million from approximately RMB17.8 million for the six months ended 30 June 2016 to approximately RMB18.5 million for the six months ended 30 June 2017; and (iv) such increases were offset by the decrease in business tax and surcharges by RMB1.9 million from approximately RMB2.3 million for the six months ended 30 June 2016 to approximately RMB0.4 million for the six months ended 30 June 2017.

Profit before Taxation

As a result of the foregoing, the Group's profit before taxation increased by approximately RMB2.0 million, or approximately 2.4%, to approximately RMB85.3 million for the six months ended 30 June 2017 from approximately RMB83.3 million for the six months ended 30 June 2016. The Group's profit before taxation accounted for approximately 62.5% and 67.5% of its revenue for the six months ended 30 June 2017 and 2016, respectively.

Income Tax

The Group's income tax increased by approximately RMB0.5 million, or approximately 2.3%, to approximately RMB22.2 million for the six months ended 30 June 2017 from approximately RMB21.7 million in the corresponding period in 2016, primarily due to the increase in its taxable profits.

Profit for the Period

As a result of the foregoing, the Group's profit for the year increased by approximately RMB1.3 million, or approximately 2.1%, to approximately RMB63.0 million for the six months ended 30 June 2017 from approximately RMB61.7 million for the corresponding period in 2016, and its net profit margin slightly decreased to approximately 46.2% for the six months ended 30 June 2017 from approximately 50.0% for the corresponding period in 2016.

Capital Expenditure

The Group's capital expenditures consist primarily of expenditures for the purchase of motor vehicles, office and other equipments and office decoration. For the six months ended 30 June 2017, its capital expenditures amounted to approximately RMB5.1 million, which was primarily related to the purchase of office furniture and transportation equipment due to the Group's business expansion.

Capital Commitments and Contingent Liabilities

As at 30 June 2017, the Group's outstanding capital commitments relating to the total maximum guarantee issued to its customers in relation to its guarantee business and the leases of its office premises amounted to approximately RMB8,490.7 million and RMB14.3 million, respectively.

The Group did not have any contingent liabilities as at 30 June 2017.

Charge on Assets

As at 30 June 2017, the Group did not pledge any of its assets to secure any banking facility or bank loan.

PROSPECTS AND FUTURE DEVELOPMENTS IN THE BUSINESS OF THE GROUP

(I) Development trend of the industry:

1. The State Council of the PRC promulgated important policy documents including the Opinions on Promoting the Development of Financing Guarantee Industry (《關於促進融資擔保行業加快發展的意見》) and the Planning on Promoting the Development of Inclusive Finance (from 2016 to 2020) (《推進普惠金融發展規劃(2016–2020年)》) in 2016. The Measures for the Supervision and Administration of Financing Guarantee Companies (《融資擔保公司監督管理條例》) will soon be implemented in October 2017. The Group believes that the financing guarantee industry has ushered in new development opportunities, and the introduction of the above policies documents will facilitate the regulation of the guarantee industry, thereby promoting the industry's healthy and orderly development.

2. With the gradual improvement in the market economy system in China and continuous progress in the operating environment of the market, constant exploration of new guarantee sectors and development of new product types will become the inevitable trend for the future development of professional credit guarantee sector in China. It is expected that a rating system will be established for professional credit guarantee institutions in the next few years; credit guarantee regulations will be further enhanced; constant advancement in the social risk diversification mechanism will accelerate the development of commercial guarantee institutions while the implementation of segregate management of policy guarantee and commercial guarantee institutions by government bodies will promote the relationship between guarantee institutions and banks.

(II) On the level of operation:

In the second half of 2017, the macro-economic growth in the PRC is expected to be stabilized and start to pick up. Facing both challenges and opportunities, the Group will swiftly respond to the industry trend and development and conform to the socio-economic development while adhering to our principles. We will take the initiatives to adjust, carry out innovation and development, and make steady progress. In order to achieve our strategic objectives, the Group intends to take the following measures:

1. to identify opportunities for acquisition of companies engaging in financial leasing and commercial factoring businesses. As disclosed in the announcement of the Company dated 15 May 2017 (the "**May Announcement**"), the Group planned to utilise part of the net proceeds from the Investor Subscription (as defined in the May Announcement) for funding potential acquisition(s) of enterprise(s) in Guangdong Province or Pearl River Delta region which engage(s) in the business of providing financial-related services, and such financial-related services include financial leasing and business factoring services. For details, please refer to the May Announcement;

2. to strengthen cooperation with banks, securities companies, trust companies, insurers, fund management companies and other external institutions to establish and maintain a solid strategic cooperative relationship;

3. to innovate business thinking, boost product development and innovation, strengthen risk management, and explore and set up a clear path for providing comprehensive financial services to SMEs;

4. to fully leverage the strategic role of the Group's branches and subsidiaries to better serve SMEs in the region and at the same time to expand the market share and support the healthy development of the economy; and

5. to persistently leverage technology and product innovation in the future to advance the integration of technology, internet and financial services. The Group strives to integrate internet technology, which is the most widely used modern technology, with modern financial capital, and establish “big data” sharing platform to promote risk prevention and control and business management.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

Capital Structure

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

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

Foreign Exchange Risks

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

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

Liquidity and Capital Resources

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

As of 30 June 2017, the Group’s cash and cash equivalent was approximately RMB696.4 million.

The gearing ratios of the Group as at 30 June 2017 and 31 December 2016 were approximately 26.1% and 20.1%, respectively. Such gearing ratio was computed by dividing total liabilities by total assets.

Indebtedness

As of 30 June 2017, private placement bonds issued by Foshan Micro Credit amounted to RMB50.0 million. Interest-bearing borrowings amounted to RMB59.5 million.

In addition, the Group had other financial instrument-liability component of RMB78.0 million.

Off-Balance Sheet Arrangements

The Group is a party to guarantee contracts with off-balance-sheet risk in the ordinary course of its business. The contract amount reflects the extent of its involvement in the financing guarantee business and also represents its maximum exposure to credit loss. As of 30 June 2017, the Group outstanding guarantee totalled approximately RMB8,490.7 million. It has no other off-balance-sheet arrangements.

Use of Proceeds

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

Following the Listing, in response to changing business environment and the business development requirement of the Group, the Board resolved to revise and fine tune its proposed use of proceeds from the Listing. Please refer to the announcement of the Group dated 16 May 2016 and the announcement of the Group dated 26 September 2016 for details. As at 30 June 2017, the Group had used approximately HK$202.2 million of the actual net proceeds, of which (i) approximately HK$23.9 million had been utilised to establish a company, namely Yunfu Yuecai Puhui Financing Guarantee Co., Ltd.* (雲浮市粵財普惠融資擔保股份有限公司), with Guangdong Financing Re-Guarantee Company Limited* (廣東省融資再擔保有限公司), Yunfu Rongda Asset Operations Company Limited* (雲浮市融達資產經營有限公司) and Guangdong Wenshi Investment Company Limited* (廣東溫氏投資有限公司) for the purpose of providing financing and non-financing guarantee and financial consulting services for individuals and SMEs in Yunfu; (ii) approximately HK$5.1 million had been utilised for supplementing operating capital and other business expenses; (iii) approximately HK$63.5 million had been used to contribute to the registered capital of Guangdong Join-Share Capital Management Limited* (廣東中盈盛達資本管理有限公司); (iv) approximately HK$28.8 million and HK$32.3 million had been used to contribute to the registered capital of Foshan Chancheng Join-Share Micro Credit Co., Ltd.* (佛山禪城中盈盛達小額貸款有限公司) ("**Foshan Micro Credit**") and the acquisition of shares in Foshan Micro Credit from its existing shareholders respectively. Following the acquisition of shares in Foshan Micro Credit, the Group's shareholding in Foshan Micro Credit increased from 30% to approximately 50.4%; and (v) approximately HK$48.6 million had been used to contribute to the registered capital of Anhui Join-Share Financing Guarantee Co., Ltd.* (安徽中盈盛達融資擔保有限公司) ("**Anhui Join Share**"), following which the Group's shareholding in Anhui Join Share increased from 51% to approximately 60.55%.

* *For identification purposes only*

Significant Investments

During the six months ended 30 June 2017, the Group held unlisted secunties, listed securities, wealth management products, and trust rights of approximately RMB86.8 million. Details of which are set out in notes 13 and 14 of the notes to financial statements in this interim report.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

There were no material acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2017.

Future Plans for Material Investments or Capital Assets

Save as the future plans or development of the Group's business as disclosed in the sections headed "Prospects and Future Developments in the Business of the Group" and "Event After Reporting Period" in this report, there was no specific plan for material investments or capital assets as at 30 June 2017.

HUMAN RESOURCES

The total number of staff within the Group at 30 June 2017 and 30 June 2016 was 268 and 252 respectively. The Directors believe that employees' quality is the most important factor in maintaining the sustained development and growth of the Group and in raising its profitability. We offer a base salary with bonuses based on our employees' performance and benefits and allowances to all our employees as an incentive. For the six months ended 30 June 2017, we paid approximately RMB18.5 million to our employees as remuneration. We also offer trainings to our new employees twice a year. We believe both the performance-based salary and staff training play an important role in recruiting and retaining talent as well as enhancing employee loyalty.

The Group is required to participate in pension schemes organized by the respective local governments of the PRC whereby the Group is required to pay annual contributions for PRC based employees at certain rate of the standard wages determined by the relevant authorities in the PRC during the year. The Group has complied with the relevant requirements during the six months ended 30 June 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2017, there was no purchase, sale or redemption of any listed securities of the Company by the Company or any of its subsidiaries.

AUDIT COMMITTEE

The Company established the audit committee with written terms of reference in compliance with the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). As at the date of this announcement, the audit committee of the Company comprises three members, namely Mr. Wu Xiangneng, Mr. Leung Hon Man and Mr. Huang Guoshen, two of whom are independent non-executive directors of the Company. Mr. Wu Xiangneng is the chairman of the audit committee. The audit committee has reviewed and discussed the interim results of the Group for the six months ended 30 June 2017. The audit committee has also reviewed with the management and the Company's auditors, KPMG, the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the audit of the consolidated financial statements for the six months ended 30 June 2017.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to achieving high standards of corporate governance in order to safeguard the interests of shareholders and enhance corporate value and accountability of the Group. The Company has adopted the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 to the Listing Rules as its own code of corporate governance. During the six months ended 30 June 2017, the Company had complied with the code provisions set out in the CG Code. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the code of practice for carrying out securities transactions by the directors and supervisors of the Company. Having made specific enquiry with the directors and supervisors of the Company, they have confirmed their compliance with the relevant standards stipulated in the Model Code during the six months ended 30 June 2017.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS' AND SUPERVISORS'

There is no change in the directors' or supervisors' biographical details which is required to be disclosed pursuant to rule 13.51B(1) of the Hong Kong Listing Rules since the date of 2016 annual report of the Company.

INTERIM DIVIDEND

The Board does not recommend any distribution of interim dividend for the six months ended 30 June 2017.

EVENT AFTER REPORTING PERIOD

The Company entered into a conditional subscription agreement with Foshan Financial Investment Holdings Co., Ltd.* (佛山市金融投資控股有限公司) (the "**Subscriber**") on 15 May 2017 (the "**Investor Subscription Agreement**") under which the Subscriber conditionally agreed to subscribe for (i) 223,096,020 new domestic shares of the Company; and (ii) 74,364,000 new H shares of the Company (the "**Investor Subscription**"). In addition, the Company entered into conditional subscription agreements with totally 76 management members of the Group on 15 May 2017 (the "**Management Subscription Agreements**"), under which they conditionally agreed to subscribe for 10,000,000 domestic shares of the Company (the "**Management Subscriptions**"). For further details, please refer to the May Announcement. The Investor Subscription Agreement and the Management Subscription Agreements were supplemented by the price determination agreement dated 29 June 2017. For further details, please refer to the announcement of the Company dated 29 June 2017.

The completion of each of the above transactions is subject to the fulfilment of the respective conditions precedent, including the obtaining of all internal approvals, the grant of the specific mandate to issue new shares of the Company and the obtaining of all necessary approvals and consents from the relevant regulatory authorities for entering into the relevant agreement(s), the transactions contemplated thereunder and the issuing new shares of the Company. It is anticipated that following the completion of the Investor Subscription, the Subscriber and its associate will become a substantial shareholder of the Company and the share of the Company held and to be held by them will not count towards the public float. Accordingly, the number of H shares of the Company to be held by the public will be decreased from approximately 27.50% to approximately 21.35% of the total enlarged issued share capital of the Company.

On 26 July 2017, the Company received notice from the Subscriber and Guangdong Finance Investment International Co., Limited (粵財控股香港國際有限公司) ("**Yuecai HK**"), an existing shareholder of the Company pursuant to which, Yuecai HK conditionally agreed to sell, and the Subscriber conditionally agreed to purchase, 70,000,000 H shares of the Company held by Yuecai HK (the "**Possible Shareholders' Transaction**"). Assuming that the Investor Subscription, the Management Subscriptions and the Possible Shareholders' Transaction are successfully completed, the total number of H shares of the Company to be held by the public will be further decreased from approximately 21.35% to approximately 16.25% of the total issued share capital of the Company. For further details, please refer to the announcement of the Company dated 26 July 2017.

In order to maintain the minimum public float requirement under Rule 8.08(1)(a) of the Listing Rules (the "**Public Float Requirement**") and to cover the public float shortfall that may arise from the completion of the Investment Subscription and the completion of the Possible Shareholders' Transaction, as disclosed in the announcements of the Company dated 18 July 2017 and 26 July 2017, a conditional placing agreement dated 17 July 2017 (the "**Placing Agreement**") was entered into by the Company and GF Securities (Hong Kong) Brokerage Limited (廣發證券(香港)經紀有限公司) (the "**Placing Agent**"), pursuant to which the Placing Agent conditionally agreed to place up to 186,666,000 new H shares of the Company (the "**Placing Shares**"), on a best-effort basis, to not less than six placees at the price of HK$1.42 per Placing Share (the "**Placing**"). The completion of the Placing Agreement is subject to the fulfilment of various conditions precedent, including the Listing Committee of the Stock Exchange granting the listing approval in relation to the listing of, and permission to deal in, the relevant number of the Placing Shares, all necessary approval and consents from the Board, the shareholders of the Company and the regulatory authorities and all necessary filings having been obtained or completed, the specific mandate to issue the relevant number of the Placing Shares having been obtained and the Investor Subscription Agreement having become unconditional in all respects.

For further details of the abovementioned transactions, the reasons for entering into these transactions, the intended use of net proceeds from these transactions and the associated future plans, please refer to the May Announcement, the announcements of the Company dated 29 June 2017, 18 July 2017 and 26 July 2017.

Save as disclosed above, from the end of the reporting period up to the date of this report, the Group did not have any other significant events.

DIRECTORS', CHIEF EXECUTIVES' AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATION

As at 30 June 2017, the interests or short positions of directors of the Company (the "**Directors**"), chief executive or supervisors of the Company (the "**Supervisors**") in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")) which were required, (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or (b) to be recorded in the register required to be kept under Section 352 of the SFO, or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules were as follows:

Interest in Shares of the Company

Name of Shareholder	Position	Nature of Interest	Number and class of Shares[(1)]	Approximate percentage of shareholding in the relevant class of Shares[(2)]	Approximate percentage of shareholding in the total share capital of the Company[(3)]
Mr. Xie Yongdong[(4)]	Director	Beneficial owner	800,000 Domestic shares (L)	0.10%	0.07%
		Interest in controlled corporation	39,920,000 Domestic shares (L)	5.16%	3.74%
Mr. Huang Guoshen	Director	Beneficial owner	41,760,000 Domestic shares (L)	5.40%	3.91%
Mr. Wu Liejin	Director	Beneficial owner	32,110,351 Domestic shares (L)	4.15%	3.01%
Ms. Wu Yanfen	Director	Beneficial owner	29,700,000 Domestic shares (L)	3.84%	2.78%

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) As at 30 June 2017, the issued domestic shares of the Company and the H shares of the Company were 773,333,333 shares and 293,333,334 shares, respectively.

(3) As at 30 June 2017, there were 1,066,666,667 shares of the Company in issue.

(4) Mr. Xie Yongdong is the only general partner of Foshan Venture Growth Investment Centre L.P. (佛山創業成長投資中心（有限合夥）) (**Foshan Venture Growth**), which is a limited partnership directly holds 39,920,000 domestic shares of the Company. As Mr. Xie Yongdong, being the general partner, can solely exercise control over Foshan Venture Growth, he is deemed to be interested in the 39,920,000 domestic shares of the Company held by Foshan Venture Growth.

Save as disclosed above, as at 30 June 2017, none of the Directors, Supervisors, or the chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or (b) to be recorded in the register required to be kept under Section 352 of the SFO, or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Interests in associated corporations

None of the Directors, Supervisors, or the chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of associated corporations (within the meaning of Part XV of SFO) of the Company.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Except as disclosed in this report, none of the Directors or Supervisors or any of their respective associates was granted by the Company or its subsidiaries any right to acquire shares or debentures of the Company or any other body corporate, or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2017, the persons (not being the Directors, Supervisors or the chief executive of the Company) or corporations having interests or short positions in the shares or underlying shares of the Company which are required to be notified to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept under section 336 of the SFO and who were directly and/or indirectly deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company are listed as follows:

Name of Shareholder	Nature of Interest	Number and class of Shares[1]	Approximate percentage of shareholding in the relevant class of Shares[2]	Approximate percentage of shareholding in the total share capital of the Company[3]
粵財控股香港國際有限公司[4]	Beneficial owner	89,800,000 H shares (L)	30.61%	8.42%
廣東粵財投資控股有限公司[4]	Interest of controlled corporation	89,800,000 H shares (L)	30.61%	8.42%
佛山市金融投資控股有限公司[5]	Beneficial owner	74,364,000 H shares (L)	25.35%	6.97%
	Beneficial owner	223,096,020 Domestic shares (L)	28.85%	20.92%
	Interest of controlled corporation	33,002,680 Domestic shares (L)	4.27%	3.09%
國海富蘭克林基金管理有限公司	Investment manager	45,000,000 H shares (L)	15.34%	4.22%
Dawanjia (HK) Limited	Beneficial owner	36,868,000 H shares (L)	12.57%	3.46%
CITIC Securities Co., Ltd.	Beneficial owner	34,904,000 H shares (L)	11.90%	3.27%
Ms. Zhang Yubing	Beneficial owner	41,760,000 Domestic shares (L)	5.40%	3.91%
Foshan Venture Growth Investment Centre L. P. 佛山創業成長投資中心(有限合夥)	Beneficial owner	39,920,000 Domestic shares (L)	5.16%	3.74%
廣東家世界家居控股有限公司[6]	Beneficial owner	39,028,880 Domestic shares (L)	5.05%	3.66%
Li Zhie[6]	Interest of controlled corporation	39,028,880 Domestic shares (L)	5.05%	3.66%

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) As at 30 June 2017, the issued domestic shares of the Company and the H shares of the Company were 773,333,333 shares and 293,333,334 shares, respectively.

(3) As at 30 June 2017, there were 1,066,666,667 shares of the Company in issue.

(4) 廣東粵財投資控股有限公司 holds 100% of 粵財控股香港國際有限公司, which directly holds 89,000,000 H shares of the Company and is deemed to be interested in 89,000,000 H shares of the Company held by 粵財控股香港國際有限公司.

(5) Ms. Gu Lidan, a non-executive Director, is the chairwoman of board of directors and general manager of Foshan Fuside Infrastructure Investment Co., Ltd. (佛山市富思德基礎設施投資有限公司) ("**Fuside**"). Fuside is owned as to 40% by 佛山市金融投資控股有限公司 and as to 60% by Guangdong Foshan Power Co., Ltd. (廣東佛山電力股份有限公司), a state-controlled entity in the PRC. 佛山市金融投資控股有限公司 is deemed to be interested in 33,002,680 domestic shares of the Company held by Fuside.

(6) Li Zhie holds 52.50% of 廣東家世界家居控股有限公司 and is deemed to be interested in 39,028,880 domestic shares of the Company held by it.

Save as disclosed above, as at 30 June 2017, the Company is not aware of any other persons (not being the Directors, Supervisors or the chief executive of the Company) or corporations having interests or short positions in the shares or underlying shares of the Company which are required to be notified to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept under section 336 of the SFO and who were directly and/or indirectly deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

KPMG

Review Report to the Board of Directors of
Guangdong Join-Share Financing Guarantee Investment Co., Ltd.
(Incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 20 to 80 which comprises the consolidated statement of financial position of Guangdong Join-Share Financing Guarantee Investment Co., Ltd. (the "**Company**") and its subsidiaries (collectively the "**Group**") as of 30 June 2017 and the related consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six months period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the HKICPA. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2017 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

28 August 2017

Consolidated Statement of Profit or Loss

for the six months ended 30 June 2017 – unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June 2017 RMB'000	Six months ended 30 June 2016 RMB'000
Guarantee fee income		**71,566**	66,182
Guarantee cost		**(5,025)**	(3,074)
Net guarantee fee income		**66,541**	63,108
Interest income		**53,859**	50,363
Interest expenses		**(5,411)**	(5,692)
Net interest income		**48,448**	44,671
Service fee from consulting services		**21,381**	15,668
Revenue	3	**136,370**	123,447
Other revenue	4	**4,512**	15,092
Provisions written back for guarantees issued		**2,159**	6,554
Impairment losses	5(a)	**(18,089)**	(27,670)
Operating expenses		**(39,699)**	(34,099)
Profit before taxation	5	**85,253**	83,324
Income tax	6	**(22,228)**	(21,650)
Profit for the period		**63,025**	61,674
Attributable to:			
Equity shareholders of the Company		**55,770**	49,640
Non-controlling interests		**7,255**	12,034
Profit for the period		**63,025**	61,674
Earnings per share			
Basic and diluted (RMB per share)	8	**0.05**	0.05

The notes on pages 27 to 80 form part of this interim financial report. Details of dividends payable to equity shareholders of the company are set out in Note 25(a).

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended 30 June 2017 – unaudited
(Expressed in Renminbi)

		Six months ended 30 June	
		2017	2016
	Note	***RMB'000***	*RMB'000*
Profit for the period		**63,025**	61,674
Other comprehensive income to be classified to profit or loss in subsequent period:			
Net gain/(loss) on available-for-sale financial assets		**2,760**	(13,489)
Income tax arises from available-for-sale financial assets		**(690)**	3,372
Other comprehensive income for the period	7	**2,070**	(10,117)
Total comprehensive income for the period		**65,095**	51,557
Attributable to:			
Equity shareholders of the Company		**57,840**	39,523
Non-controlling interests		**7,255**	12,034
Total comprehensive income for the period		**65,095**	51,557

The notes on pages 27 to 80 form part of this interim financial report.

Consolidated Statement of Financial Position

at 30 June 2017 – unaudited
(Expressed in Renminbi)

	Note	At 30 June 2017 *RMB'000*	At 31 December 2016 *RMB'000*
Assets			
Cash and bank deposits	9	**696,408**	770,195
Pledged bank deposits	10	**188,805**	185,837
Trade and other receivables	11	**518,066**	397,573
Loans and advances to customers	12	**696,790**	625,864
Available-for-sale financial assets	13	**72,435**	55,705
Receivable investments	14	**14,400**	8,225
Interest in associates	16	**40,482**	40,545
Fixed assets	17	**12,968**	10,232
Investment property		**898**	921
Intangible assets	18	**1,391**	1,353
Goodwill		**419**	419
Deferred tax assets	24(b)	**41,807**	46,911
Total assets		**2,284,869**	2,143,780
Liabilities			
Interest-bearing borrowings	19	**59,500**	–
Liabilities from guarantees	20	**187,026**	172,379
Customer pledged deposits	21(a)	**28,759**	11,795
Accruals and other payables	21(b)	**175,360**	86,540
Current tax liabilities	24(a)	**21,595**	36,513
Other financial instrument-liability component	22	**77,980**	78,487
Financial institution bonds	23	**47,026**	45,864
Total liabilities		**597,246**	431,578
NET ASSETS		**1,687,623**	1,712,202

Consolidated Statement of Financial Position (Continued)

at 30 June 2017 – unaudited
(Expressed in Renminbi)

	Note	**At 30 June 2017** *RMB'000*	At 31 December 2016 *RMB'000*
CAPITAL AND RESERVES	25		
Share capital		**1,066,667**	1,066,667
Reserves		**345,127**	377,954
Total equity attributable to equity shareholders of the Company		**1,411,794**	1,444,621
Non-controlling interests		**275,829**	267,581
TOTAL EQUITY		**1,687,623**	1,712,202

Approved and authorised for issue by the board of directors on 28 August 2017.

Wu Liejin	**Xie Yongdong**	**Company Stamp**
Executive Director and Chairman	*Executive Director*	

The notes on pages 27 to 80 form part of this interim financial report.

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2017 – unaudited
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company										
	Share capital RMB'000 Note 25(b)	Share premium RMB'000 Note 25(c)(i)	Capital reserve RMB'000 Note 25(c)(ii)	Fair value reserve RMB'000 Note 25(c)(iii)	Surplus reserve RMB'000 Note 25(c)(iv)	General reserve RMB'000 Note 25(c)(v)	Other financial instrument-equity component RMB'000 Note 25(c)(vi)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2016	1,066,667	43,107	(1,574)	15,132	67,086	71,795	2,370	173,049	1,437,632	284,411	1,722,043
Changes in equity for the six months ended 30 June 2016:											
Profit for the period	–	–	–	–	–	–	–	49,640	49,640	12,034	61,674
Other comprehensive income	–	–	–	(10,117)	–	–	–	–	(10,117)	–	(10,117)
Total comprehensive income	–	–	–	(10,117)	–	–	–	49,640	39,523	12,034	51,557
Acquisition of non-controlling interest (NCI) without a change in control	–	–	506	–	–	–	–	–	506	(27,807)	(27,301)
Business combination under non-common control	–	–	–	–	–	–	–	–	–	4,000	4,000
Appropriation to general reserve	–	–	–	–	–	706	–	(706)	–	–	–
Dividends approved in respect of the previous year	–	–	–	–	–	–	–	(90,667)	(90,667)	(17,091)	(107,758)
Balance at 30 June 2016	1,066,667	43,107	(1,068)	5,015	67,086	72,501	2,370	131,316	1,386,994	255,547	1,642,541
Balance at 30 June 2016 and 1 July 2016	1,066,667	43,107	(1,068)	5,015	67,086	72,501	2,370	131,316	1,386,994	255,547	1,642,541
Changes in equity for the six months ended 31 December 2016:											
Profit for the period	–	–	–	–	–	–	–	64,693	64,693	17,534	82,227
Other comprehensive income	–	–	–	(7,066)	–	–	–	–	(7,066)	–	(7,066)
Total comprehensive income	–	–	–	(7,066)	–	–	–	64,693	57,627	17,534	75,161
Business combination under non-common control	–	–	–	–	–	–	–	–	–	(4,000)	(4,000)
Appropriation to surplus reserve	–	–	–	–	10,919	–	–	(10,919)	–	–	–
Appropriation to general reserve	–	–	–	–	–	12,743	–	(12,743)	–	–	–
Dividends approved in respect of the previous year	–	–	–	–	–	–	–	–	–	(1,500)	(1,500)
Balance at 31 December 2016	1,066,667	43,107	(1,068)	(2,051)	78,005	85,244	2,370	172,347	1,444,621	267,581	1,712,202

Consolidated Statement of Changes in Equity (Continued)

for the six months ended 30 June 2017 – unaudited
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company										
	Share capital *RMB'000* *Note 25(b)*	Share premium *RMB'000* *Note 25(c)(i)*	Capital reserve *RMB'000* *Note 25(c)(ii)*	Fair value reserve *RMB'000* *Note 25(c)(iii)*	Surplus reserve *RMB'000* *Note 25(c)(iv)*	General reserve *RMB'000* *Note 25(c)(v)*	Other financial instrument-equity component *RMB'000* *Note 25(c)(vi)*	Retained earnings *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2017	1,066,667	43,107	(1,068)	(2,051)	78,005	85,244	2,370	172,347	1,444,621	267,581	1,712,202
Changes in equity for the six months ended 30 June 2017:											
Profit for the period	-	-	-	-	-	-	-	55,770	55,770	7,255	63,025
Other comprehensive income	-	-	-	2,070	-	-	-	-	2,070	-	2,070
Total comprehensive income	-	-	-	2,070	-	-	-	55,770	57,840	7,255	65,095
Acquisition of additional shares in a subsidiary	-	-	-	-	-	-	-	-	-	15,914	15,914
Appropriation to general reserve	-	-	-	-	-	510	-	(510)	-	-	-
Dividends approved in respect of the previous year	-	-	-	-	-	-	-	(90,667)	(90,667)	(14,921)	(105,588)
Balance at 30 June 2017	1,066,667	43,107	(1,068)	19	78,005	85,754	2,370	136,940	1,411,794	275,829	1,687,623

The notes on pages 27 to 80 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2017 – unaudited
(Expressed in Renminbi)

		Six months ended 30 June	
		2017	2016
	Note	***RMB'000***	*RMB'000*
Operating activities			
Cash (used in)/generated from operations		**(152,576)**	26,478
PRC income tax paid	24(a)	**(32,732)**	(37,161)
Net cash used in operating activities		**(185,308)**	(10,683)
Investing activities			
Proceeds from disposal of financial assets		**118,958**	59,437
Investment income		**3,036**	10,951
Proceeds from sale of fixed assets and other non-current assets		**222**	–
Payments on acquisition of investments		**(19,000)**	(42,215)
Payments for the purchase of fixed assets and other non-current assets		**(5,120)**	(4,675)
Payments for the purchase of investment property		**–**	(925)
Payments on acquisition of associates		**–**	(40,000)
Net cash generated from/(used in) investing activities		**98,096**	(17,427)
Financing activities			
Proceeds from new borrowings		**60,662**	–
Net proceeds from acquiring subsidiaries		**15,915**	–
Interest paid		**(8,978)**	(8,300)
Dividends paid		**(2,072)**	(16,541)
Purchase of equity interests of subsidiaries from non-controlling interests		**–**	(27,875)
Payment of listing expense		**–**	(3,629)
Net cash generated from/(used in) financing activities		**65,527**	(56,345)
Net decrease in cash and cash equivalents		**(21,685)**	(84,455)
Cash and cash equivalents at 1 January	9	**402,508**	543,004
Effect of foreign exchange rate changes	4/5(c)	**(2,378)**	2,878
Cash and cash equivalents at 30 June	9	**378,445**	461,427

The notes on pages 27 to 80 form part of this interim financial report.

1 Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("**HKAS**") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). It was authorised for issue on 28 August 2017.

The interim financial report has been prepared in accordance with the same basis and accounting policies adopted in the 2016 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2016 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on Page 19.

2 Changes in accounting policies

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group.

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 Revenue and segment reporting

(a) Revenue

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

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Guarantee fee income		
Financing guarantee fee income	**57,005**	59,254
Performance guarantee fee income	**14,561**	6,703
Litigation guarantee fee income	**–**	225
Subtotal	**71,566**	66,182
Guarantee cost		
Less: Re-guarantee expenses	**(2,294)**	(2,386)
Performance guarantee cost	**(2,731)**	(688)
Subtotal	**(5,025)**	(3,074)
Net guarantee fee income	**66,541**	63,108
Interest income		
– Loans and advances to customers	**53,222**	47,604
– Cash at banks and pledged bank deposits	**637**	2,759
Subtotal	**53,859**	50,363
Interest expenses		
– Interest expenses from other financial instrument-liability component	**(2,433)**	(2,689)
– Interest expenses from financial institution bonds	**(2,154)**	(3,003)
– Borrowings from banks	**(824)**	–
Subtotal	**(5,411)**	(5,692)
Net interest income	**48,448**	44,671
Service fee from consulting services	**21,381**	15,668
Revenue	**136,370**	123,447

3 Revenue and segment reporting (Continued)

(a) Revenue (Continued)

The Group's customer base is diversified and has no customer with whom transactions have exceeded 10% of the Group's net guarantee fee, net interest income and service fee from consulting services during the six months ended 30 June 2017 and 2016. Details of concentrations of credit risk are set out in Note 26(a).

(b) Segment reporting

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

Guarantee business

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

SME lending

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

Others

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

(i) Segment results, assets and liabilities

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

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

3 Revenue and segment reporting (Continued)

(b) Segment reporting (Continued)

Others (Continued)

(i) Segment results, assets and liabilities (Continued)

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

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purpose of resource allocation and assessment of segment performance for the six months ended 30 June 2017 and 2016 are set out below:

	Six months ended 30 June 2017 (unaudited)		
	Guarantee business *RMB'000*	SME lending and others *RMB'000*	Total *RMB'000*
Guarantee fee income	71,566	–	71,566
Guarantee cost	(5,025)	–	(5,025)
Interest income	406	53,453	53,859
Interest expenses	(2,433)	(2,978)	(5,411)
Service fee from consulting services	19,034	2,347	21,381
Reportable segment revenue	83,548	52,822	136,370
Other revenue	4,074	438	4,512
Provisions written back for guarantees issued	2,159	–	2,159
Impairment losses	(11,122)	(6,967)	(18,089)
Operating expenses	(26,951)	(12,748)	(39,699)
Reportable segment profit before taxation	51,708	33,545	85,253
Segment assets	1,416,649	826,413	2,243,062
Segment liabilities	453,936	143,310	597,246

3 Revenue and segment reporting (Continued)

(b) Segment reporting (Continued)

Others (Continued)

(i) Segment results, assets and liabilities (Continued)

	Six months ended 30 June 2016 (unaudited)		
	Guarantee business *RMB'000*	SME lending and others *RMB'000*	Total *RMB'000*
Guarantee fee income	66,182	–	66,182
Guarantee cost	(3,074)	–	(3,074)
Interest income	2,512	47,851	50,363
Interest expenses	(2,689)	(3,003)	(5,692)
Service fee from consulting services	14,777	891	15,668
Reportable segment revenue	77,708	45,739	123,447
Other revenue	15,092	–	15,092
Provisions written back for guarantees issued	6,554	–	6,554
Impairment losses	(25,209)	(2,461)	(27,670)
Operating expenses	(21,358)	(12,741)	(34,099)
Reportable segment profit before taxation	52,787	30,537	83,324
Segment assets	1,347,373	733,768	2,081,141
Segment liabilities	419,888	58,759	478,647

3 Revenue and segment reporting (Continued)

(b) Segment reporting (Continued)

Others (Continued)

(ii) Reconciliation of reportable segment assets

	Note	**At 30 June 2017** ***RMB'000*** **(unaudited)**	At 30 June 2016 *RMB'000* (unaudited)
Assets			
Reportable segment assets		**2,243,062**	2,081,141
Deferred tax assets	24(b)	**41,807**	39,473
Consolidated total assets		**2,284,869**	2,120,614

4 Other revenue

	Six months ended 30 June	
	2017 ***RMB'000*** **(unaudited)**	2016 *RMB'000* (unaudited)
Investment income from available-for-sale financial assets	**1,856**	1,120
Investment income of receivable investments	**1,180**	185
Government grant	**860**	1,263
Reclassification from other comprehensive income upon disposal of available-for-sale financial assets	**–**	9,646
Foreign exchange gains	**–**	2,878
Others	**616**	–
	4,512	15,092

5 Profit before taxation

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

(a) Impairment and provision-(released)/charged

		Six months ended 30 June	
		2017	2016
	Note	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Receivables for default guarantee payments	11(b)(i)	**(690)**	24,426
Receivables from guarantee customers	11(b)(ii)	**11,811**	784
Loans and advances to customers	12(f)	**6,968**	2,460
		18,089	27,670

(b) Staff costs

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Salaries, wages, bonuses and other benefits	**16,661**	16,136
Contributions to retirement schemes	**1,823**	1,672
	18,484	17,808

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

5 Profit before taxation (Continued)

(c) Other items

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Operating lease charges: minimum lease payments	**2,619**	2,665
Foreign exchange losses	**2,378**	–
Depreciation and amortization	**2,031**	1,436
Auditors' remuneration	**600**	641

6 Income tax in the consolidated statement of profit or loss

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

		Six months ended 30 June	
		2017	2016
	Note	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Current tax			
Provision for PRC income tax for the period	24(a)	**17,814**	22,389
Deferred tax			
Origination and reversal of temporary differences	24(b)	**4,414**	(739)
Income tax expense		**22,228**	21,650

6 Income tax in the consolidated statement of profit or loss (Continued)

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

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit before taxation	**85,253**	83,324
Notional tax on profit before taxation, calculated at 25%	**21,313**	20,830
Effect of non-deductible expenses	**915**	820
Actual income tax expense	**22,228**	21,650

7 Other comprehensive income

Tax effects relating to each component of other comprehensive income is as follows:

	Six months ended 30 June 2017 (unaudited)			Six months ended 30 June 2016 (unaudited)		
	Before-tax amount	**Tax expense**	**Net-of tax amount**	Before-tax amount	Tax expense	Net-of-tax amount
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
Available-for-sale financial assets: net movement in fair value reserve	**2,760**	**(690)**	**2,070**	(13,489)	3,372	(10,117)

8 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB55,770,000 (six months ended 30 June 2016: RMB49,640,000) and the weighted average of 1,066,667,000 ordinary shares (2016: 1,066,667,000 shares).

(b) Diluted earnings per share

There were no dilutive potential ordinary shares during the six months ended 30 June 2017 and 2016, therefore, diluted earnings per share are the same as the basic earnings per share.

9 Cash and bank deposits

	At 30 June 2017	At 31 December 2016
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Cash in hand	**23**	11
Cash at banks	**378,422**	402,497
Cash and cash equivalents in the condensed consolidated cash flow statement	**378,445**	402,508
Term deposits with banks	**315,587**	365,173
Restricted bank deposits	**2,376**	2,514
	696,408	770,195

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

Restricted bank deposits represent secured deposit for bank borrowings, and deposits received for the Group's guarantee business in accordance with tripartite custodian agreement among lending banks, guarantee customers and the Group. For the purpose of the condensed consolidated cash flow statement, the Group's restricted bank deposits and term deposits with banks have been excluded from cash and cash equivalents.

10 Pledged bank deposits

All pledged bank deposits represent the deposits at banks and other financial institutions for the financing guarantees that the Group provides to third parties in respect of their borrowings from banks and other financial institutions.

11 Trade and other receivables

	Note	**At 30 June 2017 RMB'000 (unaudited)**	At 31 December 2016 RMB'000 (audited)
Receivables for default guarantee payments	(i)/11(a)(i)	**234,805**	234,129
Less: Allowance for doubtful debts	11(b)(i)	**(52,969)**	(55,898)
		181,836	178,231
Receivables from guarantee customers	(ii)/11(a)(ii)	**243,583**	131,748
Less: Allowance for doubtful debts	11(b)(ii)	**(24,020)**	(13,160)
		219,563	118,588
Interest receivables	11(d)	**29,329**	21,871
Receivables from disposal of default guarantee payments	11(e)	**47,180**	49,983
Other receivables		**23,654**	13,859
		100,163	85,713
Deposits and prepayments		**5,774**	4,956
Repossessed assets		**10,730**	10,085
		16,504	15,041
		518,066	397,573

11 Trade and other receivables (Continued)

(i) During the six months ended 30 June 2017, the Group disposed of receivables for default guarantee payments amounting to RMB3,940,600 (with no allowances for doubtful debts), without recourse at considerations amounting to RMB3,940,600.

(ii) During the six months ended 30 June 2017, the Group disposed of receivables from guarantee customers amounting to RMB4,900,000 (with no allowances for doubtful debts), without recourse at considerations amounting to RMB4,900,000.

(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, are as follows:

(i) Receivables for default guarantee payments

	At 30 June 2017	At 31 December 2016
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within 1 year	**43,395**	67,744
Over 1 year but less than 2 years	**72,138**	48,183
Over 2 years but less than 3 years	**35,866**	45,823
Over 3 years	**83,406**	72,379
Less: allowance for doubtful debts	**(52,969)**	(55,898)
	181,836	178,231

Receivables for default guarantee payments are due from the date of payment. Further details on the Group's credit policy are set out in Note 26(a).

11 Trade and other receivables (Continued)

(a) Ageing analysis: (Continued)

(ii) Receivables from guarantee customers

	At 30 June 2017 ***RMB'000*** **(unaudited)**	At 31 December 2016 *RMB'000* (audited)
Within 1 year	**165,714**	86,030
Over 1 year but less than 2 years	**66,229**	45,718
Over 2 year but less than 3 years	**11,640**	–
Less: allowance for doubtful debts	**(24,020)**	(13,160)
	219,563	118,588

Receivables from guarantee customers are mostly due from the date of payment. Further details on the Group's credit policy are set out in Note 26(a).

(b) Impairment of receivables for default guarantee payments and receivables from guarantee customers:

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

The movement in the allowance for receivables for default guarantee payments and receivables from guarantee customers (including both individual and collective impairment) during the six months ended 30 June 2017 and year ended 31 December 2016, are as follows:

(i) Receivables for default guarantee payments

	Note	**At 30 June 2017** ***RMB'000*** **(unaudited)**	At 31 December 2016 *RMB'000* (audited)
As at 1 January		**55,898**	56,978
Impairment losses (released)/ recognised in the consolidated statement of profit or loss	5(a)	**(690)**	15,171
Amounts written off		**(3,438)**	(17,813)
Amounts recovered		**1,199**	1,562
As at 30 June/31 December		**52,969**	55,898

11 Trade and other receivables (Continued)

(b) Impairment of receivables for default guarantee payments and receivables from guarantee customers: (Continued)

(i) Receivables for default guarantee payments (Continued)

As at 30 June 2017, the Group's receivables for default guarantee payments of RMB234.81 million (31 December 2016: RMB234.13 million), were all individually assessed for the impairment. As at 30 June 2017, the Group's receivables for default guarantee payments of RMB120.76 million (31 December 2016: RMB122.25 million) were individually determined to be impaired. The individually impaired receivables were related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered unless no losses is expected to ensue when collateral or guarantees of the receivables are involved. Consequently, individually assessed allowances for receivables for default guarantee payments RMB52.97 million were made as at 30 June 2017 (31 December 2016: RMB55.90 million).

(ii) Receivables from guarantee customers

	Note	At 30 June 2017 *RMB'000* (unaudited)	At 31 December 2016 *RMB'000* (audited)
As at 1 January		**13,160**	7,476
Impairment losses recognised in the consolidated statement of profit or loss	5(a)	**11,811**	5,684
Amount written off		**(951)**	–
As at 30 June/31 December		**24,020**	13,160

As at 30 June 2017, the Group's receivables from guarantee customers of RMB100.62 million (31 December 2016: RMB84.48 million) were individually assessed for the impairment and RMB12.52 million (31 December 2016: RMB20.79 million) were individually determined to be impaired. The individually impaired receivables were related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered unless no losses is expected to ensue when collateral or guarantees of the receivables are involved. For the remaining balance amounting to RMB142.96 million (31 December 2016: RMB47.27 million), management adopted a collective assessment. Consequently, individually assessed allowances for doubtful debts of RMB5.27 million (31 December 2016: RMB7.21 million) and collectively assessed allowances for receivables from guarantee customers of RMB18.75 million (31 December 2016: RMB5.95 million) were made at 30 June 2017.

11 Trade and other receivables (Continued)

(c) Receivables for default guarantee payments and receivables from guarantee customers that are not impaired:

(i) Receivables for default guarantee payments

	At 30 June 2017 RMB'000 (unaudited)	At 31 December 2016 RMB'000 (audited)
Overdue within 3 months (inclusive)	5,477	17,577
Overdue more than 3 months to 6 months (inclusive)	2,109	7,417
Overdue more than 6 months to one year (inclusive)	23,236	13,117
Overdue more than one year	83,226	73,767
	114,048	111,878

Receivables for default guarantee payments that were overdue but not impaired relate to a number of independent customers of whom the Group has continuously monitored their credit status. Based on the credit assessment, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and these balances are pledged by certain assets of these customers. Therefore, the balances are still considered fully recoverable.

(ii) Receivables from guarantee customers

	At 30 June 2017 RMB'000 (unaudited)	At 31 December 2016 RMB'000 (audited)
Neither past due nor impaired	142,958	47,274
Overdue within 3 months (inclusive)	15,119	460
Overdue more than 3 months to 6 months (inclusive)	9,637	27,911
Overdue more than 6 months to one year (inclusive)	27,934	33,518
Overdue more than one year	35,412	1,800
	231,060	110,963

11 Trade and other receivables (Continued)

(c) Receivables for default guarantee payments and receivables from guarantee customers that are not impaired: (Continued)

(ii) Receivables from guarantee customers (Continued)

Receivables that were neither overdue nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables from guarantee customers that were overdue but not impaired relate to a number of independent customers of whom the Group has continuously monitored their credit status. Based on the credit assessment, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and these balances are pledged by certain assets of these customers. Therefore, the balances are still considered fully recoverable.

(d) Interest receivables

As at 30 June 2017, the interest receivables include interest receivables from loans and advances amounting to RMB26,661,000 (31 December 2016: RMB14,752,000).

(e) Receivables from disposal of default guarantee payments

	At 30 June 2017	At 31 December 2016
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Neither past due nor impaired	**29,773**	49,983
Overdue but not impaired		
Over 6 months but less than 1 year	**17,407**	–
Less: Allowance	**–**	–
	47,180	49,983

12 Loans and advances to customers

(a) Analysed by nature

	At 30 June 2017 *RMB'000* (unaudited)	At 31 December 2016 *RMB'000* (audited)
Entrusted loans	368,005	360,305
Micro-lending	373,976	303,782
Gross loans and advances to customers	741,981	664,087
Less: Allowances for impairment losses		
– Individually assessed	(24,158)	(20,200)
– Collectively assessed	(21,033)	(18,023)
Total allowances for impairment losses	(45,191)	(38,223)
Net loans and advances to customers	696,790	625,864

12 Loans and advances to customers (Continued)

(b) Analysed by industry sector

	At 30 June 2017 (unaudited)		31 December 2016 (audited)	
	RMB'000	*%*	*RMB'000*	*%*
Wholesale and retail	230,510	31%	244,864	36%
Loans to individual business proprietors	198,135	27%	128,064	19%
Service sector	192,236	26%	189,754	29%
Manufacturing	83,242	11%	76,047	11%
Construction industry	17,500	2%	12,000	2%
Transportation, warehousing and postal service	10,958	1%	10,958	2%
Real estate and construction	2,400	1%	2,400	1%
Culture, sports and entertainment	7,000	1%	–	–
Gross loans and advances to customers	741,981	100%	664,087	100%
Less: Allowances for impairment losses				
– Individually assessed	(24,158)		(20,200)	
– Collectively assessed	(21,033)		(18,023)	
Total allowances for impairment losses	(45,191)		(38,223)	
Net loans and advances to customers	696,790		625,864	

12 Loans and advances to customers (Continued)

(c) Analysed by type of collateral

	At 30 June 2017 RMB'000 (unaudited)	At 31 December 2016 RMB'000 (audited)
Secured loans	**219,957**	195,473
Unsecured loans	**65,836**	84,136
Others	**456,188**	384,478
Gross loans and advances to customers	**741,981**	664,087
Less: Allowances for impairment losses		
– Individually assessed	**(24,158)**	(20,200)
– Collectively assessed	**(21,033)**	(18,023)
Total allowances for impairment losses	**(45,191)**	(38,223)
Net loans and advances to customers	**696,790**	625,864

– Unsecured Loans: Unsecured loans refer to loan and advances which are not secured by collateral or counter-guaranteed.

– Secured Loans: Secured loans refer to loan and advances which are secured by collateral that meets the following standards: (i) such collateral has been registered with the relevant governmental authorities; (ii) the market value of such collateral can be easily observed; and (iii) the Group has priorities over other beneficiaries on such collateral. Such collateral mainly includes real properties and land use rights;

– Others: Others refer to loans and advances guaranteed by guarantors, or secured by collateral, the market value of which may be subject to depreciation or cannot be easily observed, or on which the Group does not have priorities over other beneficiaries. Such collateral includes real estate properties that cannot be registered, land use rights, and account receivables that have been registered, vehicles, machineries, inventories and equity interests.

12 Loans and advances to customers (Continued)

(d) Overdue loans analysed by overdue period

	At 30 June 2017 RMB'000 (unaudited)	At 31 December 2016 RMB'000 (audited)
Overdue within 3 months (inclusive)	21,859	57,100
Overdue more than 3 months to 6 months (inclusive)	5	7,851
Overdue more than 6 months to one year (inclusive)	48,151	52,257
Overdue more than one year	110,632	58,469
	180,647	175,677

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

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

	30 June 2017 (unaudited)		
	Loans and advances for which allowances are collectively assessed RMB'000	Impaired loans and advances for which allowances are individually assessed RMB'000	Total RMB'000
Entrusted loans	190,500	177,505	368,005
Micro-lending	370,834	3,142	373,976
Gross loans and advances to customers	561,334	180,647	741,981
Less: Allowances for impairment losses	(21,033)	(24,158)	(45,191)
Net loans and advances to customers	540,301	156,489	696,790

12 Loans and advances to customers (Continued)

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

	31 December 2016 (audited)		
	Loans and advances for which allowances are collectively assessed	Impaired loans and advances for which allowances are individually assessed	Total
	RMB'000	*RMB'000*	*RMB'000*
Entrusted loans	187,000	173,305	360,305
Micro-lending	301,410	2,372	303,782
Gross loans and advances to customers	488,410	175,677	664,087
Less: Allowances for impairment losses	(18,023)	(20,200)	(38,223)
Net loans and advances to customers	470,387	155,477	625,864

12 Loans and advances to customers (Continued)

(f) Movements of allowances for impairment losses

	Note	30 June 2017 (unaudited)		
		Allowances for loans and advances which are collectively assessed	Allowances for impaired loans and advances which are individually assessed	Total
		RMB'000	*RMB'000*	*RMB'000*
As at 1 January		**18,023**	**20,200**	**38,223**
Charge for the period	5(a)	**3,010**	**3,958**	**6,968**
As at 30 June		**21,033**	**24,158**	**45,191**

	31 December 2016 (audited)		
	Allowances for loans and advances which are collectively assessed	Allowances for impaired loans and advances which are individually assessed	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January	20,957	16,438	37,395
(Release)/charge for the year	(2,934)	4,984	2,050
Write-offs	–	(1,222)	(1,222)
As at 31 December	18,023	20,200	38,223

12 Loans and advances to customers (Continued)

(g) Analysed by credit quality

	At 30 June 2017 RMB'000 (unaudited)	At 31 December 2016 RMB'000 (audited)
Gross balance of loans and advances to customers		
Neither overdue nor impaired	561,334	488,410
Impaired	159,647	158,877
Overdue but not impaired	21,000	16,800
	741,981	664,087
Less: Allowances for impairment losses		
Neither overdue nor impaired	(21,033)	(18,023)
Impaired	(24,158)	(20,200)
	(45,191)	(38,223)
Net balance	696,790	625,864
Net balance		
Neither overdue nor impaired	540,301	470,387
Impaired	135,489	138,677
Overdue but not impaired	21,000	16,800
	696,790	625,864

13 Available-for-sale financial assets

	At 30 June 2017	At 31 December 2016
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Unlisted equity investments	**37,700**	21,200
Listed securities	**27,875**	22,615
Wealth management products	**6,860**	9,240
Unlisted bonds	**–**	2,650
	72,435	55,705

When impairment of an available-for-sale investment measured at fair value occurs, any impairment losses recognized are recorded in the carrying amount directly. As at 30 June 2017, no impairment has been recognized (31 December 2016: nil).

Certain available-for-sale unlisted equity investments which do not have any quoted market prices and whose fair values cannot be measured reliably are stated at cost less any impairment losses.

14 Receivable investments

	At 30 June 2017	At 31 December 2016
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Wealth management products	**10,000**	–
Trust products	**4,400**	8,225
	14,400	8,225

(Expressed in Renminbi unless otherwise indicated)

15 Investments in subsidiaries

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated:

Name of company	Date and place of incorporation/ establishment	Date of consolidation	Paid-in/ registered capital	Proportion of ownership interest As at 30 June 2017 — Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity	Place of incorporation
Foshan Join-Share Investment and Financing Consultancy Co., Ltd. ("**Foshan Consultancy**") (佛山中盈盛達投融資諮詢服務有限公司)	11 November 2005 the PRC	11 November 2005	RMB3,000,000	100%	100%	–	Investment and Consulting	Foshan
Foshan Join-Share Industrial Investment Co., Ltd. ("**Foshan Industrial Investment**") (佛山中盈興業投資有限公司)	29 September 2007 the PRC	29 September 2007	RMB5,100,000	100%	100%	–	Investment and Consulting	Foshan
Anhui Join-Share Financing Guarantee Co., Ltd. ("**Anhui Join-Share**") (安徽中盈盛達融資擔保有限公司)	31 August 2009 the PRC	31 August 2009	RMB200,000,000	60.55%	60.55%	–	Guarantee	Hefei
Hefei Join-Share Consultancy Service Co., Ltd. ("**Hefei Consultancy**") (合肥中盈盛達諮詢服務有限公司)	8 May 2010 the PRC	8 May 2010	RMB1,000,000	60.55%	–	100%	Consulting	Hefei
Foshan Chancheng Join-Share Micro Credit Co., Ltd. ("**Foshan Micro Credit**") (佛山禪城中盈盛達小額貸款有限公司)	30 May 2011 the PRC	27 June 2014	RMB230,000,000	50.44%	50.44%	–	Microcredit	Foshan
Zhongshan Join-Share Technology Financing Guarantee Investment Co., Ltd. ("**Zhongshan Join-Share**") (中山中盈盛達科技融資擔保投資有限公司)	8 July 2014 the PRC	8 July 2014	RMB200,000,000	79%	42%	–	Guarantee	Zhongshan
Guangdong Join-Share Capital Investment Co., Ltd. ("**Guangdong Capital Investment**") (廣東中盈盛達資本管理有限公司)	27 April 2016 the PRC	27 April 2016	RMB30,000,000	100%	100%	–	Investment and Consulting	Guangzhou
Guangdong Join-Share Jinmao Investment Management Co., Ltd. ("**Guangdong Jinmao**") (廣東中盈金茂投資管理有限公司)	29 April 2016 the PRC	29 April 2016	RMB10,000,000	60%	–	60%	Investment and Consulting	Foshan
Foshan Join-Share Supply Chain Services Co., Ltd. ("**Foshan Supply Chain**") (佛山中盈盛達供應鏈服務有限公司)	14 April 2017 the PRC	14 April 2017	RMB510,000/ RMB1,000,000	51%	–	51%	Supply Chain Services	Foshan
Shenzhen Bangli Internet Financial Services Co., Ltd ("**Shenzhen Bangli**") (深圳邦利互聯網金融服務有限公司)	5 May 2015 the PRC	18 May 2017	RMB22,550,000/ RMB100,000,000	25%	–	25%	Financial Services	Shenzhen

15 Investments in subsidiaries (Continued)

All of the above subsidiaries are limited liability companies incorporated and operated in the PRC. The English translation of the names of these companies is for reference only. The official names of these companies are in Chinese.

(a) Acquisition of subsidiaries

During the six months ended 30 June 2017, the Company contributed additional share capital of RMB50,000,000 to Anhui Join-Share and held 60.55% equity interests in Anhui Join-Share.

During the six months ended 30 June 2017, Foshan Consultancy together with other third parties established Foshan Supply Chain, in which Foshan Consultancy contributed RMB510,000 and held 51% equity interests.

During the six months ended 30 June 2017, Foshan Consultancy acquired 25% equity interest of Shenzhen Bangli from third parties at total considerations of RMB12,500,000. Foshan Consultancy entered into a Concert Party Agreement with Shenzhen Bangli's other two shareholders, whose total equity interests are 30%. Subsequent to this, Foshan Consultancy holds 55% voting rights in Shenzhen Bangli. As such, the directors are of the opinion that the Group controls Foshan Bangli.

16 Interest in associates

The Group's interests in associates are as follows:

	At 30 June 2017	At 31 December 2016
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Yunfu Guarantee	**30,374**	30,545
Zhongshan Wujieping	**10,108**	10,000
	40,482	40,545

16 Interest in associates (Continued)

The following list contains the particulars of the associates, which are unlisted corporate entity whose quoted market price are not available. The class of shares held is ordinary unless otherwise stated:

			Proportion of ownership interest As at 30 June 2017				
Name of company	Date and place of incorporation/ establishment	Paid-in/registered capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity	Place of incorporation
Yunfu Yuecai Puhui Financing Guarantee Co., Ltd. ("**Yunfu Guarantee**") (雲浮市粵財普惠融資擔保股份有限公司)	4 February 2016 the PRC	RMB150,000,000	20%	20%	-	Guarantee	Yunfu
Zhongshan Wujieping Health Industry Investment Partnership (Limited Partnership) ("**Zhongshan Wujieping**") (中山吳階平健康產業投資合夥企業(有限合夥))	18 April 2016 the PRC	RMB100,000,000	10%	-	10%	Health Industry Investment	Zhongshan

* The English translation of the names of these companies is for reference only. The official names of these companies are in Chinese.

The associates are accounted for using the equity method in the condensed consolidated financial statements.

Aggregate information of Yunfu Guarantee and Zhongshan Wujieping as individually immaterial associates:

	At 30 June 2017 ***RMB'000*** **(unaudited)**	At 31 December 2016 *RMB'000* (audited)
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**40,482**	40,545

	At 30 June 2017 ***RMB'000*** **(unaudited)**	At 31 December 2016 *RMB'000* (audited)
Aggregate amounts of the Group's share of profits of these associates:		
Profit from operation and total comprehensive income	**(63)**	545

17 Fixed assets

(a) Acquisitions and disposals

During the six months ended 30 June 2017, the Group acquired fixed assets with a cost of RMB4,551,000 (six months ended 30 June 2016: RMB4,415,000). Office and other equipment and deferred expenses with a net book value of RMB187,000 were disposed during the six months ended 30 June 2017 (six months ended 30 June 2016: nil), resulting in a gain on disposal amounting to RMB35,000 (six months ended 30 June 2016: nil).

(b) Impairment losses

During the six months ended 30 June 2017, no impairment loss of equipment was recognized (six months ended 30 June 2016: nil).

18 Intangible assets

(a) Acquisitions and disposals

During the six months ended 30 June 2017, the Group acquired intangible assets with a cost of RMB569,000 (six months ended 30 June 2016: RMB261,000). None of the intangible assets was disposed of during the six months ended 30 June 2017 (six months ended 30 June 2016: nil).

(b) Impairment losses

During the six months ended 30 June 2017, no impairment loss of intangible assets was recognized (six months ended 30 June 2016: nil).

19 Interest-bearing borrowings

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

	At 30 June 2017	At 31 December 2016
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Bank loans		
– Unsecured	**50,000**	–
– Secured	**9,500**	–
	59,500	–

At 30 June 2017, the secured bank loans of the Group were secured by bank deposits (Note 9).

20 Liabilities from guarantees

	Note	**At 30 June 2017**	At 31 December 2016
		RMB'000	*RMB'000*
		(unaudited)	(audited)
Deferred income		**120,701**	103,895
Provisions for guarantee issued	20(a)	**66,325**	68,484
		187,026	172,379

20 Liabilities from guarantees (Continued)

(a) Provisions for guarantees issued

	At 30 June 2017 *RMB'000* (unaudited)	At 31 December 2016 *RMB'000* (audited)
As at 1 January	68,484	78,981
Release	(2,159)	(10,497)
As at 30 June/31 December	66,325	68,484

21 Customer pledged deposits and accruals and other payables

(a) Customer pledged deposits

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

According to Interim Measures for the Administration of Financing Guarantee Companies (《融資性擔保公司管理暫行辦法》), jointly formulated and issued by China Banking Regulatory Commission, the National Development and Reform Commission, the Ministry of Finance, the Ministry of Commerce, the People's Bank of China and the State Administration for Industry and Commerce on 8 March 2010, and the Notice of Inter-ministries Joint Meeting of Financing Guarantee Business Supervision Concerning the Regulation of the Management of Customer Deposits by Financing Guarantee Institutions (《融資性擔保業務監管部際聯席會議關於規範融資性擔保機構客戶擔保保證金管理的通知》) promulgated by the Inter-ministerial Joint Meeting of Financing Guarantee Business Supervision on 5 April 2012, if a financing guarantee company accepts customer pledged deposits from its guarantee customers, the outstanding customer pledged deposits should be kept in a restricted account under tripartite custody. For those cooperated banks agreeing to coordinate, the Group has kept all received customer pledged deposits in a restricted bank account under tripartite custody.

21 Customer pledged deposits and accruals and other payables (Continued)

(b) Accruals and other payables

	Note	At 30 June 2017 RMB'000 (unaudited)	At 31 December 2016 RMB'000 (audited)
Dividends payable		**103,517**	–
Accrued staff cost		**24,158**	39,209
Principal and fixed return payable for other financial instrument-liability component	22	**16,672**	19,640
Receipts in advance		**7,990**	6,493
Withholding income tax		**444**	155
Other payables		**22,579**	21,043
Total		**175,360**	86,540

22 Other financial instrument-liability component

	Note	At 30 June 2017 RMB'000 (unaudited)	At 31 December 2016 RMB'000 (audited)
Other financial instrument-liability component	(i)	**77,980**	78,487

(i) Significant terms and repayment schedule of the financial instrument

According to the shareholders agreement and the shareholders supplementary agreement signed by the Group and other third party shareholders (the "**Agreements**"), Zhongshan Join-Share should pay a fixed return to Zhongshan Health Science and Technology Industrial Base Development Co., Ltd. ("**Zhongshan Health**") during the period from 31 December 2015 to 31 December 2022. For each year, the amount of the fixed return is 6% of Zhongshan Health's outstanding contribution. Moreover, the Company is contracted to repurchase Zhongshan Health's contribution amounting to RMB90,000,000 according to a repayment schedule in the Agreements. After the year ending 31 December 2022, Zhongshan Health's remaining contribution will no longer enjoy the fixed return.

22 Other financial instrument-liability component (Continued)

(i) Significant terms and repayment schedule of the financial instrument (Continued)

Considering the above factors, management considered Zhongshan Health's contribution as a compound financial instrument issued by Zhongshan Join-Share. The principal of this compound financial instrument is RMB100,000,000. Nominal interest rate is 6%, and maturity date is 31 December 2022. According to the Agreements, the Group should buy-back the contribution of Zhongshan Health, amounting to a total of RMB90,000,000 according to the timetable during the period from the year ended 31 December 2015 to the year ending 31 December 2022. The remaining contribution of Zhongshan Health amounting to RMB10,000,000 would be transferred to ordinary share by 31 December 2022; each financial instrument would be transferred to ordinary share.

The Group considered Zhongshan Health's RMB100,000,000 contribution as a compound financial instrument, and measured 6% fixed rate liability. The liability under the compound instrument is measured using amortisation cost method; the interest expense is measured using effective interest method. The fair value of equity component is measured as the principal deducted the liability component.

As at 30 June 2017, the Group accrued RMB2,580,000 as the fixed return during the period ended 30 June 2017, which are obligations according to the Agreements.

23 Financial institution bonds

	At 30 June 2017 RMB'000 (unaudited)	At 31 December 2016 RMB'000 (audited)
Financial institution bonds	**47,026**	45,864

Foshan Micro Credit issued financial institution bonds with par value of RMB25 million each on 26 September 2016 and 18 October 2016 at the exchange center of Guangzhou Equity Exchange Co., Ltd. (廣州股權交易中心). The duration of the financial institution bonds is two years and the interest rate is 4%. The value of the bonds is calculated with amortization cost method.

24 Income tax in the consolidated statement of financial position

(a) Movements in current taxation in the consolidated statements of financial position are as follows:

	Note	**At 30 June 2017 RMB'000 (unaudited)**	At 31 December 2016 RMB'000 (audited)
Balance of income tax payable at the beginning of the period/year		**36,513**	42,259
Provision for income tax on the estimated taxable profit for the period/year	6(a)	**17,814**	55,812
Income tax paid during the period/year		**(32,732)**	(61,558)
Balance of income tax payable at the end of the period/year		**21,595**	36,513

24 Income tax in the consolidated statement of financial position (Continued)

(b) Deferred tax assets and liabilities recognised:

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the period/year are as follows:

		Deferred tax assets				Deferred tax liabilities					
		Deferred Income	Impairment losses	Salaries and other payable	Total	Re-guarantee fee	Provisions for guarantee issued	Government grant	Financial Instrument	Total	Net
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2016		21,072	25,491	9,257	55,820	(999)	(14,502)	(504)	(4,453)	(20,458)	35,362
Charged/(credited) to the consolidated statement of profit or loss		4,902	1,080	811	6,793	263	(3,127)	1,892	–	(972)	5,821
Credited to reserves		–	–	–	–	–	–	–	5,728	5,728	5,728
At 31 December 2016 and 1 January 2017		25,974	26,571	10,068	62,613	(736)	(17,629)	1,388	1,275	(15,702)	46,911
Charged/(credited) to the consolidated statement of profit or loss	6(a)	4,201	3,494	(3,743)	3,952	259	(8,625)	-	-	(8,366)	(4,414)
Charged to reserves	7	-	-	-	-	-	-	-	(690)	(690)	(690)
At 30 June 2017 (unaudited)		30,175	30,065	6,325	66,565	(477)	(26,254)	1,388	585	(24,758)	41,807

25 Capital, reserves and dividends

(a) Dividends

The Company declared a final cash dividends to all shareholders, amounting to RMB90,666,667 representing RMB0.085 per share before tax, on 6 June 2017. As at 30 June 2017, the total amount was not paid.

(b) Share capital

The share capital of the Company as at 30 June 2017 and 31 December 2016 are as follows:

	30 June 2017 (unaudited)		31 December 2016 (audited)	
	No. of shares ('000)	***RMB'000***	*No. of shares ('000)*	*RMB'000*
Ordinary shares, issued and fully paid:				
As at 30 June/31 December	**1,066,667**	**1,066,667**	1,066,667	1,066,667

(c) Nature and purpose of reserves

(i) Share premium

The share premium represents the difference between the share capital/par value of the shares of the Company and capital injection/proceeds received from the issuance of the shares of the Company.

As at 30 June 2017, the share premium related to the Company's IPO on The Stock Exchange of Hong Kong Limited was nil, after offsetting the listing costs related to its new shares upon IPO.

25 Capital, reserves and dividends (Continued)

(c) Nature and purpose of reserves (Continued)

(ii) Capital reserve

The capital reserve represents the contribution from equity shareholders for disposal of a subsidiary.

(iii) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale securities held at the end of the reporting period.

(iv) Surplus reserve

Surplus reserve comprises statutory surplus reserve and discretionary surplus reserve.

The entities established in the PRC are required to appropriate 10% of its net profit, as determined under the China Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance of the PRC ("MOF"), to the statutory surplus reserve until the balance reaches 50% of the registered capital.

Subject to the approval of equity holders of the entities established in the PRC, statutory surplus reserves may be used to net off with accumulated losses, if any, and may be converted into capital, provided that the balance of statutory surplus reserve after such capitalization is not less than 25% of the registered capital before capitalization.

After making the appropriation to the statutory surplus reserve, the Group may also appropriate its net profit to the discretionary surplus reserve upon approval by shareholders.

(v) General reserve

Pursuant to relevant regulations, the Company and its subsidiaries engaged in credit guarantee business are required to set aside a general reserve through appropriations of profit after tax according to 10% of its net profit as determined under the Accounting Standards for Business Enterprises and other relevant requirements issued by MOF after making good prior year's accumulated loss to cover potential losses against their assets.

Pursuant to relevant MOF notices, Foshan Micro Credit is required to set aside a general reserve to cover potential losses against its assets, and the minimum general reserve balance should be 1.5% of the ending balance of gross risk-bearing assets.

25 Capital, reserves and dividends (Continued)

(c) Nature and purpose of reserves (Continued)

(vi) Other financial instrument-equity component

Other financial instrument-equity component is the equity component of the compound financial instrument (Note 22) issued by the Group.

(d) Capital management

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

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

There were no changes in the Group's approach to capital management during the six months ended 30 June 2017.

Particularly for guarantee and credit loan operation, the Group monitors regularly the residual balance of outstanding guarantees or/and credit loans for single customers and multiples of the total outstanding guarantees or/and credit loans in relation to share capital of companies in the Group engaging guarantee or/and credit loan business respectively, so as to keep the capital risk within an acceptable limit. The decision to manage the share capital of companies in the Group to meet the needs of developing guarantee or/and credit loans business rests with the directors.

26 Financial risk management and fair values of financial instruments

Exposure to credit, market and liquidity risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practice used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk arises from a customer's inability or unwillingness to meet its financial obligations to make timely payments under loans the Group guaranteed or provided. Credit risk is primarily attributable to unexpired guarantees issued by the Group, loans and advances to customers and trade and other receivables provided by the Group.

The maximum exposure to credit risk is represented by the net carrying amount of each type of financial assets as of the end of the reporting periods. In addition to guarantees issued as disclosed below, the Group has no credit risk arising from any other guarantee.

Credit risk arising from guarantees issued and entrusted loan operations:

The Group has taken measures to identify credit risks arising from guarantees issued and entrusted loan operations. The Group manages credit risk at every stage of the risk management system, including pre-approval, review and credit approval and post-transaction monitoring processes. The Group conducts customer acceptance and due diligence by business department and risk management department during the pre-approval process. A transaction may be subject to the review and approval of credit approval officer, regional risk committee, or chairman depending on the transaction size.

During the post-transaction monitoring process, the Group conducts on-site inspection and ongoing post-transaction reviews focus on various aspects, including but not limited to customers' product markets, operating income, assets and liabilities, cash flows from operating activities to detect potential risks. The Group takes proactive preventive actions based on the risk analysis and design contingency plans accordingly.

When a certain number of clients undertake the same business activities, stay in the same geographical locations, or bear similar economic features for their industries, their ability to fulfil contracts will be affected by the same economic changes. Concentration of credit risk reflects the sensitivity of the Group's operating results to specific industries or geographical locations. As the Group mainly operates its businesses in the PRC, there exists a certain level of geographical concentration risk for its guarantee and loan portfolios in that it might be affected by changes in the PRC economic conditions.

26 Financial risk management and fair values of financial instruments (Continued)

(a) Credit risk (Continued)

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

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Performance guarantee	5,139,273	3,152,802
Financing guarantee	2,988,600	3,092,771
Litigation guarantee	362,846	366,847
Subtotal	8,490,719	6,612,420
Less: Customer pledged deposits	(28,759)	(11,795)
Total	8,461,960	6,600,625

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

The maximum exposure to credit risk in respect of financial guarantees issued by industry at 30 June 2017 and 31 December 2016 is as follows:

	30 June 2017 (unaudited)		31 December 2016 (audited)	
	RMB'000	%	RMB'000	%
Construction	4,397,539	52%	3,100,972	46%
Manufacturing	1,251,619	14%	1,190,416	17%
Wholesale and retail	937,642	11%	986,330	15%
Commercial services	108,253	1%	105,700	2%
Service industry	48,600	1%	39,555	1%
Transportation, Warehousing and Postal service	17,530	1%	23,355	1%
Agriculture	44,480	1%	43,010	1%
Others	1,685,056	19%	1,123,082	17%
Total of financial guarantees issued	8,490,719	100%	6,612,420	100%

26 Financial risk management and fair values of financial instruments (Continued)

(a) Credit risk (Continued)

Credit risk arising from micro-lending business:

The Group adopts the similar pre-approval, review and credit approval risk management system for credit risk arising from micro-lending business. During the post-transaction monitoring process, the Group conducts a visit of customers regularly after disbursement of loans, and conducts on-site inspection on a regular basis. The review focuses on the use of loans, the financial and operational conditions of the borrowers or the progress of projects and status of the collateral.

The Group adopts a loan risk classification approach to manage its loan portfolio risk. Loans are generally classified as normal, special mention, substandard, doubtful and loss according to their levels of risk. Substandard, doubtful and loss loans are considered to be impaired loans and advances. They are classified as such when one or more events demonstrate that there is objective evidence of a loss event. The impairment losses are assessed collectively or individually as appropriate.

The Group has established relevant mechanisms to apply tiered management of credit risks, and set limits to acceptable risks for different individual or group counterparties, different industries and geographical regions. The Group monitors the risk status of these customers regularly and reviews their risk positions at least on quarterly basis.

In accordance with accounting policies and regulations, if there is objective evidence that indicates the cash flow for a particular loan is expected to decrease, and the amount can be estimated, the loan is recorded as an impaired loan and the impairment losses are recognized in the statement of profit or loss.

The Group's policy requires regular review of the quality of individually significant financial assets. For assets for which an allowance for impairment losses are provided individually, the amount is determined by an evaluation of the incurred loss at reporting date on a case-by-case basis. In making such assessments, the Group considers the value of collateral held and expected future cash flows from the asset.

Impairment allowances are provided for the following portfolios according to historical data, experience and statistical techniques: (i) those consisting of homogeneous assets that are individually below materiality thresholds; and (ii) those where losses that have been incurred but have not yet been individually identified with any specific asset within the portfolio.

26 Financial risk management and fair values of financial instruments (Continued)

(a) Credit risk (Continued)

Other credit risks:

The Group's other credit risks is attributable to bank deposits, available-for-sale financial assets, receivable investments, trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The bank deposits, available-for-sale financial assets and receivable investments of the Group are mainly held with well-known financial institutions and state-owned enterprises. Management does not foresee any significant credit risks from these assets and does not expect that these financial institutions or state-owned enterprises may default and cause losses to the Group.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluation focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Group does not obtain collateral from customers except receivables for default guarantee payments and receivables from guarantee customers.

Further quantitative disclosure in respect of the Group's exposure to credit risk arising from loans and advances to customers and trade and other receivables are set out in Note 12 and Note 11, respectively.

(b) Fair values

(i) Financial assets and liabilities measured at fair value

The following table presents the carrying value of financial instruments measured at fair value at the end of the reporting period across the three levels of the fair value hierarchy defined in HKFRS 13, Fair Value Measurement, with the fair value of each financial instrument categorized in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

26 Financial risk management and fair values of financial instruments (Continued)

(b) Fair values (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

Level 3 valuations: Fair value measured using significant unobservable inputs.

The Group has a team performing valuations for the financial instruments, including unlisted equity securities and redemption options which are categorized into Level 3 of the fair value hierarchy. The team reports directly to the chief financial officer. Valuation reports with analysis of changes in fair value measurement are prepared by the team at each reporting date, and is reviewed and approved by the chief financial officer. The Group also reassess the valuation process and results regularly.

	30 June 2017 *RMB'000* (unaudited)	31 December 2016 *RMB'000* (audited)
Level 1		
Available-for-sale financial assets	27,875	22,615
Level 3		
Available-for-sale financial assets	44,560	33,090
Liabilities		
Other financial instrument-liability component	77,980	78,487

During the six months ended 30 June 2017, there were no transfers into or out among the three levels. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

26 Financial risk management and fair values of financial instruments (Continued)

(b) Fair values (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Information about Level 3 fair value measurements

The fair value of unlisted equity instruments and certain wealth management products is determined using the price ratios of comparable listed companies adjusted for lack of marketability discount and discounted cash flow analysis, respectively. The fair value measurement is negatively correlated to the discount for lack of marketability.

The movement during the period in the balance of Level 3 fair value measurements is as follows:

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Available-for-sale financial assets		
At the beginning of the period/year	33,090	7,430
Payment for purchases	16,500	27,910
Proceeds from sales	(5,030)	(2,250)
At the end of the period/year	44,560	33,090

(ii) Fair value of financial assets and liabilities carried at other than fair value

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Other financial instrument-liability component		
At the beginning of the period/year	78,487	86,748
– change in fair value	(507)	(8,261)
At the end of the period/year	77,980	78,487

The carrying amounts of the Group's financial instrument carried at cost or amortization cost are not materially different from their fair values as at 30 June 2017 and 31 December 2016.

27 Commitments and contingent liabilities

(a) Lease commitments

The total future minimum lease payments under non-cancellable operating leases of properties were payable as follows:

	30 June 2017 *RMB'000* (unaudited)	31 December 2016 *RMB'000* (audited)
Within 1 year (inclusive)	**4,371**	1,445
Over 1 year but within 3 years (inclusive)	**6,531**	2,099
Over 3 years	**3,400**	25
Total	**14,302**	3,569

The Group is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of 1 to 5 years, at the end of which period all terms are renegotiated. None of the leases include contingent rentals.

(b) Litigations and disputes

As at 30 June 2017, the Group had no outstanding litigation or disputes in which the Group was a defendant (31 December 2016: nil).

28 Material related party transactions

(a) Name and relationship with related parties

Name of related party	Relationship
深圳市領航成長創業投資有限公司 (Shenzhen Linghang Growth Venture Capital Co., Ltd.)	Subsidiary of Guangdong Join-Share Co., Ltd.
佛山天使中小企業融資服務中心有限公司 (Foshan Angel Small and Medium-sized Enterprises Financing Service Center Co., Ltd.)	Subsidiary of Guangdong Join-Share Co., Ltd
佛山前海梧桐投融資諮詢服務有限公司 (Foshan Qianhai Wutong Investment and Financing Consultancy Co., Ltd.)	Subsidiary of Guangdong Join-Share Co., Ltd
吳列進 (Wu Liejin)	Director and Chairman of the Company
謝勇東 (Xie Yongdong)	Director of the Company and president
梁漢文 (Leung Hon Man)	Director of the Company
吳向能 (Wu Xiangneng)	Director of the Company
劉恒 (Liu Heng)	Director of the Company
黃國深 (Huang Guoshen)	Director of the Company
吳豔芬 (Wu Yanfen)	Director of the Company
顧李丹 (Gu Lidan)	Director of the Company
張德本 (Zhang Deben)	Executive vice president
歐偉明 (Ou Weiming)	Vice president
陸皓明 (Lu Haoming)	Chief financial officer
黃碧汶 (Huang Biwen)	Chief risk officer
鄭正強 (Zheng Zhengqiang)	Secretary to the Board of the Company
張敏明 (Zhang Minming)	Director of the Company and vice chairman
王維 (Wang Wei)	Supervisor of the Company
李琦 (Li Qi)	Supervisor of the Company
馮群英 (Feng Qunying)	Supervisor of the Company
梁毅 (Liang Yi)	Supervisor of the Company
廖振亮 (Liao Zhenliang)	Supervisor of the Company
鐘堅 (Zhong Jian)	Supervisor of the Company
四會市志高華美投資有限公司 (Sihui Zhi Gao Hua Mei Investment Co., Ltd.)	A company of which 24% interest held by Huang Guo Shen
陽江市志高麗島房地產開發有限公司 (Yangjiang Zhi Gao Li Real Estate Development Co., Ltd.)	A company of which 95% interest held by Huang Guo Shen
廣東美思內衣有限公司 (Guangdong MeiSi Co., Ltd.)	A company of which 90% interest held by Wu Yan Fen
美漢有限公司 (Master Ocean Co., Ltd.)	A company of which 100% interest held by Leung Hon Man

(Expressed in Renminbi unless otherwise indicated)

28 Material related party transactions (Continued)

(a) Name and relationship with related parties (Continued)

Name of related party	Relationship
佛山市南海宗永建材貿易有限公司 (Foshan Nanhai Zong Yong Building Material Co., Ltd.)	A company of which 90% interest held by Zhang Minming
陽江同心房地產開發有限公司 (Yangjiang Tong Xin Real Estate Development Co., Ltd.)	A company of which 70% interest held by Zhang Minming
佛山市南海臻恒建材有限公司 (Foshan Nanhai Zhen Heng Building Material Co., Ltd.)	A company of which 55% interest held by Zhang Minming
佛山市高明明建混凝土配送有限公司 (Foshan Gaoming Mingjian Concrete Distribution Co., Ltd.)	A company of which 50% interest held by Zhang Minming
佛山市譽基房地產開發有限公司 (Foshan Yu Ji Real Estate Development Co., Ltd.)	A company of which 10% interest held by Zhang Minming
廣東科明達集團有限公司 (Guangdong Ke Ming Da Group Co., Ltd.)	A company of which 90% interest held by Zhang Minming
佛山市南海科明達混凝土有限公司 (Foshan Nanhai Ke Ming Da Concrete Co., Ltd.)	A company of which 95% interest held by Zhang Minming
肇慶市科明達混凝土攪拌有限公司 (Zhaoqing Ke Ming Da Concrete Co., Ltd.)	A company of which 88% interest held by Zhang Minming
高要市科明達混凝土有限公司 (Gaoyao Ke Ming Da Concrete Co., Ltd.)	A company of which 10% interest held by Zhang Minming
佛山市聚豐混凝土有限公司 (Foshan Ju Feng Concrete Co., Ltd.)	A company of which 10% interest held by Zhang Minming
佛山南海聚豐置業投資有限公司 (Foshan Nanhai Ju Feng Property Investment Co., Ltd)	A company of which 5% interest held by Zhang Minming
佛山創業成長投資中心(有限合夥) (Foshan Venture Growth Investment Center L.P.)	A company of which can solely be exercised control by Xie Yongdong
雲浮市粵財普惠融資擔保股份有限公司 (Yunfu Yuecai Puhui Financing Guarantee Co.,Ltd.)	Associate of the Group from February 2016
中山吳階平健康產業投資合夥企業(有限合夥) (Zhongshan Wujieping Health Industry Investment Partnership)	Associate of the Group from April 2016

28 Material related party transactions (Continued)

(b) Key management personnel remuneration

	Note	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Key management personnel remuneration	(i)	**2,190**	7,677

(i) Total remuneration is included in "staff costs" (Note 5(b)).

(c) Related parties transactions

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Guarantee fee income		
– 佛山市南海區西樵恒建混凝土有限公司 (Foshan Nanhai Xiqiao Heng Jian Concrete Co., Ltd.)	**–**	104
Other income		
– 雲浮市粵財普惠融資擔保股份有限公司 (Yunfu Yuecai Puhui Financing Guarantee Co., Ltd.)	**296**	1,000

(d) Balances with related parties

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Loan to related persons		
Wang Wei	**–**	100

28 Material related party transactions (Continued)

(e) Guarantees provided by related parties

The guarantees provided by related parties to the Group at the end of each reporting period/year were as follows:

	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Guarantee amount	**7,500**	9,000

Since the Company does not have a majority or controlling shareholder, certain counterparties request the directors Mr. Wu Liejin and Mr. Xie Yongdong to take joint liability guarantee in their business cooperation. According to the loan contract with China Construction Bank Corporation, Mr. Wu Liejin and Mr. Xie Yongdong should provide guarantee for the financial guarantees issued by the Group. As at 30 June 2017, outstanding guarantee amount of RMB7,500,000 is jointly guaranteed by Mr. Wu Liejin and Mr. Xie Yongdong (31 December 2016: RMB 9,000,000).

29 Possible impact of amendments, new standards and interpretations issued but not yet effective for the six months ended 30 June 2017

HKFRS 9, Financial instruments

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39, Financial instruments: Recognition and measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities. The Group has decided not to adopt HKFRS 9 until it becomes mandatory on 1 January 2018. Expected impacts of the new requirements on the Group's financial statements are as follows:

(a) Classification and measurement

HKFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss (FVTPL) and (3) fair value through other comprehensive income (FVTOCI) as follows:

- The classification for debt instruments is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the asset. If a debt instrument is classified as FVTOCI then effective interest, impairment and gains/losses on disposal will be recognised in profit or loss.

- For equity securities, the classification is FVTPL regardless of the entity's business model. The only exception is if the equity security is not held for trading and the entity irrevocably elects to designate that security as FVTOCI. If an equity security is designated as FVTOCI then only dividend income on that security will be recognised in profit or loss. Gains, losses and impairments on that security will be recognised in other comprehensive income without recycling.

Based on a preliminary assessment, the Group expects that its financial assets currently measured at amortised cost and FVTPL will continue with their respective classification and measurements upon the adoption of HKFRS 9.

29 Possible impact of amendments, new standards and interpretations issued but not yet effective for the six months ended 30 June 2017 (Continued)

HKFRS 9, Financial instruments (Continued)

(a) Classification and measurement (Continued)

With respect to the Group's financial assets currently classified as "available-for-sale", these are investments in equity securities which the group may classify as either FVTPL or irrevocably elect to designate as FVTOCI (without recycling) on transition to HKFRS 9. The Group has not yet decided whether it will irrevocably designate these investments as FVTOCI or classify them as FVTPL. Either classification would give rise to a change in accounting policy as the current accounting policy for available-for-sale equity investments is to recognise fair value changes in other comprehensive income until disposal or impairment, when gains or losses are recycled to profit or loss. This change in policy will have no impact on the group's net assets and total comprehensive income but will impact on reported performance amounts such as profit and earnings per share.

The classification and measurement requirements for financial liabilities under HKFRS 9 are largely unchanged from HKAS 39, except that HKFRS 9 requires the fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liability's own credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The Group currently does not have any financial liabilities designated at FVTPL and therefore this new requirement may not have any impact on the group on adoption of HKFRS 9.

(b) Impairment

The new impairment model in HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an "expected credit loss" model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure expected credit losses as either 12-month expected credit losses or lifetime expected credit losses, depending on the asset and the facts and circumstances. This new impairment model may result in an earlier recognition of credit losses on the Group's trade and other receivables, loans and advances to customers, liabilities from guarantees and receivable investments. However, a more detailed analysis is required to determine the extent of the impact.

29 Possible impact of amendments, new standards and interpretations issued but not yet effective for the six months ended 30 June 2017 (Continued)

HKFRS 9, Financial instruments (Continued)

(c) Hedge accounting

HKFRS 9 does not fundamentally change the requirements relating to measuring and recognising ineffectiveness under HKAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting.

Since the Group is in the process of making an assessment on overall impact of HKFRS 9, and given the nature of the Group's operations, HKFRS 9 is expected to have an impact on the Group's financial statements, including the classification categories and the measurement of financial assets, the measurement of liabilities for financial guarantees, and disclosures. For instance, the Group will be required to replace the incurred loss impairment model in HKAS 39 with an expected loss impairment model that will apply to various exposures to credit risk, including trade and other receivables, loan and advances to customers, receivable investments, and financial guarantees. HKFRS 9 will also change the way the Group classifies and measures its financial assets, and will require the Group to consider the business model and contractual cash flow characteristics of financial assets to determine classification and subsequent measurement. Until a detailed review of the impact of adopting HKFRS 9 is performed, the Group cannot provide a reasonable estimate that quantifies the impact on its financial statements nor can it yet conclude whether that impact will be significant or not. It is expected that adopting HKFRS 9 will require changes to systems and processes to collect necessary data.

HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18, Revenue, which covers revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specifies the accounting for revenue from construction contracts. The Group is currently assessing the impacts of adopting HKFRS 15 on its financial statements. Based on the preliminary assessment, the Group has identified the following areas which are likely to be affected:

29 Possible impact of amendments, new standards and interpretations issued but not yet effective for the six months ended 30 June 2017 (Continued)

HKFRS 15, Revenue from contracts with customers (Continued)

(a) Timing of revenue recognition

Currently, revenue arising from construction contracts and the provision of services is recognised over time, whereas revenue from the sale of goods is generally recognised when the risks and rewards of ownership have passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. HKFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

(a) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

(b) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

(c) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

As a result of this change from the risk-and-reward approach to the contract-by-contract transfer-of-control approach, it is possible that once the Group adopts HKFRS 15, some of the Group's contracts for which revenue is currently recognised at a point in time may be recognised earlier or later than under the new accounting policy. However, further analysis is required to determine whether this change in accounting policy may have a material impact on the amounts reported in any given financial reporting period.

29 Possible impact of amendments, new standards and interpretations issued but not yet effective for the six months ended 30 June 2017 (Continued)

HKFRS 15, Revenue from contracts with customers (Continued)

(b) Significant financing component

HKFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance or in arrears.

Currently, the Group would only apply such a policy when payments are significantly deferred, which is currently not common in the Group's arrangements with its customers. Currently, the Group does not apply such a policy when payments are received in advance.

The Group is in the process of assessing whether this component in the Group's advance payment schemes would be significant to the contract and therefore whether, once HKFRS 15 is adopted, the transaction price would need to be adjusted for the purposes of recognising revenue.

HKFRS 16, Leases

Currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group enters into some leases as the lessor and others as the lessee.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

29 Possible impact of amendments, new standards and interpretations issued but not yet effective for the six months ended 30 June 2017 (Continued)

HKFRS 16, Leases (Continued)

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties, which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. As disclosed in Note 27, at 30 June 2017 the Group's future minimum lease payments under non-cancellable operating leases amount to RMB14,302,000 for properties, the majority of which is payable either between 1 and 3 years after the reporting date or in more than 3 years. Some of these amounts may therefore need to be recognized as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

The Group is considering whether to adopt HKFRS 16 before its effective date of 1 January 2019. However, early adoption of HKFRS 16 is only permitted if this is no earlier than the adoption of HKFRS 15. It is therefore unlikely that HKFRS 16 will be adopted before the effective date of HKFRS 15, being 1 January 2018.

30 Non-adjusting events after the reporting period

By the reporting date, the Company paid dividends amounting to RMB90,666,667, which was declared on 6 June 2017 (Note 25(a)).