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Join-Share 中盈盛达

共创 共享 共成长

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

廣東中盈盛達融資擔保投資股份有限公司

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

(Stock Code: 1543)

CHANGE IN EXPECTED TIME OF UTILISATION OF PROCEEDS

References are made to (i) the prospectus of the Guangdong Join-Share Financing Guarantee Investment Co., Ltd.* (廣東中盈盛達融資擔保投資股份有限公司) (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 11 December 2015 and the announcements of the Company dated 16 May 2016 and 26 September 2016 in relation to the proceeds from the Listing; (ii) the announcements of the Company dated 15 May 2017, 25 May 2017, 29 June 2017, 18 July 2017, 26 July 2017, 28 September 2017, 29 December 2017, 27 March 2018, 28 March 2018, 29 March 2018, 18 April 2018, 22 February 2019, 6 June 2019, 8 May 2020 and 29 June 2020, respectively, and the circulars of the Company dated 30 September 2017, 9 May 2019 and 15 May 2020 (the “**2020 Circular**”), respectively, in relation to the proceeds from the Investors Subscription and the Placing; and (iii) the interim report of the Company for the six months ended 30 June 2020 (the “**2020 Interim Report**”).

Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the 2020 Circular and the 2020 Interim Report.

Following preliminary review of the annual results of the Company for the year ended 31 December 2020, the Board noted that certain proceeds from the Listing, the Investors Subscription and the Placing (collectively, the “**Proceeds**”) have not been used up according to the expected time of utilisation as disclosed in the 2020 Interim Report in view of the stringent regulatory environment of the financial industry in the PRC, further details of which are set out in the paragraph headed “Reasons for the change in the expected time of utilisation of the Proceeds” below. For the information of the Shareholders and the potential investors, the Board has further reviewed the current regulatory environment and market conditions of the financial industry in the PRC, as well as the future development strategy of the Group, and revised the expected time of

utilisation of the remaining Proceeds as stated in the 2020 Interim Report. Breakdown of the allocation of the Proceeds as stated in the 2020 Interim Report and the change in the expected time of utilisation of the remaining balance are summarised below:

(1) Proceeds from the Listing of approximately HK\$340.3 million:

Net proceeds allocation	Intended use of the proceeds	Actual use of the proceeds as at 30 June 2020	Amount of the remaining proceeds as at 30 June 2020	Original expected time of utilisation as stated in the 2020 Interim Report	Revised expected time of utilisation
(i) HK\$120.00 million	Develop financing guarantee business, establish new subsidiaries and branches (including those in Dongguan, Yunfu and Zhuhai, Guangdong Province) and increase the capital base for financing guarantee and expand the Group's business in order to enhance competitive advantage in the financing guarantee market.	Approximately HK\$23.86 million and HK\$47.56 million had been utilised to establish Yunfu Yuecai Puhui Financing Guarantee Co., Ltd.* (雲浮市粵財普惠融資擔保股份有限公司), the name of which was changed to Yunfu Puhui Financing Guarantee Co., Ltd.* (雲浮市普惠融資擔保股份有限公司) afterwards, with Guangdong Financing Re-Guarantee Company Limited* (廣東省融資再擔保有限公司), Yunfu Rongda Asset Operations Company Limited* (雲浮市融達資產經營有限公司) and Guangdong Wenshi Investment Company Limited* (廣東溫氏投資有限公司) and to increase the registered capital of Yunfu Puhui Financing Guarantee Co., Ltd. after Guangdong Financing Re-Guarantee Company Limited ceased to be a shareholder thereof. Upon the completion of capital contribution, the shareholding of the Group in Yunfu Puhui Financing Guarantee Co., Ltd. increased to 53.85%. And approximately HK\$48.58 million had been used to contribute to the registered capital of Anhui Join-Share, following which the Group's shareholding in Anhui Join-Share increased from 51% to approximately 60.55%.	Nil	N/A	N/A
(ii) HK\$74.90 million	Develop SMEs lending business, establish new subsidiaries and increase capital base in order to expand the Group's SME lending business and improve its status in the market.	Approximately HK\$28.79 million and HK\$32.39 million had been used to contribute to the registered capital of Foshan Micro Credit and the acquisition of shares in Foshan Micro Credit from its existing shareholders, respectively. Following the acquisition of shares in Foshan Micro Credit, the Group's shareholding in Foshan Micro Credit increased from 30% to approximately 50.4%.	Approximately HK\$13.72 million	31-12-2020	30-06-2021

Net proceeds allocation	Intended use of the proceeds	Actual use of the proceeds as at 30 June 2020	Amount of the remaining proceeds as at 30 June 2020	Original expected time of utilisation as stated in the 2020 Interim Report	Revised expected time of utilisation
(iii) HK\$57.90 million	Develop finance lease business, establish new finance lease subsidiaries and explore and optimise related industries and establish a finance lease company in 2016.	Nil	Approximately HK\$57.9 million	31-12-2021	No change
(iv) HK\$63.70 million	Contribution to the registered capital of a new wholly-owned subsidiary to provide capital management services.	Approximately HK\$63.55 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).	Approximately HK\$0.15 million	31-12-2020	No change (such proceeds have been utilised as scheduled)
(v) HK\$23.80 million	Supplement operating capital and other business expenses.	Approximately HK\$23.80 million had been utilised for supplementing operating capital and other business expenses.	Nil	N/A	N/A

(2) Proceeds from the Investors Subscription of approximately RMB375.45 million (approximately HK\$424.21 million):

For the purpose of this announcement and for illustrative purpose only, conversion of RMB into HK\$ is based on the approximate exchange rate of HK\$1: RMB0.88507, unless otherwise stated.

Net proceeds allocation	Intended use of the proceeds	Actual use of the proceeds as at 30 June 2020	Amount of the remaining proceeds as at 30 June 2020	Original expected time of utilisation as stated in the 2020 Interim Report	Revised expected time of utilisation
(i) Approximately 60% (i.e. approximately RMB225.27 million (equivalent to approximately HK\$254.52 million) of the proceeds)	Pursuing acquisition and merger opportunities when suitable target becomes available, in order to expand the Group's service mix and further consolidate the market position of the Group in Guangdong Province or Pearl River Delta region, among which:	RMB45.00 million and RMB90.00 million have been used for the capital contribution of establishment of Shenzhen Join-Share Commercial Factoring Co., Ltd.* (深圳中盈盛達商業保理有限公司) and capital contribution of establishment of Shenzhen Join-Share Engineering Guarantee Co., Ltd.* (深圳市中盈盛達工程擔保有限公司), which was held as to 90% by the Company.			
	(a) Approximately RMB50.00 million (equivalent to approximately HK\$56.49 million) will be used for establishing a new micro-finance company in Zhongshan, PRC.	Nil	Approximately RMB50.00 million (equivalent to approximately HK\$56.49 million)	30-11-2020	31-12-2021

Net proceeds allocation	Intended use of the proceeds	Actual use of the proceeds as at 30 June 2020	Amount of the remaining proceeds as at 30 June 2020	Original expected time of utilisation as stated in the 2020 Interim Report	Revised expected time of utilisation
	(b) Approximately RMB40.27 million (equivalent to approximately HK\$45.50 million) will be used for capital injection in Zhongshan Join-Share.	Nil	Approximately RMB40.27 million (equivalent to approximately HK\$45.50 million)	31-12-2020	31-12-2021
(ii) Approximately 40% (i.e. approximately RMB150.18 million (equivalent to approximately HK\$169.68 million) of the proceeds)	Capital injection into Guangdong Yaoda and/or development of other financial-related services business that comply with the relevant regulations and policies, whereby:	RMB112.57 million (equivalent to approximately HK\$132.84 million) has been used for capital injection into Guangdong Yaoda.			
	(a) Following disposal of Guangdong Yaoda, approximately RMB37.61 million (equivalent to approximately HK\$36.84 million) will be used to establish a new finance leasing company which will be a subsidiary of the Company	Nil	Approximately RMB37.61 million (equivalent to approximately HK\$36.84 million)	31-12-2021	No change

(3) Proceeds from the Placing of approximately HK\$262.4 million:

Net proceeds allocation	Intended use of the proceeds	Actual use of the proceeds as at 30 June 2020	Amount of the remaining proceeds as at 30 June 2020	Original expected time of utilisation as stated in the 2020 Interim Report	Revised expected time of utilisation
(i) Approximately 55% (i.e. approximately HK\$144.32 million of the proceeds)	(a) Approximately RMB60.00 million (equivalent to approximately HK\$67.79 million) will be used for capital injection in Guangdong Capital Investment.	Nil	Approximately RMB60.00 million (equivalent to approximately HK\$67.79 million)	31-08-2020	No change (such balance has been utilised as scheduled)
	(b) Approximately RMB50.00 million (equivalent to approximately HK\$56.49 million) will be used to establish a new asset management company.	Nil	Approximately RMB50.00 million (equivalent to approximately HK\$56.49 million)	31-12-2020	31-12-2021

Net proceeds allocation	Intended use of the proceeds	Actual use of the proceeds as at 30 June 2020	Amount of the remaining proceeds as at 30 June 2020	Original expected time of utilisation as stated in the 2020 Interim Report	Revised expected time of utilisation
	(c) Approximately RMB17.73 million (equivalent to approximately HK\$20.04 million) will be used for general working capital and general corporate purposes of the Group.	Nil	Approximately RMB17.73 million (equivalent to approximately HK\$20.04 million)	31-12-2020	No change (such balance has been utilised as scheduled)
(ii) Approximately 35% (i.e. approximately HK\$91.84 million of the proceeds)	Funding the geographical expansion of the Group's financing guarantee business to Guangzhou city of Guangdong Province, which is planned to be achieved through establishing a new subsidiary or (if desirable) acquiring an equity interest in an entity which is providing financing guarantee services in that district.	Nil	HK\$91.84 million	30-11-2020	30-06-2022
(iii) Approximately 10% (i.e. approximately HK\$26.24 million of the proceeds)	General working capital purposes, of which approximately 6% will be used for the renovation of existing office premises of the Group and the setting up of new offices by the Group in Foshan to enhance its business network in the city and approximately 4% will be used for purchasing office equipment including computers and for upgrading the computer software.	HK\$15.744 million has been used for the renovation of existing office premises of the Group and the setting up of new offices by the Group in Foshan to enhance its business network in the city and HK\$10.496 million has been used for purchasing office equipment including computers and for upgrading the computer software.	Nil	N/A	N/A

Shareholders and potential investors should note that the expected time frame for fully applying the unutilised Proceeds is based on the best estimation of the future market conditions and strategic development made by the Group, which may be subject to changes and adjustments based on the future development of market conditions.

REASONS FOR THE CHANGE IN THE EXPECTED TIME OF UTILISATION OF THE PROCEEDS

The Group is a financial guarantee services provider in the PRC. During the year ended 31 December 2020, it has not utilised the remaining Proceeds to expand its SME lending business or to establish new finance lease, micro-finance or asset management companies according its original timetable mainly due to the tightened regulations and more stringent regulatory measures imposed on companies engaging in the financial industry in the PRC.

The Board noted that recently, the PRC government and regulatory authorities have tightened the regulation and control over the financial industry to prevent systemic financial risks, and the approval procedures for investments in the financial industry have been strictly scrutinised and have become more complicated as a result. The establishment of, or investments in certain businesses, in particular finance leasing, factoring and asset management companies, are subject to prior-approval by relevant government authorities. Such industries are currently undergoing the stage of regulatory compliance enhancement and reification, resulting in delay or suspension in certain approval process. Accordingly, the Board considered that it is no longer a wise timing to deploy its resources to identify and execute its expansion or investments in the PRC financial industry. The Board will closely monitor the development of the regulatory regime and the market conditions of the PRC financial industry and actively explore suitable opportunities to archive its expansion goal.

As the development of the current regulatory regime remains uncertain, the Board considers that the change in the expected time of utilisation of the Proceeds will allow the Company to optimise the Group's financial resources and enhance the cost efficiency of using the remaining Proceeds. The intended uses of the remaining Proceeds remain unchanged as stated in the 2020 Interim Report.

The Board confirms that there is no material change in the business as set out in the 2020 Interim Report and considers that the above change in the expected time of utilisation of the remaining Proceeds is in the best interest of the Company and the Shareholders as a whole.

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

Foshan, the PRC, 8 February 2021

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

* For identification purpose only