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Join-Share 中盈盛达

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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)

VOLUNTARY ANNOUNCEMENT DEEMED DISPOSAL OF SHARES IN A SUBSIDIARY

This is a voluntary announcement made by 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**”).

DEEMED DISPOSAL OF SHARES IN A SUBSIDIARY

On 26 September 2022, Yunfu Rongda, the Company, GD Wenshi, GD Yuecai and Yunfu Puhui entered into the Capital Contribution Agreement, pursuant to which Yunfu Puhui agreed to issue a total of 10 million new shares (the “**New Issue**”) to GD Yuecai (representing approximately 7.143% of issued shares of Yunfu Puhui immediately after the New Issue) in consideration of capital contribution by GD Yuecai in the total amount of RMB10 million (the “**Capital Contribution**”) to Yunfu Puhui. Notwithstanding that the number of shares in Yunfu Puhui held by the Company will remain unchanged, the shareholdings of the Company in Yunfu Puhui will decrease from approximately 53.85% to 50.00% immediately after the New Issue and the Capital Contribution (the “**Deemed Disposal**”).

The Capital Contribution Agreement

- Date : 26 September 2022
- Parties : (i) Yunfu Rongda;
(ii) The Company;
(iii) GD Wenshi;
(iv) GD Yuecai; and
(v) Yunfu Puhui.
- Capital contribution amount : Yunfu Puhui agreed to issue a total of 10 million new shares to GD Yuecai in consideration of capital contribution by GD Yuecai in the total amount of RMB10 million to Yunfu Puhui.
- Put Option : The Company agrees to grant a put option to GD Yuecai (the “**Put Option**”), pursuant to which GD Yuecai has the right to sell all of its shareholdings in Yunfu Puhui to the Company, if the assessment results of Yunfu Puhui fail to reach the level of “distinction” (優) based on the assessment method set out in the Provisional Measures on Performance Assessment of Financing Guarantee Institutions of Guangdong Province* (《廣東省政府性融資擔保機構績效考核評價暫行辦法》) issued by the Department of Finance of Guangdong Province* (廣東省財政廳) for consecutive five financial years after the Capital Contribution.

The exercise price of the Put Option shall be the total amount of the Capital Contribution by GD Yuecai (i.e. RMB10 million).

- Guaranteed Return : GD Yuecai is entitled to a guaranteed return of RMB200,000 (the “**Guaranteed Return**”) (2% of return per year) in each financial year. Yunfu Puhui shall pay the Guaranteed Return to GD Yuecai before 30 June each year in the form of profit sharing based on its audited financial results in the previous financial year. Under all circumstances, in case GD Yuecai does not receive the Guaranteed Return or there is any shortfall from the payment of Yunfu Puhui by 30 June, the Company shall be responsible to settle the Guaranteed Return or any outstanding balance. In case the distributable profit of Yunfu Puhui is more than RMB1.8 million, GD Yuecai will be entitled to the amount of Guaranteed Return (i.e. RMB200,000) only, and any excess amount of such distributable profit shall be shared by the Company and GD Wenshi in the proportion as stipulated in the Capital Contribution Agreement.
- Guarantee and/or investment business of Yunfu Puhui : If there is any loss incurred in the guarantee and/or investment business of Yunfu Puhui which cannot be covered by the external compensation from the applicable risk compensation policy provided by Yunfu City, the PRC, and the internal resource of Yunfu Puhui, the Company shall be responsible for taking up such amount of uncovered loss, so that each of Yunfu Rongda, GD Wenshi and GD Yuecai would not suffer from any loss as to its capital contribution made to Yunfu Puhui.
- Liquidation preference : In the event of liquidation of Yunfu Puhui, Yunfu Rongda and GD Yuecai will be paid out of the assets of Yunfu Puhui legally available for distribution and be entitled to a liquidation preference in an amount equal to the respective amount of capital contribution to Yunfu Puhui. In case the distribution to any of Yunfu Rongda or GD Yuecai is less than its amount of capital contribution to Yunfu Puhui, the Company shall be responsible to settle any outstanding balance.

The shareholding structure of Yunfu Puhui before the New Issue and Capital Contribution:

Name of shareholders	Amount of capital contribution <i>(RMB'million)</i>	No. of shares held <i>('million)</i>	% of shareholding
Yunfu Rongda	50	50	38.46
The Company	70	70	53.85
GD Wenshi	<u>10</u>	<u>10</u>	<u>7.69</u>
Total	<u>130</u>	<u>130</u>	<u>100</u>

The shareholding structure of Yunfu Puhui immediately after the New Issue and Capital Contribution:

Name of shareholders	Amount of capital contribution <i>(RMB'million)</i>	No. of shares held <i>('million)</i>	% of shareholding
Yunfu Rongda	50	50	35.714
The Company	70	70	50.000
GD Wenshi	10	10	7.143
GD Yuecai	<u>10</u>	<u>10</u>	<u>7.143</u>
Total	<u>140</u>	<u>140</u>	<u>100</u>

Yunfu Puhui will remain as a subsidiary of the Company after the New Issue and Capital Contribution, and its financial results will continue to be consolidated in the Group's financial statements.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Yunfu Rongda, GD Wenshi and GD Yuecai and their respective ultimate beneficial owners are not connected person of the Company within the meaning of Chapter 14A of the Listing Rules as of the date of this announcement.

Information of Yunfu Rongda

Yunfu Rongda is a limited liability company incorporated in the PRC with a registered capital of RMB150 million, and its principal business includes investment in public utilities, urban infrastructure facilities and key projects, real estate development and operation, and equity investment with own funds.

Yunfu Rongda is wholly owned by Yunfu Xinda City Construction Investment Co., Ltd* (雲浮市新達城市建設投資有限公司), which is a non-wholly owned subsidiary of Yunfu Infrastructure Construction Investment Group Co., Ltd.* (雲浮市基礎設施建設投資集團有限公司), and the ultimate beneficial owner of which is SASAC of The People's Government of Yunfu City (雲浮市人民政府國有資產監督管理委員會).

Information of the Company

The Company is a financial guarantee services provider in the PRC. It is principally engaged in the provision of (i) guarantees on behalf of SMEs and individual business proprietors to guarantee the repayment of their loans or performance of their certain contractual obligations, (ii) entrusted loans for SMEs and individual business proprietors, and (iii) micro-lending for SMEs, individual business proprietors and individuals.

Information of GD Wenshi

GD Wenshi is a limited liability company incorporated in the PRC with a registered capital of RMB500 million, and its principal business includes outward investment with own funds and investment management. GD Wenshi is a wholly owned subsidiary of Wens Foodstuff Group Co., Ltd., a PRC company listed on the Shenzhen Stock Exchange (stock code: 300498.SZ), and its ultimate beneficial owner is the Wen's family, which consists of 11 natural persons, namely Wen Pengcheng (溫鵬程), Wen Junsheng (溫均生), Wen Zhifen (溫志芬), Wen Xiaoqiong (溫小瓊), Liang Huanzhen (梁煥珍), Wu Cuizhen (伍翠珍), Wen Zirong (溫子榮), Chen Jianxing (陳健興), Liu Rongjiao (劉容嬌), Sun Fen (孫芬) and Gu Jinying (古金英).

Information of GD Yuecai

GD Yuecai is a limited liability company incorporated in the PRC with a registered capital of RMB6,060 million solely owned by Guangdong Yuecai Investment Holding Co., Ltd.* (廣東粵財投資控股有限公司), which is directly invested by People's Government of Guangdong Province and the Department of Finance of Guangdong Province* (廣東省財政廳), and its principal business includes provision of re-guarantee service, financing guarantee service and financial adviser service, and investment by using internal funds.

Information of Yunfu Puhui

Yunfu Puhui is a non-wholly owned subsidiary of the Company established in the PRC, and its principal business includes provision of financing guarantees, such as loan guarantee, bill acceptance guarantee, trade financing guarantee, project financing guarantee, and letter of credit guarantee, and provision of intermediary services relating to its guarantee business.

The table below sets forth the financial information of Yunfu Puhui for the years ended 31 December 2020 and 2021.

	Year ended 31 December	
	2020	2021
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Revenue	15,492	12,561
Profit/(loss) before tax	9,570	(933)
Profit/(loss) after tax	<u>7,158</u>	<u>(734)</u>

Reasons for and benefits of entering into the Capital Contribution Agreement

GD Yuecai is a company solely owned by Guangdong Yuecai Investment Holding Co., Ltd.* (廣東粵財投資控股有限公司), which is directly invested by People's Government of Guangdong Province and the Department of Finance of Guangdong Province* (廣東省財政廳). GD Yuecai is also the vice-president of the China Financing Guarantee Association and the president of Guangdong Financing Guarantee Association. The Company believes that allowing the Capital Contribution by GD Yuecai to Yunfu Puhui can, on one hand, increase the shareholder base and working capital of Yunfu Puhui, and on the other hand, streamline the grant of bank facilities to Yunfu Puhui and increase its business coverage, and hence maximising the return of investment for its shareholders.

The terms under the Capital Contribution Agreement are on normal commercial terms. As the financing guarantee business is highly encouraged by the government authority, the Company expects that the assessment results of Yunfu Puhui can reach the level of "distinction" (優) based on the assessment method set out in the Provisional Measures on Performance Assessment of Financing Guarantee Institutions of Guangdong Province* (《廣東省政府性融資擔保機構績效考核評價暫行辦法》) issued by the Department of Finance of Guangdong Province* (廣東省財政廳) in one or more financial years after the Capital Contribution. It is also expected that Yunfu Puhui will be able to fully pay the Guaranteed Return to GD Yuecai. As the profits earned by Yunfu Puhui in excess of RMB1.8 million will be shared by the Company and GD Wenshi in the proportion as stipulated in the Capital Contribution Agreement, the Guaranteed Return and profit-sharing arrangement can in fact maximise the return of investment of the Company, which is in the interests of the Company and its shareholders as a whole.

Listing Rules implications

Yunfu Rongda is a substantial shareholder of Yunfu Puhui which is an insignificant subsidiary of the Company, notwithstanding its interest in Yunfu Puhui, Yunfu Rongda is not regarded as a connected person of the Company pursuant to Rule 14A.09 of the Listing Rules.

As disclosed in the Company's announcement dated 1 August 2022 in relation to the update on formation of the New Subsidiary, the establishment of the New Subsidiary is still subject to the approval of Guangdong Financial Supervisory Authority* (廣東省地方金融監督管理局). Notwithstanding that GD Yuecai will be a substantial shareholder of the New Subsidiary, GD Yuecai is not regarded as a connected person of the Company as of the date of the Capital Contribution Agreement.

Therefore, the entering into the Capital Contribution Agreement and the transactions contemplated thereunder do not constitute any connected transaction of the Company under Chapter 14A of the Listing Rules.

Further, as all the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Deemed Disposal, and the entering into the Capital Contribution Agreement and the transactions contemplated thereunder are less than 5%, the Deemed Disposal, and the entering into the Capital Contribution Agreement and the transactions contemplated thereunder do not constitute notifiable transactions of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“Board”	the board of Directors of the Company
“Capital Contribution Agreement”	the capital contribution agreement entered into by Yunfu Rongda, the Company, GD Wenshi, GD Yuecai and Yunfu Puhui in relation to the Capital Contribution on 26 September 2022
“Company”	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), formerly known as Foshan Yingda Guarantee Investment Co., Ltd., a joint stock limited company incorporated in the PRC and the H shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“GD Wenshi”	Guangdong Wenshi Investment Company Limited* (廣東溫氏投資有限公司), a company incorporated in the PRC with limited liability

“GD Yuecai”	Guangdong Yuecai Financing Guarantee Group Co., Ltd.* (廣東粵財融資擔保集團有限公司), a company incorporated in the PRC with limited liability
“Group”	collectively, the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“New Subsidiary”	the new joint venture company to be formed as detailed in the Company’s circular dated 1 June 2022
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SMEs”	small-and-medium-sized enterprises
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yunfu Puhui”	Yunfu Puhui Financing Guarantee Co., Ltd.* (雲浮市普惠融資擔保股份有限公司), a joint stock limited company incorporated in the PRC and a non-wholly owned subsidiary of the Company
“Yunfu Rongda”	Yunfu Rongda Asset Operations Company Limited* (雲浮市融達資產經營有限公司), a company incorporated in the PRC with limited liability
“%”	per cent

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

Foshan, the PRC, 26 September 2022

As at 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. Zhang Minming, Mr. Li Shen Hua, Mr. Luo Zhenqing, Mr. Zhao Wei and Mr. Ou Weiming; and the independent non-executive Directors of the Company are Mr. Wu Xiangneng, Mr. Leung Hon Man and Mr. Wang Bo.

* for identification purpose only