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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)

**MAJOR AND CONNECTED TRANSACTION
IN RELATION TO THE PROVISION
OF GUARANTEE AND FOSHAN COUNTER-GUARANTEE**

THE GUARANTEE AND FOSHAN COUNTER-GUARANTEE

On 14 October 2019, the Company (being guarantor) and Guangdong Yaoda (being warrantee) entered into the Consolidated Guarantees Arrangement Agreement pursuant to which the Group agrees to (i) provide the Guarantee to the Lenders in relation to the Financing; and (ii) provide the Foshan Counter-guarantee to the Foshan Guarantors for Guangdong Yaoda. The aggregated amount of the Guarantee and the Foshan Counter-guarantee provided by the Group is subject to the Maximum Guarantees Limit.

In respect of the Foshan Counter-guarantee as stipulated in the Consolidated Guarantees Arrangement Agreement, on 14 October 2019, the Company (being counter-guarantor) also entered into the Foshan Counter-guarantee Agreement with the Foshan Guarantors to further stipulate the rights and obligations of both signing parties.

The Service Term will be three years since the day on which Shareholders' approval for the Guarantee Agreements is obtained. Each separate Guarantee or Foshan Counter-guarantee to be provided by the Group is subject to certain conditions precedent, including but not limited to, all necessary approvals, consents or authorisation as required under the relevant laws and regulations, articles of association, regulatory bodies or agreements in relation to the Guarantee Agreements and each Guarantee or Foshan Counter-guarantee to be provided thereunder having been obtained, and all necessary filings and/or registrations (if any) having been completed.

LISTING RULES IMPLICATIONS

Foshan Financial is a substantial shareholder of the Company and hence a connected person of the Company. Guangdong Yaoda is a subsidiary of Foshan Financial and Foshan Public is the holding company of Foshan Financial, and hence are also connected persons of the Company. Therefore, (i) the Guarantee and the Foshan Counter-guarantee to be provided by the Group for Guangdong Yaoda pursuant to the Consolidated Guarantees Arrangement Agreements, as well as (ii) the Foshan Counter-guarantee to be provided to Foshan Financial and Foshan Public contemplated under the Foshan Counter-guarantee Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the Directors are of the view that the Guarantee and the Foshan Counter-guarantee as contemplated under the Guarantee Agreements (i) are on normal and commercial terms; (ii) shall be provided in proportion to the equity interest directly held by the Group in Guangdong Yaoda; and (iii) shall be given by the Group on a several and not joint basis. Therefore, pursuant to Rule 14A.89 of the Listing Rules, such connected transaction shall be fully exempt from reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) of the provision of the Guarantee and Foshan Counter-guarantee contemplated under the Consolidated Guarantees Arrangement Agreement exceeds 25% but is less than 75%, the provision of the Guarantee and Foshan Counter-guarantee contemplated under the Consolidated Guarantees Arrangement Agreement constitutes a major transaction of the Company and therefore, is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

DESPATCH OF CIRCULAR

A circular containing, among others, (i) further details of the Guarantee Agreements and the transactions contemplated thereunder and other information; and (ii) the notice convening the EGM, is expected to be despatched to the Shareholders on or before 4 November 2019.

INTRODUCTION

On 14 October 2019, the Company and Guangdong Yaoda entered into the Consolidated Guarantees Arrangement Agreement pursuant to which the Group agrees to (i) provide the Guarantee to the Lenders in relation to the Financing; and (ii) provide the Foshan Counter-guarantee to the Foshan Guarantors for Guangdong Yaoda. The aggregated amount of the Guarantee and the Foshan Counter-guarantee provided by the Group is subject to the Maximum Guarantees Limit. Further, in respect of the Foshan Counter-guarantee as stipulated in the Consolidated Guarantees Arrangement Agreement, on 14 October 2019, the Company (being counter-guarantor) also entered into the Foshan Counter-guarantee Agreement with the Foshan Guarantors to further stipulate the rights and obligations of both signing parties.

THE GUARANTEE AND FOSHAN COUNTER-GUARANTEE

The Consolidated Guarantees Arrangement Agreement

The principal terms of the Consolidated Guarantees Arrangement Agreement are set out as follows:

- | | | |
|--|---|--|
| Date | : | 14 October 2019 |
| Parties | : | (a) The Company, as guarantor; and
(b) Guangdong Yaoda, as warrantee |
| Service term of the Guarantee | : | Three years since the day on which Shareholders' approval for the Consolidated Guarantees Arrangement Agreement is obtained. Any unused amount under the Maximum Guarantees Limit will lapse automatically after the Service Term. |
| Guarantee and Foshan Counter-guarantee | : | During the Service Term, the Company and/or Join-Share Financial shall, upon written application by Guangdong Yaoda, provide the Guarantee to the Lenders in relation to the Financing and provide the Foshan Counter-guarantee to Foshan Guarantors with the Maximum Guarantees Limit to secure the repayment obligations of Guangdong Yaoda. |

Upon clearance of any obligations of the Group arising from the Financing by way of settlement by Guangdong Yaoda with the lender(s) or compensation by Guangdong Yaoda to the Group, such settled amount of the Financing can be added back into the balance of the Maximum Guarantees Limit.

Details of each individual guarantee and counter-guarantee shall be separately determined by the parties.

Subject to the Maximum Guarantees Limit, each individual guarantee and counter-guarantee to be provided by the Group for Guangdong Yaoda shall be in proportion to their respective shareholdings in Guangdong Yaoda as at the date of the provision of each individual guarantee and counter-guarantee, and such guarantee and counter-guarantee shall be given on a several and not joint basis.

- Conditions precedent : Each guarantee and counter-guarantee to be provided by the Group for Guangdong Yaoda is conditional upon fulfillment of all of the following conditions precedent (unless otherwise waived by the Company in writing):
- (a) the Consolidated Guarantees Arrangement Agreement having become effective;
 - (b) the outstanding balance of the Financing covered by the Guarantee and the Foshan Counter-guarantee not having exceeded the balance of the Maximum Guarantees Limit;
 - (c) Guangdong Yaoda not having breached any obligations under the Consolidated Guarantees Arrangements Agreement;
 - (d) the provision of the Guarantee and the Foshan Counter-guarantee by the Group not having led to any breaches of any laws and regulations, the articles of association of Company and/or Join-Share Financial or the requirements of any regulatory bodies by the Company and/or Join-Share Financial;
 - (e) all necessary approvals, consents or authorisation as required under the relevant laws and regulations, articles of association, regulatory bodies or agreements in relation to the Consolidated Guarantees Arrangement Agreement and each guarantee and counter-guarantee to be provided thereunder having been obtained, and all necessary filings and/or registrations (if any) having been completed; and

- (f) other conditions precedent that may be required under the relevant laws and regulations, articles of association or bodies.

THE FOSHAN COUNTER-GUARANTEE

The Foshan Counter-guarantee Agreement

The principal terms of the Foshan Counter-guarantee Agreement are set out as follows:

- Date : 14 October 2019
- Parties : (a) Foshan Financial, as guarantor of Guangdong Yaoda;
(b) Foshan Public, as guarantor of Guangdong Yaoda;
and
(c) the Company, as counter-guarantor
- Service term of the Foshan Counter-guarantee : Three years since the day on which Shareholders' approval for the Foshan Counter-guarantee Agreement is obtained (expected to be same as the Service Term). Any unused amount under the Maximum Guarantees Limit will lapse automatically after the service term.
- Foshan Counter-guarantee : During the service term of the Foshan Counter-guarantee, upon written application by Guangdong Yaoda, the Group shall provide counter-guarantee to the Foshan Guarantors subject to the Maximum Guarantees Limit. Such counter-guarantee shall be provided in the form of a counter-guarantee and/or pledge of the shareholdings of the Group in Guangdong Yaoda to Foshan Financial and/or Foshan Public.

Upon clearance of any counter-guarantee obligations of the Group arising from the Financing by way of settlement by Guangdong Yaoda with the lender(s) or compensation by Guangdong Yaoda to the Group, such settled amount of the Financing can be added back into the balance of the Maximum Guarantees Limit.

Details of each individual counter-guarantee shall be separately determined by the parties.

Each individual counter-guarantee to be provided by the Group to the Foshan Guarantors shall be in proportion to their respective shareholdings in Guangdong Yaoda as at the date of the provision of each individual counter-guarantee and such counter-guarantee shall be given on a several and not joint basis, independent from counter-guarantee to be provided by Other Guangdong Yaoda Shareholders (if any).

- Conditions precedent : Each counter-guarantee to be provided by the Group to the Foshan Guarantors is conditional upon fulfillment of all of the following conditions precedent (unless otherwise waived by the Company in writing):
- (a) the Foshan Counter-guarantee Agreement having become effective;
 - (b) the outstanding balance of the Financing covered by the Foshan Counter-guarantee not having exceeded the balance of the Maximum Guarantees Limit;
 - (c) the Foshan Guarantors not having breached any obligations under the Foshan Counter-guarantee Agreement;
 - (d) the provision of the Foshan Counter-guarantee by the Group not having led to any breaches of any laws and regulations, the articles of association of Company and/or Join-Share Financial or the requirements of any regulatory bodies by the Company and/or Join-Share Financial;
 - (e) all necessary approvals, consents or authorisation as required under the relevant laws and regulations, articles of association, regulatory bodies or agreements in relation to the Foshan Counter-guarantee Agreement and each counter-guarantee to be provided thereunder having been obtained, and all necessary filings and/or registrations (if any) having been completed; and
 - (f) other conditions precedent that may be required under the relevant laws and regulations, articles of association or bodies.

INFORMATION OF GUANGDONG YAODA, FOSHAN FINANCIAL AND FOSHAN PUBLIC

Guangdong Yaoda is a limited liability company incorporated in the PRC with a registered capital of RMB425 million. Guangdong Yaoda is principally engaged in the business of finance lease and other leasing business. Guangdong Yaoda is a 24.71% owned subsidiary of Foshan Financial, and is indirectly owned as to 17.65% by Foshan Public. Guangdong Yaoda is owned as to 14.41% and 7.35% by the Company and Join-Share Financial, respectively.

Foshan Financial is a limited liability company incorporated in the PRC with a registered capital of RMB1,910 million. Foshan Financial is principally engaged in property management and investment and finance related business. Foshan Financial is a substantial shareholder of the Company.

Foshan Public is a limited liability company incorporated in the PRC with a registered capital of RMB2,200 million. Foshan Public is principally engaged in investment, construction and operation of public infrastructure and facilities. Foshan Public is the sole shareholder of Foshan Financial.

INFORMATION OF THE GROUP

The Company is a financial guarantee services provider in the PRC. It is principally engaged in the provision of (i) guarantees on behalf of small-and-medium enterprises (“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.

Join-Share Financial is a direct wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

REASONS FOR THE PROVISION OF GUARANTEE AND FOSHAN COUNTER-GUARANTEE

It is a common practice for banks or any third-party financial institutions requiring guarantee or security to be provided by the borrower before provision of loans or financing.

Guangdong Yaoda is a limited liability company incorporated in the PRC and it is principally engaged in the business of finance leasing and factoring. As at the date of this announcement, it did not have any landed property or fixed assets due to the nature of its business operation. As such, Guangdong Yaoda had to seek alternative solutions to provide security to the Lenders for obtaining funding for its business operation. To enhance the ability of Guangdong Yaoda to obtain Financing, which will be used by Guangdong Yaoda as its general working capital to maintain its daily business operation

and future business development, it is necessary for Guangdong Yaoda to obtain guarantees from its shareholders as security for obtaining the Financing. In view of the potential business development of Guangdong Yaoda, which will potentially increase in the income generated by Guangdong Yaoda, the Group, as a shareholder of Guangdong Yaoda, in turn will be able to benefit from such arrangement.

Taking into account the above, the Directors, including the independent non-executive Directors, are of the view that (i) the provision of the Guarantee and the Foshan Counter-guarantee will facilitate Guangdong Yaoda in meeting its financing needs for its business operations; (ii) the Guarantee and the Foshan Counter-guarantee provided by the Group is proportionate to its shareholding in Guangdong Yaoda; and (iii) the Guarantee Agreements were entered into in the ordinary and usual course of business of the Company and thus consider that the terms of the Guarantee Agreements are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

Foshan Financial is a substantial shareholder of the Company and hence a connected person of the Company. Guangdong Yaoda is a subsidiary of Foshan Financial and Foshan Public is the holding company of Foshan Financial. Pursuant to Rule 14A.13 of the Listing Rules, Guangdong Yaoda and Foshan Public are both associates of Foshan Financial, and hence are also connected persons of the Company. Therefore, (i) the Guarantee and the Foshan Counter-guarantee to be provided by the Group to Guangdong Yaoda pursuant to the Consolidated Guarantees Arrangement Agreement, as well as (ii) the Foshan Counter-guarantee to be provided to Foshan Financial and Foshan Public contemplated under the Foshan Counter-guarantee Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the Directors are of the view that the Guarantee and the Foshan Counter-guarantee as contemplated under the Guarantee Agreements (i) are on normal commercial terms; (ii) shall be provided in proportion to the equity interest directly held by the Group in Guangdong Yaoda; and (iii) shall be given by the Group on a several and not joint basis, therefore, pursuant to Rule 14A.89 of the Listing Rules, such connected transaction shall be fully exempt from reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) of the provision of the Guarantee and Foshan Counter-guarantee contemplated under the Consolidated Guarantees Arrangement Agreement exceeds 25% but is less than 75%, the provision of the Guarantee and Foshan Counter-guarantee contemplated under the Consolidated Guarantees Arrangement Agreement constitutes a major transaction of the Company and therefore, is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company will convene the EGM in accordance with the Listing Rules in a timely manner to consider and, if thought fit, approve the provision of the Guarantees contemplated under the Guarantee Agreements. Foshan Financial and its associates shall abstain from voting at the resolution(s) considering and approving the provision of the Guarantee and the Foshan Counter-guarantee contemplated under the Guarantee Agreements at the EGM.

DESPATCH OF CIRCULAR

A circular containing, among others, (i) further details of the Guarantee Agreements and the transactions contemplated thereunder and other information; and (ii) the notice convening the EGM, is expected to be despatched to the Shareholders on or before 4 November 2019.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“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), a joint stock limited company incorporated in the PRC
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction”	has the meaning ascribed to it under the Listing Rules
“Consolidated Guarantees Arrangement Agreement”	the maximum guarantee limit service agreement dated 14 October 2019 and entered into between the Company and Guangdong Yaoda in relation to the provision of the Guarantee and the Foshan Counter-guarantee
“Director(s)”	the director(s) of the Company
“EGM”	extraordinary general meeting of the Company to be held for the Shareholders to consider and, if thought fit, to (other among other matters) approve the Guarantee Agreements
“Financing”	the financing which Guangdong Yaoda intends to apply from the Lenders in the amount of RMB5,000 million (equivalent to approximately HK\$5,618.0 million)

“Foshan Counter-guarantee Agreement”	the maximum counter-guarantee limit service agreement dated 14 October 2019 and entered into between the Company and the Foshan Guarantors in relation to the provision of the Foshan Counter-guarantee pursuant to the Consolidated Guarantees Arrangement Agreement
“Foshan Counter-guarantee”	the counter-guarantee to be provided by the Group pursuant to the Guarantee Agreements
“Foshan Financial”	Foshan Financial Investment Holding Co., Ltd.* (佛山市金融投資控股有限公司), a limited liability company incorporated in the PRC, and which is a substantial shareholder and connected person of the Company
“Foshan Guarantors”	collectively, Foshan Financial and Foshan Public
“Foshan Public”	Foshan Public Utilities Holdings Co., Ltd.* (佛山市公用事業控股有限公司), a limited liability company incorporated in the PRC, and which is the sole shareholder of Foshan Financial
“Group”	collectively, the Company and its subsidiaries
“Guangdong Yaoda”	Guangdong Yaoda Financial Leasing Company Limited* (廣東耀達融資租賃有限公司), a limited liability company incorporated in the PRC, and which is a connected person of the Company
“Guarantee”	the guarantee to be provided by the Group to the Lenders pursuant to the Consolidated Guarantees Arrangement Agreement
“Guarantee Agreements”	collectively, the Consolidated Guarantees Arrangement Agreement and the Foshan Counter-guarantee Agreement
“Independent Shareholder(s)”	shareholder(s) other than Shareholders who have material interest in the Guarantee and the Foshan Counter-guarantee
“Join-Share Financial”	Join-Share Financial Holdings Co., Limited (中盈盛達金融控股有限公司), a company incorporated in Hong Kong with limited liability, and which is a direct wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Lenders”	various entities and financial institutions (such as banks) from which Guangdong Yaoda intends to obtain the Financing. To the best knowledge and belief of the Directors, save for the Foshan Guarantors (who may also be lenders of Guangdong Yaoda), the Lenders are independent third parties to Guangdong Yaoda and the Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Maximum Guarantees Limit”	being the maximum amount of the Financing covered by the Guarantee and the Foshan Counter-guarantee to be provided by the Group, which shall be equivalent to the amount proportionate to the Group’s shareholding in Guangdong Yaoda (i.e. approximately RMB1,088 million as at the date of this announcement), as agreed under the Guarantee Agreements
“Other Guangdong Yaoda Shareholders”	the shareholders of Guangdong Yaoda other than the Company, Join-Share Financial and Foshan Financial
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Service Term”	three years since the day on which Shareholders’ approval for the Guarantee Agreements is obtained
“Shareholder(s)”	the holder(s) of share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“%”	per cent.

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:RMB0.89.

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

Foshan, the PRC, 14 October 2019

As at the date of this announcement, the executive Director of the Company is Mr. Wu Liejin (Chairman); the non-executive Directors are Mr. Zhang Minming, Ms. Gu Lidan, Mr. Luo Zhenqing, Mr. Huang Guoshen and Mr. Zhang Deben; and the independent non-executive Directors are Mr. Wu Xiangneng, Mr. Leung Hon Man and Mr. Liu Heng.

* *for identification purpose only*