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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)**

## **CONNECTED TRANSACTION IN RELATION TO THE PROVISION OF GUARANTEE**

### **THE GUARANTEE**

On 8 August 2019, the Company (as guarantor) and Lianyi Construction (as warrantee) entered into the Guarantee Service Agreement pursuant to which the Company agrees to provide the Guarantee to Lianyi Construction in favour of the Bank in respect of the Loan of RMB20 million (equivalent to approximately HK\$23.09 million) granted to Lianyi Construction by the Bank under the Loan Agreement. The term of guarantee service is 12 months. Service fee and other related fees payable by Lianyi Construction to the Company represent in aggregate 4% of the total amount of the Loan.

On the same day, the Company (as guarantor) entered into the Guarantee Agreement and the Margin Agreement in favour of the Bank (as creditor) in relation to the provision of the Guarantee. The Company shall provide a margin of RMB1 million (equivalent to approximately HK\$1.15 million) to the Bank as a pledge for the Loan pursuant to the Margin Agreement.

Mr. Zhang, Formanda and its two subsidiaries will jointly provide counter-guarantee to the Company regarding the repayment obligations of Lianyi Construction for the Loan.

Lianyi Construction shall pledge the equipment of seven production lines to the Company as counter-guarantee for the Guarantee pursuant to a pledge counter-guarantee agreement dated 8 August 2019 and entered into between the Company and Lianyi Construction.

## **REASONS FOR AND BENEFITS OF THE PROVISION OF GUARANTEE**

The Group is principally engaged in, among others, the provision of guarantees on behalf of SMEs. The provision of the Guarantee to Lianyi Construction falls within the scope of the Group's primary business which will generate operating revenue to the Group, as well as provide support to the business development of Lianyi Construction. Further, the Directors, after due consideration, are of the view that the provision of the Guarantee will not undermine the interest of the Company.

Taking into account the above, the Directors, including the independent non-executive Directors, are of the view that the Guarantee Service Agreement, the Guarantee Agreement, the Margin Agreement and all other agreements in relation to the Guarantee were entered into in the ordinary and usual course of business of the Company and consider that the terms of these 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**

As at the date of this announcement, Lianyi Construction is held as to 96% by Formanda and 4% by Ms. Liang Wangkai, mother of Mr. Zhang. Formanda is held as to 95% by Mr. Zhang and 5% by Ms. Liang Wangkai. Mr. Zhang is a connected person of the Company under Rule 14A.07(1) of the Listing Rules. Formanda is an associate of Mr. Zhang, and Lianyi Construction is a subsidiary of Formanda and hence also an associate of Mr. Zhang under Rules 14A.07(4) and 14A.12(1)(c) of the Listing Rules. Hence, both Lianyi Construction and Formanda are connected persons of the Company. Therefore, the provision of the Guarantee constitutes a financial assistance and is a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all the applicable ratios (as defined in Rule 14.07 of the Listing Rules) of the provision of the Guarantee are below 5%, such connected transaction is subject to reporting and announcement requirements only but exempt from circular and shareholders' approval requirements under Rule 14A.76(2)(a) of the Listing Rules.

## **INTRODUCTION**

On 8 August 2019, the Company (as guarantor) and Lianyi Construction (as warrantee) entered into the Guarantee Service Agreement pursuant to which the Company agrees to provide the Guarantee to Lianyi Construction in favour of the Bank in respect of the Loan of RMB20 million (equivalent to approximately HK\$23.09 million) granted by the Bank to Lianyi Construction under the Loan Agreement.

On the same day, the Company (as guarantor) also entered into the Guarantee Agreement and the Margin Agreement in favour of the Bank (as creditor) in relation to the provision of the Guarantee.

## **THE GUARANTEE**

### **The Guarantee Service Agreement**

The principal terms of the Guarantee Service Agreement are set out as follows:

Date : 8 August 2019

Parties : (a) The Company, as guarantor; and  
(b) Lianyi Construction, as warrantee

Guarantee : The Company shall provide the Guarantee in favour of the Bank as a guarantee for the repayment obligations of Lianyi Construction for the Loan of RMB20 million (equivalent to approximately HK\$23.09 million) under the Loan Agreement

Service fee : 2% of the total amount of the Loan

Term of guarantee service : 12 months from the date of release of the Loan amount from the Bank to Lianyi Construction

In relation to the provision of the Guarantee services, in addition to the service fee of 2% of the Loan, Lianyi Construction shall also pay review fee, supervision fee and investigation fee totaling 2% of the amount of the Loan to the Company pursuant to separate service agreements with the Company.

### **The Guarantee Agreement**

The principal terms of the Guarantee Agreement are set out as follows:

Date : 8 August 2019

Parties : (a) The Company, as guarantor; and  
(b) the Bank, as creditor

Guarantee period : 2 years from the day on which the date of repayment of the Loan falls due

Scope of guarantee : It shall cover the repayment obligations of Lianyi Construction under the Loan Agreement, including but not limited to the principal amount of the Loan together with any interest, penalties, liquidated damages, other relevant expenses incurred from realisation of the Bank's rights

### **The Margin Agreement**

The principal terms of the Margin Agreement are set out as follows:

Date : 8 August 2019

Parties : (a) The Company, as guarantor; and  
(b) The Bank, as creditor

Scope of guarantee : The Company shall provide a margin of RMB1 million (equipment to approximately HK\$1.15 million) to the Bank as a pledge for the Loan to cover the repayment obligations of Lianyi Construction under the Loan Agreement, including but not limited to the principal amount of the Loan together with any interest, penalties, liquidated damages, other relevant expenses incurred from realisation of the Bank's rights

Interests will be paid by the Bank to the Company for the margin which will be part of the pledge

Guarantee period : Upon the fulfilment of the repayment obligations of Lianyi Construction under the Loan Agreement or the release of guarantee obligations of the Company, the Bank shall return the whole amount of the margin to the Company

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Bank and its ultimate beneficial owners are third parties independent of the Company and its connected persons and any its respective associates.

### **Counter-guarantee**

Mr. Zhang, Formanda and its two subsidiaries shall jointly provide counter-guarantee to the Company regarding the repayment obligations of Lianyi Construction for the Loan.

Lianyi Construction shall pledge the equipment of seven production lines to the Company as counter-guarantee for the Guarantee pursuant to a pledge counter-guarantee agreement dated 8 August 2019 and entered into between the Company and Lianyi Construction.

## **INFORMATION OF LIANYI CONSTRUCTION, FORMANDA AND THE BANK**

Lianyi Construction is a limited liability company incorporated in the PRC with a registered capital of RMB50 million. Lianyi Construction is held as to 96% by Formanda and 4% by Ms. Liang Wangkai, mother of Mr. Zhang.

Lianyi Construction is principally engaged in the (i) production of commercial concrete, cement building materials components; (ii) sales of building materials, pre-mixed commercial concrete; (iii) manufacturing of cement products, concrete structural components; (iv) general cargo road transport; (v) operating lease of construction machineries and equipment; (vi) property management; and (vii) architectural decoration.

Formanda is a limited liability company incorporated in the PRC. Formanda is held as to 95% by Mr. Zhang and 5% by Ms. Liang Wangkai.

Formanda is principally engaged in (i) computer information system integration engineering; and (ii) the design, construction and maintenance of safety technology prevention system.

The Bank is a bank licensed as a financial institution by the China Banking Regulatory Commission in the PRC which is principally engaged in individual and corporate banking services.

## **INFORMATION OF THE GROUP**

The Group 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.

## **REASONS FOR AND BENEFITS OF THE PROVISION OF GUARANTEE**

The Group is principally engaged in, among others, the provision of guarantees on behalf of SMEs. The provision of the Guarantee to Lianyi Construction falls within the scope of the Group’s primary business which will generate operating revenue to the Group, as well as provide support to the business development of Lianyi Construction. Further, the Directors, after due consideration, are of the view that the provision of the Guarantee will not undermine the interest of the Company.

Taking into account the above, the Directors, including the independent non-executive Directors, are of the view that the Guarantee Service Agreement, the Guarantee Agreement, the Margin Agreement and all other agreements in relation to the Guarantee were entered into in the ordinary and usual course of business of the Company and consider that the terms of these 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**

As at the date of this announcement, Lianyi Construction is held as to 96% by Formanda and 4% by Ms. Liang Wangkai, mother of Mr. Zhang. Formanda is held as to 95% by Mr. Zhang and 5% by Ms. Liang Wangkai. Mr. Zhang is a connected person of the Company under Rule 14A.07(1) of the Listing Rules. Formanda is an associate of Mr. Zhang, and Lianyi Construction is a subsidiary of Formanda and hence also an associate of Mr. Zhang under Rules 14A.07(4) and 14A.12(1)(c) of the Listing Rules. Hence, both Lianyi Construction and Formanda are connected persons of the Company. Therefore, the provision of the Guarantee constitutes a financial assistance and is a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all the applicable ratios (as defined in Rule 14.07 of the Listing Rules) of the provision of the Guarantee are below 5%, such connected transaction is subject to reporting and announcement requirements only but exempt from circular and shareholders' approval requirements under Rule 14A.76(2)(a) of the Listing Rules.

Mr. Zhang has a material interest in the provision of the Guarantee and thus has abstained from voting on the board resolutions in respect of the provision of the Guarantee, the Guarantee Service Agreement, the Guarantee Agreement, the Margin Agreement and the relevant agreements. Other than Mr. Zhang, no other Director was required to abstain from voting on the relevant board resolutions.

## **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
“Bank”	a bank licensed as a financial institution by the China Banking Regulatory Commission in the PRC which is an independent third party not connected with the Company
“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 and the H Shares of which are listed on the Stock Exchange

“connected person(s)”	has the meaning ascribed to it under the Listing Rule
“Director(s)”	the director(s) of the Company
“Formanda”	Guangdong Formanda Group Co., Ltd. (廣東科明達集團有限公司), a company incorporated under the laws of the PRC with limited liability, which is a connected person of the Company
“Guarantee”	collectively, the guarantee and margin provided by the Company under the Guarantee Agreement and the Margin Agreement in favour of the Bank as a guarantee in respect of the Loan of RMB20 million granted by the Bank to Lianyi Construction under the Loan Agreement
“Guarantee Agreement”	the guarantee agreement dated 8 August 2019 and entered into between the Company and the Bank
“Guarantee Service Agreement”	the guarantee service agreement dated 8 August 2019 and entered into between the Company and Lianyi Construction
“Group”	collectively, the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lianyi Construction”	Foshan Lianyi Construction Materials Co., Ltd.* (佛山市聯益建築材料有限公司), a company incorporated under the laws of the PRC with limited liability, which is a subsidiary of Formanda and a connected person of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Loan”	the loan in the amount of RMB20 million extended to Lianyi Construction by the Bank on the terms and subject to the conditions set out in the Loan Agreement
“Loan Agreement”	the loan agreement dated 8 August 2019 entered into between Lianyi Construction and the Bank pursuant to which the Bank (as the lender) agreed to provide the Loan to Lianyi Construction (as the borrower)

“Margin Agreement”	the margin agreement dated 8 August 2019 and entered into between the Company and the Bank in relation to the provision of a margin of RMB1 million by the Company to the Bank regarding the Loan
“Mr. Zhang”	Mr. Zhang Minming, a non-executive Director
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder(s) of share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	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:RMB0.866.*

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

Foshan, the PRC, 8 August 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*