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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 29 October 2021, the Company (as guarantor) entered into the Guarantee Service Agreement with Huanai Construction Materials (as warrantee), pursuant to which the Company agrees to provide the Guarantee to Huanai Construction Materials in favour of the Lenders up to RMB70 million (equivalent to approximately HK\$85.4 million) under the Facilities. The Term of Guarantee Service is from 29 September 2021 to 28 September 2024. Huanai Construction Materials shall pay to the Company an annual service fee calculated at maximum 4% per annum based on the actual principal of the Facilities.

THE COUNTER-GUARANTEES

At the same time, in respect of the Guarantee, six individuals including Mr. Jia and his wife, Mr. Li and his wife and two other indirect shareholders of Huanai Construction Materials and four companies including Huanai Home Furnishing, Huanai Group and two other companies have provided counter-guarantees to the Company in respect of its guarantee obligations under the Facilities.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Huanai Construction Materials has only appointed one executive Director who is Mr. Li, a supervisor of the Company. Therefore, Huanai Construction Materials is an associate of Mr. Li and hence a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, 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 but exempted from circular and independent Shareholders' approval requirements under Rule 14A.76(2)(a) of the Listing Rules.

As the counter-guarantee provided by Mr. Li and his wife will be conducted on normal commercial terms or better and will not be secured by the assets of the Group, in accordance with Rule 14A.90 of the Listing Rules, such counter-guarantee shall be fully exempted from reporting, announcement and independent Shareholders' approval requirements.

INTRODUCTION

On 29 October 2021, the Company (as guarantor) entered into the Guarantee Service Agreement with Huanai Construction Materials (as warrantee), pursuant to which the Company agrees to provide the Guarantee to Huanai Construction Materials in favour of the Lenders up to RMB70 million (equivalent to approximately HK\$85.4 million) under the Facilities. The Term of Guarantee Service is from 29 September 2021 to 28 September 2024. Huanai Construction Materials shall pay to the Company an annual service fee calculated at maximum 4% per annum based on the actual principal of the Facilities.

THE GUARANTEE

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

- Date : 29 October 2021
- Parties : (a) The Company, as guarantor; and
(b) Huanai Construction Materials, as warrantee

Guarantee : The Company shall provide the Guarantee in favour of the Lenders as guarantee for the repayment obligations of Huanai Construction Materials up to RMB70 million (equivalent to approximately HK\$85.4 million) under the Facilities

During the Term of Guarantee Service and within the guarantee limit of the Guarantee, the warrantee shall be entitled to reuse the guarantee amount. For each individual guarantee, Huanai Construction Materials and the Company will enter into a separate guarantee service agreement and other related agreements and agree on the scope, limit and duration of the Company's guarantee obligations under each individual guarantee

The Company intends to fund such Guarantee obligations, if any, by the Group's internal resources

Term of Guarantee Service : 29 September 2021 to 28 September 2024

Service fee : maximum 4% per annum based on the actual principal of the Facilities. The service fee is determined after considering (i) the risk level with reference to the repayment ability and financial conditions of Huanai Construction Materials; and (ii) the prevailing service fee charged by the market

COUNTER-GUARANTEES

At the same time, in respect of the Guarantee,

- (i) three individuals including Mr. Jia (the ultimate beneficial owner of Huanai Construction Materials), Mr. Li (the executive director of Huanai Construction Materials and a supervisor of the Company) and his wife Ms. He Xiaoqing;
- (ii) Ms. Wen Huishu (an indirect shareholder of Huanai Construction Materials and the wife of Mr. Jia);
- (iii) Ms. Li Zhie (an indirect shareholder of Huanai Construction Materials);
- (iv) Mr. Zhao Jun (an indirect shareholder of Huanai Construction Materials); and

- (v) four companies including Huanai Home Furnishing (the immediate shareholder of Huanai Construction Materials), Huanai Group (the indirect controlling shareholder of Huanai Construction Materials), Foshan Yueguan Building Materials Co., Ltd.* (佛山市粵冠建材有限公司) (a business partner of Huanai Construction Materials) and Guangdong Home World Home Holdings Co., Ltd.* (廣東家世界家居控股有限公司) (a company held by Ms. Li Zhie, Mr. Jia and Mr. Zhao Jun),

have respectively provided a joint responsibility counter-guarantee to the Company in respect of its guarantee obligations under the Facilities. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, save for Mr. Li and his wife Ms. He Xiaoqing, each of the aforesaid counter guarantors is an Independent Third Party.

REASONS FOR AND BENEFITS OF THE PROVISION OF THE GUARANTEE

The Group is principally engaged in, among others, the provision of guarantees to customers. The provision of the Guarantee to Huanai Construction Materials falls within the scope of the Group's primary business which will generate operating revenue to the Group, as well as provide continuous support to the business need of Huanai Construction Materials. 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 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 such agreements are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE PARTIES

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.

Huanai Construction Materials

Huanai Construction Materials is a limited liability company incorporated in the PRC with a registered capital of RMB50 million. As at the date of this announcement, Huanai Construction Materials is wholly-owned by Huanai Home Furnishing, which is in turn held as to (i) 70% by Huanai Group, the shareholders of which include, among others, Mr. Jia (as to 58.7%), Ms. Li Zhie (as to 8.1%), Ms. Wen Huishu (as to 6.4%), Mr. Li (as to 3.2%) and Mr. Zhao Jun (as to 2.7%); (ii) 20% by Heying Co-Creation (Tianjin) Enterprise Management Partnership (Limited Partnership)* (和贏共創(天津)企業管理合夥企業(有限合夥)); and (iii) 10% by Co Creation Win Win (Tianjin) Enterprise Management Partnership (Limited Partnership)* (合創共贏(天津)企業管理合夥企業(有限合夥)). Based on publicly available information, Huanai Construction Materials is ultimately owned as to approximately 64.3% by Mr. Jia, who is an Independent Third Party as at the date of this announcement. Huanai Construction Materials is principally engaged in the sales of building materials, decoration materials, lamps, handicrafts (excluding gold products), insulation materials, waterproof materials, coatings (excluding hazardous chemicals), rubber products, plastic products, wood products, bamboo products, paraffin wax, asphalt, asbestos, cement, glass, plumbing equipment, marble, granite and chemical products (excluding dangerous chemicals).

LISTING RULES IMPLICATIONS

As at the date of this announcement, Huanai Construction Materials has only appointed one executive Director who is Mr. Li, a supervisor of the Company. Therefore, Huanai Construction Materials is an associate of Mr. Li and hence a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, 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 but exempted from circular and independent Shareholders' approval requirements under Rule 14A.76(2)(a) of the Listing Rules.

No Director had a material interest in the provision of the Guarantee or was required to abstain from voting on the relevant Board resolutions.

As the counter-guarantee provided by Mr. Li and his wife will be conducted on normal commercial terms or better and will not be secured by the assets of the Group, in accordance with Rule 14A.90 of the Listing Rules, such counter-guarantee shall be fully exempted from reporting, announcement and independent Shareholders' approval requirements.

DEFINITIONS

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

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| “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 persons(s)” | has the meaning ascribed to it under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Facilities” | the loan(s) or facility(ies) which Huanai Construction Materials applied or intends to apply from the Lenders in the amount up to RMB70 million (equivalent to approximately HK\$85.4 million) |
| “Group” | collectively, the Company and its subsidiaries |
| “Guarantee” | the guarantee up to RMB70 million (equivalent to approximately HK\$85.4 million) provided or to be provided by the Company under the Guarantee Service Agreement in favour of the Lenders in respect of the Facilities |
| “Guarantee Service Agreement” | the maximum guarantee limit service agreement dated 29 October 2021 entered into between the Company and Huanai Construction Materials in relation to the provision of the Guarantee |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Huanai Construction Materials” | Huanai Construction Materials Co., Ltd.* (華耐立家建材有限公司), a company incorporated under the laws of the PRC with limited liability, which is a connected person of the Company |
| “Huanai Group” | Huanai Home Furnishing Investment Group Co., Ltd.* (華耐家居投資集團有限公司), a company incorporated under the laws of the PRC with limited liability, which is an indirect controlling shareholder of Huanai Construction Materials as at the date of this announcement |

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| “Huanai Home Furnishing” | Huanai Home Furnishing Co., Ltd.* (華耐家居有限公司), a company incorporated under the laws of the PRC with limited liability, which is the immediate shareholder of Huanai Construction Materials as at the date of this announcement |
| “Independent Third Party(ies)” | third party(ies) independent of the Company and its connected persons |
| “Lenders” | various entities and financial institutions (such as banks) from which Huanai Construction Materials obtained or intend to obtain the Facilities. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Lenders are and shall be Independent Third Parties |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time |
| “Mr. Jia” | Mr. Jia Feng, the ultimate beneficial owner of Huanai Construction Materials as at the date of this announcement based on publicly available information |
| “Mr. Li” | Mr. Li Qi, a supervisor of the Company |
| “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 |
| “SMEs” | small and medium enterprises |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Term of Guarantee Service” | the validity period for Huanai Construction Materials to apply for the Guarantee from the Company and for the Company to incur liability under the Guarantee pursuant to the Guarantee Service Agreement |

“%” 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: RMB0.82.

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

Foshan, the PRC, 29 October 2021

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. 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*