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Join-Share 中盈盛達

共創 共享 共成長

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)

**(1) CONNECTED AND DISCLOSEABLE TRANSACTION IN
RELATION TO THE CAPITAL INJECTION INTO
GUANGDONG YAODA
FINANCIAL LEASING COMPANY LIMITED*; AND
(2) CHANGE IN USE OF PROCEEDS**

**Independent Financial Adviser to the Independent
Board Committee and the Independent Shareholders**



Gram Capital Limited
嘉林資本有限公司

THE CAPITAL INJECTION

On 22 February 2019 (after trading hours), the Company, Join-Share Financial and Guangdong Yaoda entered into the Capital Injection Agreement pursuant to which the Group has conditionally agreed to make the Capital Injection of RMB112,572,500 (equivalent to HK\$132,835,550) into Guangdong Yaoda, among which RMB92,500,000 (equivalent to HK\$109,150,000) will be contributed to the registered capital of Guangdong Yaoda, and the remaining RMB20,072,500 (equivalent to HK\$23,685,550) will be contributed to the capital reserve of Guangdong Yaoda. Immediately upon completion of the Capital Injection and capital contribution by two other existing shareholders of Guangdong Yaoda (including but not limited to Foshan Financial), Guangdong Yaoda will be owned as to 21.76% by the Group.

The amount of the Capital Injection was arrived at after arm's length negotiations between the parties and with reference to the Valuation Report prepared by the Valuer. The valuation method used in the Valuation Report constitutes a profit forecast under Rule 14.61 of the Listing Rules. Accordingly, the requirements under Rules 14.60A and 14.62 of the Listing Rules are applicable. The Directors have reviewed the assumptions based upon which the Valuation Report was prepared, and also considered the report from KPMG, the Company's reporting accountants. On the basis of the above, the Directors confirm that the Valuation Report prepared by the Valuer has been made after due and careful enquiry.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Guangdong Yaoda is owned as to 30% by Foshan Financial. Foshan Financial is a substantial shareholder of the Company and hence a connected person of the Company. Guangdong Yaoda is an associate of Foshan Financial and hence also a connected person of the Company under Rule 14A.07(4) of the Listing Rules. Therefore, the Capital Injection by the Group into Guangdong Yaoda contemplated under the Capital Injection Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements.

Furthermore, as the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) of the Capital Injection contemplated under the Capital Injection Agreement exceeds 5% but is less than 25%, the Capital Injection contemplated under the Capital Injection Agreement constitutes a discloseable transaction of the Company and therefore, is subject to the reporting and announcement 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 Capital Injection contemplated under the Capital Injection Agreement. An Independent Board Committee comprising the independent non-executive Directors will be formed to advise the Independent Shareholders on the terms of the Capital Injection Agreement. The Company has appointed Gram Capital to advise the Independent Board Committee and the Independent Shareholders of the Company on the terms of the Capital Injection Agreement.

CHANGE IN USE OF PROCEEDS

Reference is made to (a) 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 and 18 April 2018 respectively, (b) the 2017 Circular and (c) paragraph headed “Management Discussion and Analysis — Proceeds from the Listing, proceeds from issue of investors subscription shares, management subscription shares and placement of new H shares — (II) Proceeds from investor subscription shares, management subscription shares and placing of new H shares” in the 2018 Interim Report in relation to, among other things, (i) the Investor Subscription; (ii) the Management Subscriptions; and (iii) the Placing.

The Board has resolved to change the intended use of Proceeds to fund the payment for the Capital Injection, development of other financial-related services business and/or potential investment in company(ies) principally engaged in financing guarantee business. The proposed changes of use of Proceeds are subject to the approval by the Shareholders in the EGM and the respective class meetings to be convened in a timely manner.

DESPATCH OF CIRCULAR

A circular containing, among others, (i) further details of the Capital Injection Agreement and the transactions contemplated thereunder, (ii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the Capital Injection, (iii) a letter of advice from Gram Capital containing its advice to the Independent Board Committee and the Independent Shareholders, (iv) financial information of Guangdong Yaoda, (v) further details of the changes in use of Proceeds, (vi) the notice convening the EGM and (vii) the notice convening the respective class meetings, is expected to be despatched to the Shareholders on or before 15 March 2019.

Shareholders and potential investors of the Company should be aware that the Capital Injection and the change in use of Proceeds are subject to a number of conditions being satisfied, and consequently the Capital Injection and/or the change in use of Proceeds may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the shares of the Company.

INTRODUCTION

On 22 February 2019 (after trading hours), the Company, Join-Share Financial and Guangdong Yaoda entered into the Capital Injection Agreement pursuant to which the Group has conditionally agreed to make the Capital Injection of RMB112,572,500 (equivalent to HK\$132,835,550) into Guangdong Yaoda, among which RMB92,500,000 (equivalent to HK\$109,150,000) will be contributed to the registered capital of Guangdong Yaoda, and the remaining RMB20,072,500 (equivalent to HK\$23,685,550)

will be contributed to the capital reserve of Guangdong Yaoda. Immediately upon completion of the Capital Injection and capital contribution by other existing shareholders of Guangdong Yaoda (including but not limited to Foshan Financial), Guangdong Yaoda will be owned as to 21.76% by the Group.

THE CAPITAL INJECTION AGREEMENT

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

Date

22 February 2019

Parties

- (a) the Company;
- (b) Join-Share Financial, a directly wholly-owned subsidiary of the Company; and
- (c) Guangdong Yaoda.

As at the date of this announcement, Guangdong Yaoda is a connected person of the Company. For details, please refer to the paragraph headed “Listing Rules Implications” below.

Capital Injection

As at the date of this announcement, the registered capital of Guangdong Yaoda is RMB300,000,000. Guangdong Yaoda intends to raise its capital by RMB125,000,000 to RMB425,000,000, among which RMB92,500,000 (equivalent to HK\$109,150,000) shall be contributed by the Group pursuant to the Capital Injection Agreement, while the rest shall be contributed by two other existing shareholders of Guangdong Yaoda, including but not limited to, Foshan Financial, under separate arrangements with Guangdong Yaoda.

Conditions precedent to the Capital Injection

The Capital Injection is conditional upon the fulfillment of all of the following conditions (or other conditions as agreed in writing by the parties):

- (a) each of the Company, Join-Share Financial and Guangdong Yaoda having obtained all the necessary internal approvals and/or authorisation in relation to the Capital Injection Agreement and the Capital Injection (including those from the respective board of directors and/or shareholders);
- (b) Guangdong Yaoda having obtained a confirmation from each of the shareholders of Guangdong Yaoda which did not participate in the capital injection into Guangdong Yaoda confirming that they have agreed to give up such rights this time;

- (c) each of the Company, Join-Share Financial and Guangdong Yaoda having obtained all necessary approvals and/or filings from the relevant authorities (if required) and such which approvals and/or filings have not been revoked;
- (d) there are no applicable laws or orders or prohibitions from any governmental or judicial bodies prohibiting or materially affecting the fulfilment of the Capital Injection Agreement; and
- (e) all the representations and warranties provided by the parties under the Capital Injection Agreement remaining true, complete and accurate in all material respects as at the date of the Capital Injection Agreement, and shall remain true, complete and accurate, unless such representations and warranties explicitly contain an ending date.

After the fulfilment of the conditions precedent to the Capital Injection, the Company and Join-Share Financial shall make the Capital Injection by depositing RMB74,541,250 (equivalent to HK\$87,958,675) and RMB38,031,250 (equivalent to HK\$44,876,875), respectively, into a designated bank account of Guangdong Yaoda within 20 business days from the day of fulfilment of the conditions precedent. The Capital Injection shall be funded by the proceeds as mentioned in the paragraph headed “Change in use of proceeds” below.

The amount of the Capital Injection was arrived at after arm’s length negotiations between the parties and with reference to the valuation of all assets and liabilities of Guangdong Yaoda as appraised by Guangdong Jingxin Real Estate & Land & Assets Appraisal Co., Ltd, an independent asset valuer, in the Valuation Report. The valuation date is 31 October 2018. The valuation was conducted by way of the asset-based approach and income approach. After a comprehensive analysis of the assessments, the income approach was selected as the basis for valuation. Under the income approach, the book net asset value of Guangdong Yaoda was approximately RMB353,745,300 while the appraised value of all equity interests of the shareholders of Guangdong Yaoda was approximately RMB365,128,600, representing an appreciation ratio of 3.22%.

Upon completion of the Capital Injection and capital contribution by other existing shareholders of Guangdong Yaoda (including but not limited to Foshan Financial), the registered capital of Guangdong Yaoda will be increased from RMB300,000,000 to RMB425,000,000. Guangdong Yaoda will then be owned as to 14.41% and 7.35% by the Company and Join-Share Financial, respectively.

Shareholders’ rights

Only the existing shareholders of Guangdong Yaoda before the Capital Injection are entitled to dividend based on the distributable profits of Guangdong Yaoda as at 31 December 2018. The Company and Join-Share Financial are not entitled to such dividend. Other than this, the Company and Join-Share Financial shall enjoy all other

rights and benefits as shareholders of Guangdong Yaoda based on the registered capital of Guangdong Yaoda they subscribe and such registered capital does not carry any transfer restrictions.

Pre-emptive rights

After the completion of the Capital Injection, in case of any further increase in registered capital by Guangdong Yaoda in the future, the Company and Join-Share Financial shall, same as other shareholders of Guangdong Yaoda, have pre-emptive right to subscribe for the additional registered capital of Guangdong Yaoda under the same conditions. Any new shareholders of Guangdong Yaoda under such further increase are not entitled to shareholders' rights more favourable than those enjoyed by the Company and Join-Share Financial, unless as agreed in writing by the Company and/or Join-Share Financial, or such more favourable rights are equally granted to the Company and Join-Share Financial.

PROFIT FORECAST IN RELATION TO THE VALUATION METHOD

The valuation method used in the Valuation Report constitutes a profit forecast under Rule 14.61 of the Listing Rules (the “**Profit Forecast**”). Accordingly, the requirements under Rules 14.60A and 14.62 of the Listing Rules are applicable.

Pursuant to the Valuation Report, details of the principal assumptions upon which the Profit Forecast was based are as follows:

General assumptions

1. Guangdong Yaoda is in the process of carrying out the transaction, and the valuer values the terms and conditions of the transaction based on fair principal in the simulation market;
2. the status of all parties to the transaction are the same, and all parties have adequate opportunities and time to obtain market information in order to reasonably assess the functions, usage and consideration of the assets;
3. the valued assets are being, and will continue to be, used. No change of usage of assets or the best usage conditions have been taken into account; and
4. Guangdong Yaoda is operating on a going concern basis based on the existing assets and resources, and is capable of operating legally and take up its responsibilities.

Special assumptions

1. All audited financial reports, projected data and all other valuation information of Guangdong Yaoda are true, complete, legal and valid;

2. Guangdong Yaoda complies with all relevant laws and regulations of the PRC and is operating legally;
3. the management of Guangdong Yaoda has been complying with its obligations and managing Guangdong Yaoda effectively. There will be no material changes in the operation and management personnel of Guangdong Yaoda;
4. there will be no material changes in the laws, regulations, policies and macro-economic environment of the PRC;
5. there will be no material changes in the political, economic and environment conditions of the area in which the parties to the transaction locate, and all relevant tax rates, tax basis, interest rate and exchange rates are basically consistent with the reality;
6. to derive the profit forecast in the future, necessary analysis, judgement, and adjustment shall be made for the profit forecast of Guangdong Yaoda as provided by the relevant parties, and the reasonable assumptions for the valuation shall be determined on the basis of various possibilities and their effects in the future;
7. the cash flow forecast of Guangdong Yaoda will be realised in each forecast period;
8. in performing the profit forecast in the future in accordance with the regulations governing the financing lease industry, the shareholders of Guangdong Yaoda shall keep the leverage ratio of a financing lease company within 10 times as much as the net assets, in which case, the profit may be distributed to the maximum extent if the leverage ratio of Guangdong Yaoda satisfies certain regulatory requirements (being less than 10 times) in the future. Where the expected leverage ratio fails to meet the regulatory requirements, distribution of profit will not proceed and be retained by Guangdong Yaoda for increasing the net assets;
9. assuming that the project is evenly invested with its project period aligned with those of previous projects, investment funds for the project is utilised on a timely basis, in which case, no significant amount of malicious defaults take place as the default rate of investment projects fall within a reasonable range;
10. the mode of operation, financing structure and trend of development of Guangdong Yaoda as at the valuation date is the basis of the valuation. There will be no material changes in the mode of operation, financing channels and other conditions of Guangdong Yaoda, and that Guangdong Yaoda will be able obtain financing in a timely manner;
11. Guangdong Yaoda improves its profitability by rationalising improvement and restructuring of its identifiable assets, and amounts receivable and payable can be received or paid within a reasonable timeframe without affecting its business operation;

12. the accounting policies used for the preparation of the Valuation Report are consistent in all material respects with those adopted by Guangdong Yaoda in previous years;
13. the Valuation Report was prepared based on the financial estimates provided by the management of Guangdong Yaoda, assuming such financial estimates will be realised in each year in the future, and will be consistent with the operational and financial conditions of Guangdong Yaoda in the future;
14. assuming that the profit as estimated continues to remain stable, which is also known as a going concern, the profit forecast on a going concern basis equals the adjustable value of revenue for the final year of the forecast period;
15. there are no other unpredictable and force majeure reasons that may have any material adverse effect; and
16. extraordinary reasons of inflation are not taking into account when preparing the Valuation Report.

Confirmations

In accordance with Rule 14.62(2) of the Listing Rules, the Company has engaged its reporting accountants, KPMG, to report on the calculations in which the Valuation Report was based. KPMG has reported to the Directors that so far as the calculations are concerned, the discounted future cash flows have been properly compiled in all material respects in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation Report.

The Directors have reviewed the assumptions based upon which the Valuation Report was prepared. The Directors have also considered the report from KPMG. On the basis of the above, the Directors confirm that the Valuation Report prepared by the Valuer has been made after due and careful enquiry.

A report from KPMG dated 22 February 2019 in compliance with Rule 14.62(2) of the Listing Rules and a letter from the Board in compliance with Rule 14.62(3) of the Listing Rules have been submitted to the Stock Exchange, the texts of which are included in Appendix I and Appendix II to this announcement, respectively.

Experts and Consents

The qualifications of the experts who have given their statements in this announcement are as follows:

Name	Qualification
Guangdong Jingxin Real Estate & Land & Assets Appraisal Co., Ltd (廣東京信房地產土地資產評估有限公司)	Professional valuer
KPMG	Certified Public Accountants

To the best of the Directors' knowledge, information and belief and after having made all reasonable enquiries, each of the Valuer and KPMG is a third party independent of the Group and is not a connected person of the Group. As at the date of this announcement, neither the Valuer nor KPMG has any shareholding, whether directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of the Valuer and KPMG has given and has not withdrawn its respective written consent to the issue of this announcement with inclusion of its name, qualifications, report and opinions in the form and context in which they are included.

INFORMATION OF GUANGDONG YAODA

Guangdong Yaoda is a limited liability company incorporated in the PRC with a registered capital of RMB300,000,000. Guangdong Yaoda is principally engaged in the business of finance lease and other leasing business.

Set out below is a summary of the net profit of Guangdong Yaoda for the two years ended 2017 and 2018:

	Year ended 31 December 2017 (audited)	Year ended 31 December 2018 (unaudited)
Profit before tax	RMB40,120,768.8	RMB53,591,253.4
Profit after tax	RMB30,040,905.7	RMB40,137,918.2

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 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 AND BENEFITS OF THE CAPITAL INJECTION

Reference is made to (a) 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 and 18 April 2018 (the “**Announcements**”) respectively, (b) the circular of the Company dated 30 September 2017 (the “**2017 Circular**”) and (c) paragraph headed “Management Discussion and Analysis — Proceeds from the Listing, proceeds from issue of investors subscription shares, management subscription shares and placement of new H shares — (II) Proceeds from investor subscription shares, management subscription shares and placing of new H shares” in the interim report of the Company for the six months ended 30 June 2018 (the “**2018 Interim Report**”) in relation to, among other things, (i) the Investor Subscription; (ii) the Management Subscriptions; and (iii) the Placing. Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as those defined in the 2017 Circular.

As disclosed in the 2017 Circular, 60% of the net proceeds from the Investor Subscription will be used for pursuing acquisition opportunities in order to expand the Group’s service mix and further consolidate the market position of the Group in the Guangdong Province or Pearl River Delta region. Pursuant to this expansion plan, the Group has been targeting enterprises in Guangdong Province or Pearl River Delta region which engage(s) in the business of providing financial-related services such as finance lease. As Guangdong Yaoda is principally engaged in finance lease and other leasing businesses in Guangdong Province, the Capital Injection falls within the Group’s expansion plan as disclosed in the 2017 Circular.

Taking into account the above as well as the appraised value of Guangdong Yaoda, the Directors, including the independent non-executive Directors, are of the view that the Capital Injection Agreement was entered into in the ordinary and usual course of business of the Company and consider that the terms of the Capital Injection Agreement 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, Guangdong Yaoda is owned as to 30% by Foshan Financial. Foshan Financial is a substantial shareholder of the Company and hence a connected person of the Company. Guangdong Yaoda is an associate of Foshan Financial and hence also a connected person of the Company under Rule 14A.07(4) of

the Listing Rules. Therefore, the Capital Injection by the Group into Guangdong Yaoda contemplated under the Capital Injection Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements.

Furthermore, as the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) of the Capital Injection contemplated under the Capital Injection Agreement exceeds 5% but is less than 25%, the Capital Injection contemplated under the Capital Injection Agreement constitutes a discloseable transaction of the Company and therefore, is subject to the reporting and announcement 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 Capital Injection contemplated under the Capital Injection Agreement. Foshan Financial and its associates shall abstain from voting at the resolution(s) considering and approving the Capital Injection contemplated under the Capital Injection Agreement at the EGM.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee comprising the independent non-executive Directors will be formed to advise the Independent Shareholders on the terms of the Capital Injection Agreement. None of the independent non-executive Directors has any material interest in the Capital Injection.

The Company has appointed Gram Capital to advise the Independent Board Committee and the Independent Shareholders of the Company on the terms of the Capital Injection Agreement.

CHANGE IN USE OF PROCEEDS

Reference is made to the Announcements, the 2017 Circular and the 2018 Interim Report.

The Board has resolved to change the intended use of net proceeds (“**Proceeds**”) from the Investor Subscription; (ii) the Management Subscriptions; and (iii) the Placing. Breakdown of the allocation of the Proceeds as stated in the 2017 Circular, the change in the use of the remaining balance and reasons for change are summarised below:

Fund raising activities	Net proceeds raised	Intended use of Proceeds as stated in the 2017 Circular	Actual use of Proceeds as of the date of this announcement	Remaining amount of the Proceeds as of the date of this announcement	Change of use of the Proceeds (if applicable) and reasons
Issue of the Investor Subscription Shares (comprising 74,364,000 H Shares and 223,096,020 Domestic Shares) under Specific Mandate	RMB375.5 million (equivalent to approximately HK\$443.1 million)	Approximately 60% will be used for 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.	Approximately RMB45 million and RMB90 million have been used for capital contribution of establishment of Shenzhen Join-Share Commercial Factoring Co., Ltd.* (深圳市中盈盛達商業保理有限公司) and capital contribution of establishment of Shenzhen Join-Share Construction 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.	Approximately RMB90.3 million (equivalent to HK\$106.6 million), which will be used for the Capital Injection as explained the paragraph headed “Reasons for and benefits of the Capital Injection” above.	—

Fund raising activities	Net proceeds raised	Intended use of Proceeds as stated in the 2017 Circular	Actual use of Proceeds as of the date of this announcement	Remaining amount of the Proceeds as of the date of this announcement	Change of use of the Proceeds (if applicable) and reasons
		Approximately 20% will be used for establishing a subsidiary for providing comprehensive internet financial and internet micro-lending services.	Nil	Approximately RMB75.1 million (equivalent to approximately HK\$88.6 million)	Since the issuance of a notification to suspend the establishment of internet micro-lending companies (《關於立即暫停批設網路小額貸款公司的通知》整治辦函(2017)138號) by the PRC government in 2017, no approval has been granted by the PRC regulatory bodies for the establishment of internet micro-lending companies. As at the date of this announcement, there has been no change in such policy and therefore, the Board decides not to proceed with the establishment of a subsidiary to provide internet financial and lending services. In order to better utilise the Proceeds, such portion of the Proceeds will be used for capital injection into Guangdong Yaoda and/or development of other financial-related services business that comply with the relevant regulations and policies.

Fund raising activities	Net proceeds raised	Intended use of Proceeds as stated in the 2017 Circular	Actual use of Proceeds as of the date of this announcement	Remaining amount of the Proceeds as of the date of this announcement	Change of use of the Proceeds (if applicable) and reasons
		Approximately 20% will be used for further developing and strengthening the Group's existing business by way of increasing the Group's contribution to the registered capital of Zhongshan Join-Share Technology Financing Guarantee Investment Co., Ltd* (中山中盈盛達科技融資擔保有限公司), a subsidiary of the Company engaging in financing guarantee, non-financing guarantee and consulting services.	Nil	Approximately RMB75.1 million (equivalent to approximately HK\$88.6 million)	As the Board considers that the current registered capital of the Zhongshan subsidiary is sufficient for its operation and business development needs, taking into account the current market condition in Zhongshan, the Board therefore decides not to further contribute to the registered capital of the Zhongshan subsidiary. In order to better utilise the Proceeds, such portion of the Proceeds will be used for capital injection into Guangdong Yaoda and/or the development of other financial-related service business that comply with the relevant regulations and policies.
Issue of the Management Subscription Shares (i.e. 10,000,000 Domestic Shares) under Specific Mandate	Approximately RMB12.6 million (equivalent to approximately HK\$14.9 million)	All will be used for working capital and general corporate purposes, namely for marketing and advertising purposes to enhance the corporate image of the Group in Guangdong Province or Pearl River Delta region.	All had been used for the intended use.	Nil	—

Fund raising activities	Net proceeds raised	Intended use of Proceeds as stated in the 2017 Circular	Actual use of Proceeds as of the date of this announcement	Remaining amount of the Proceeds as of the date of this announcement	Change of use of the Proceeds (if applicable) and reasons
Placing of 186,666,000 H Shares under Specific Mandate	Approximately HK\$262.4 million	Approximately 30% will be used for funding a potential investment (through capital contribution or acquisition of existing equity interest) in a company established in Foshan, the PRC, which is principally engaged in providing financial and related consultancy services through its service platform to the SMEs operating along the value chain in the ceramic industry of the PRC.	Nil	Approximately HK\$78.7 million	As the Board considers that it is not feasible to identify a potential target for investment within a short period of time, in order to better utilise the Proceeds, such portion of the Proceeds will be used for funding potential investment (through capital contribution or acquisition of existing equity interest) in company(ies) principally engaged in financing guarantee business.
		Approximately 35% will be used for 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	Approximately HK\$91.8 million	—

Fund raising activities	Net proceeds raised	Intended use of Proceeds as stated in the 2017 Circular	Actual use of Proceeds as of the date of this announcement	Remaining amount of the Proceeds as of the date of this announcement	Change of use of the Proceeds (if applicable) and reasons
		Approximately 25% will be used for increasing the registered capital of Foshan Micro Credit, a subsidiary of the Company engaging in SME lending business, which would allow the Group to expand the lending portfolio and capture further business opportunity under this segment in light of the recent increase in the demand for SME loans granted by the Group.	Nil	Approximately HK\$65.6 million	As there has been capital support from banks and other financial institutions for SME lending businesses in the PRC, it is not necessary to use the Proceeds to contribute to Foshan Micro Credit anymore. In order to better utilise the Proceeds, such portion of the Proceeds will be used for the funding potential investment (through capital contribution or acquisition of existing equity interest) in Company(ies) principally engaged in financing guarantee business.
		Approximately 10% will be used for 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.	All had been used for the intended use.	Nil	—

The Board confirms that there is no material change in the business as set out in the 2017 Circular and considers that the above change in the use of Proceeds is in the best interest of the Company and its Shareholders as a whole.

The original intended use of Proceeds was approved, together with other matters, by the then Shareholders on the EGM, Domestic Shareholders Class Meeting and H Shareholders Class Meeting, respectively, all held on 17 November 2017. The proposed changes of use of Proceeds are therefore subject to the approval by the Shareholders in the EGM and the respective class meetings to be convened in a timely manner.

DESPATCH OF CIRCULAR

A circular containing, among others, (i) further details of the Capital Injection Agreement and the transactions contemplated thereunder, (ii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the Capital Injection, (iii) a letter of advice from Gram Capital containing its advice to the Independent Board Committee and the Independent Shareholders, (iv) financial information of Guangdong Yaoda, (v) further details of the changes in use of Proceeds, (vi) the notice convening the EGM and (vii) the notice convening the respective class meetings, is expected to be despatched to the Shareholders on or before 15 March 2019.

Shareholders and potential investors of the Company should be aware that the Capital Injection and the change in use of Proceeds are subject to a number of conditions being satisfied, and consequently the Capital Injection and/or the change in use of Proceeds may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the shares of the Company.

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
“Capital Injection”	injection of an aggregate amount of RMB112,572,500 (equivalent to HK\$132,835,550) by the Group to Guangdong Yaoda, among which RMB92,500,000 (equivalent to HK\$109,150,000) will be contributed to the registered capital of Guangdong Yaoda and the remaining RMB20,072,500 (equivalent to HK\$23,685,550) will be contributed to the capital reserve (資本公積金) of Guangdong Yaoda

“Capital Injection Agreement”	the capital injection agreement in relation to the Capital Injection entered into among the Company, Join-Share Financial and Guangdong Yaoda on 22 February 2019
“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
“EGM”	an extraordinary general meeting of the Company to be held for the Shareholders to consider and, if thought fit, to approve the Capital Injection, the Capital Injection Agreement and change in use of Proceeds
“Foshan Financial”	Foshan Financial Investment Holding Co., Ltd.* (佛山市金融投資控股有限公司), a company incorporated in the PRC with limited liability and is a substantial shareholder of the Company
“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 company incorporated under the laws of the PRC with limited liability on 6 November 2015, which is a connected person of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent Board committee, comprising all the independent non-executive Directors, which has been formed to advise the Independent Shareholders in respect of the Capital Injection

“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and an independent financial adviser appointed by the Company to make recommendations to the Independent Board Committee and the Independent Shareholders in respect of the Capital Injection
“Independent Shareholder(s)”	shareholders other than Shareholders who have material interest in the Capital Injection
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“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
“Share(s)”	collectively, the H shares which are listed on the Stock Exchange and domestic shares both with a nominal value of RMB1.00 each in the share capital of the Company
“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
“Valuation Report”	the valuation report issued by the Valuer dated 16 February 2019
“Valuer”	Guangdong Jingxin Real Estate & Land & Assets Appraisal Co., Ltd (廣東京信房地產土地資產評估有限公司)
“%”	percent

For the purpose of this announcement and for illustrative purpose only, conversion of RMB into HK\$ is based on the approximate exchange rate of RMB1: HK\$1.18.

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

Foshan, the PRC, 22 February 2019

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

* *For identification purpose only*

Appendix I — Report from KPMG, the Company’s reporting accountants

The following is the text of a report received from the Company’s reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for inclusion in this announcement.

REPORT ON THE DISCOUNTED FUTURE CASH FLOWS IN CONNECTION WITH THE BUSINESS VALUATION OF GUANGDONG YAODA FINANCIAL LEASING COMPANY LIMITED

TO THE BOARD OF DIRECTORS OF GUANGDONG JOIN-SHARE FINANCING GUARANTEE INVESTMENT CO., LTD

We refer to the discounted future cash flows on which the business valuation (the “**Valuation**”) dated 16 February 2019 prepared by Guangdong Jingxin Real Estate & Land & Assets Appraisal Co., Ltd in respect of the appraisal of the fair value of Guangdong Yaoda Financial Leasing Company Limited (the “**Target Company**”) as at 31 October 2018 is based. The Valuation is prepared based on the discounted future cash flows and is regarded as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Directors’ Responsibilities

The directors of Guangdong Join-Share Financing Guarantee Investment Co., Ltd (the “**Directors**”) are responsible for the preparation of the discounted future cash flows in accordance with the bases and assumptions determined by the Directors and as set out in the Valuation. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to report, as required by paragraph 14.62(2) of the Listing Rules, on the calculations of the discounted future cash flows used in the Valuation. The discounted future cash flows do not involve the adoption of accounting policies.

Basis of Opinion

We conducted our engagement in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the calculations are concerned, the Directors have properly compiled the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation. We performed procedures on the arithmetical calculations and the compilations of the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the calculations are concerned, the discounted future cash flows have been properly compiled in all material respects in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation.

Other matters

Without qualifying our opinion, we draw to your attention that we are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future cash flows are based and our work does not constitute any valuation of the Guangdong Yaoda Financial Leasing Company Limited or an expression of an audit or review opinion on the Valuation.

The discounted future cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Further, since the discounted future cash flows relate to the future, actual results are likely to be different from the discounted future cash flows because events and circumstances frequently do not occur as expected, and the differences may be material. Our work has been undertaken for the

purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

KPMG

Certified Public Accountants

Hong Kong

22 February 2019

Appendix II — Letter from the Board

22 February 2019

Listing Department
The Stock Exchange of Hong Kong Limited
12th Floor, Two Exchange Square
8 Connaught Place, Central
Hong Kong

Dear Sirs,

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) (the “**Company**”)

Stock code : 1543

Transaction : Connected and Discloseable Transaction in relation to the Capital Injection into Guangdong Yaoda Financial Leasing Company Limited* and Change in use of Proceeds

Subject : Confirmation in relation to profit forecast pursuant to Rule 14.62(3) of the Listing Rules

We refer to the announcement of the Company dated 22 February 2019 (the “**Announcement**”) relating to the captioned matters. Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless otherwise defined.

We refer to the Valuation Report dated 16 February 2019 issued by the Valuer regarding the valuation of all assets and liabilities of Guangdong Yaoda as at 31 October 2018 and prepared based on income approach, which constitutes a profit forecast under Rule 14.61 of the Listing Rules.

We have discussed with the Valuer about different aspects including the bases and assumptions based upon which the Valuation Report has been prepared, and reviewed the Valuation Report for which the Valuer is responsible. We have also considered the report from KPMG, our reporting accountants, regarding whether the Profit Forecast, so far as the calculations are concerned, have been properly complied in all material respects in accordance with the bases and assumptions as set out in the Valuation Report.

Pursuant to the requirements of Rule 14.62(3) of the Listing Rules, the Board is of the opinion that the Valuation Report prepared by the Valuer has been made after due and careful enquiry.

Yours faithfully,
For and on behalf of the Board of
Guangdong Join-Share Financing Guarantee Investment Co., Ltd.*
Wu Liejin
Chairman

* *For identification purpose only*