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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Guangdong Join-Share Financing Guarantee Investment Co., Ltd.**, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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**Guangdong Join-Share Financing Guarantee Investment Co., Ltd.\***  
**廣東中盈盛達融資擔保投資股份有限公司**  
*(A joint stock company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 1543)**

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

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Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 5 to 14 of this circular.

A notice convening the EGM to be held at 3:00 p.m., on Friday, 27 December 2019 at Chinese Rose Hall, 2/F, International Meeting Center, Building G, Sino-European Service Center, No. 2 South of Lingnan Road, Lecong Town, Shunde District, Foshan, Guangdong Province, the PRC was despatched on 12 November 2019. The reply slip and proxy form for use at the EGM are also enclosed therein.

Whether or not you are able to attend the EGM, you are requested to complete the enclosed proxy forms in accordance with the instructions printed thereon and return the same to the Company's office at 5/F, Building D, Sino-European Service Center, South of Lingnan Road, Lecong Town, Shunde District, Foshan, Guangdong Province, the PRC (in case of any holders of Domestic Shares) or the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (in case of any holders of H Shares) as soon as possible and in any event not later than 24 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and in such event, the relevant form(s) of proxy shall be deemed to be revoked. Shareholders who intend to attend the meetings in person or by proxy should complete and return the reply slips in accordance with the instructions printed thereon on or before Saturday, 7 December 2019.

\* For identification purpose only

25 November 2019

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## DEFINITIONS

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

“Announcement”	the announcement of the Company dated 14 October 2019 regarding the major and connected transaction in relation to the provision of the Guarantee and Foshan Counter-guarantee
“Articles”	the articles of association of the Company, as amended from time to time
“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), formerly known as Foshan Yingda Guarantee Investment Co., Ltd., a joint stock limited company incorporated in the PRC on 23 May 2003 and the H Shares of which are listed on the Stock Exchange (Stock Code: 1543)
“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
“Domestic Share(s)”	issued ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for or credited as fully paid in RMB
“Domestic Shareholder(s)”	registered holder(s) of Domestic Share(s)
“EGM”	an extraordinary general meeting of the Company to be held at Chinese Rose Hall, 2/F, International Meeting Center, Building G, Sino-European Service Center, No. 2 South of Lingnan Road, Lecong Town, Shunde District, Foshan, Guangdong Province, the PRC on Friday, 27 December 2019 at 3:00 p.m. or any adjournment thereof for the Shareholders to consider and, if thought fit, to (among other matters) approve the Guarantee Agreements

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## DEFINITIONS

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“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”	the counter-guarantee to be provided by the Group pursuant to the Guarantee Agreements
“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 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 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”	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
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“H Share(s)”	overseas listed foreign ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange
“H Shareholder(s)”	registered holder(s) of H Share(s)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

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## DEFINITIONS

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“Independent Shareholder(s)”	shareholder(s) other than Shareholders who have material interest in the provision of 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
“Latest Practicable Date”	19 November 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Lenders”	various entities and financial institutions (such as banks) from which Guangdong Yaoda intends to obtain the Financing. As at the Latest Practicable Date, 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 the 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
“SFO”	the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong)
“Shareholder(s)”	the holder(s) of share(s) of the Company
“Shares”	collectively, the H Shares and the Domestic Shares

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## DEFINITIONS

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“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
“%”	percent

*For the purpose of this circular and for illustrative purpose only, conversion of RMB into HK\$ is based on the approximate exchange rate of HK\$1: RMB0.89.*

*In this circular, if there is any inconsistency between the Chinese names of the entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. English translation of names in Chinese which are marked with “\*” is for identification purpose only.*



**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)**

*Executive Director:*

Mr. Wu Liejin (*Chairman and president*)

*Non-executive Directors:*

Mr. Zhang Minming

Ms. Gu Lidan

Mr. Luo Zhenqing

Mr. Huang Guoshen

Mr. Zhang Deben

*Independent Non-executive Directors:*

Mr. Wu Xiangneng

Mr. Leung Hon Man

Mr. Liu Heng

*Registered office:*

Unit 2202–2212, 22/F

Chuangye Building

No. 215 Fenjiang Middle Road

Foshan, Guangdong

PRC

*Principal place of business*

*in Hong Kong:*

40th Floor, Sunlight Tower

No. 248 Queen's Road East

Wanchai

Hong Kong

25 November 2019

To Shareholders

*Dear Sir or Madam,*

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

**INTRODUCTION**

Reference is made to the Announcement. As disclosed in the Announcement, on 14 October 2019 (after trading hours), 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 the signing parties.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with, among other things, (i) information on the provision of the Guarantee and the Foshan Counter-guarantee contemplated thereunder; and (ii) other information as is required to be contained in this circular under the Listing Rules.

### (1) 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:** (1) The Company, as guarantor; and  
(2) Guangdong Yaoda, as warrantee.

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

**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 or provide the Foshan Counter-guarantee to Foshan Guarantors with the Maximum Guarantees Limit to secure the repayment obligations of Guangdong Yaoda. If Guangdong Yaoda fails to repay its loan, then the Company and/or Join-Share Financial, along with other Guangdong Yaoda Shareholders, will have to perform its/their repayment obligations (in proportion to its/their shareholdings in Guangdong Yaoda) to the Lenders or Foshan Financial and/or Foshan Public (as the case may be) pursuant to the guarantee or counter-guarantee.

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.

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## LETTER FROM THE BOARD

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

The Company and/or Join-Share Financial will determine whether to provide guarantee or counter-guarantee based on the written application by Guangdong Yaoda. If Foshan Financial and/or Foshan Public (as the case may be) will provide guarantee to the Lenders in favour to Guangdong Yaoda, then the Company and/or Join-Share Financial, along with other Guangdong Yaoda Shareholders, will only provide counter-guarantee (in proportion to their respective shareholdings in Guangdong Yaoda) to Foshan Financial and/or Foshan Public (as the case may be) in favour to Guangdong Yaoda. In any event, the Company and/or Join-Share will not provide both guarantee and counter-guarantee in the same transaction.

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. Guangdong Yaoda will have to confirm the shareholding information with the Group in writing before applying for each guarantee and counter-guarantee to be provided by the Group.

**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;

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## LETTER FROM THE BOARD

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- (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.

### (2) 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.

As at the Latest Practicable Date, Foshan Financial and Foshan Public are connected persons of the Company. For details, please refer to the paragraph headed “Listing Rules Implications” below.

- 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.

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## LETTER FROM THE BOARD

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**Foshan Counter-guarantee:**

During the Service Term, upon written application by Guangdong Yaoda, the Company and/or Join-Share Financial 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. If Foshan Financial and/or Foshan Public (as the case may be) have to perform repayment obligations for Guangdong Yaoda pursuant to its guarantee, then the Company and/or Joint-Share Financial, along with other Guangdong Yaoda Shareholders, will also have to perform its/their repayment obligations (in proportion to its/their respective shareholdings in Guangdong Yaoda) to Foshan Financial and/or Foshan Public (as the case may be) pursuant to the Foshan Counter-guarantee Agreement.

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.

The Company and/or Join-Share Financial will determine whether to provide guarantee or counter-guarantee based on the written application by Guangdong Yaoda. If Foshan Financial and/or Foshan Public (as the case may be) will provide guarantee to the Lenders in favour to Guangdong Yaoda, then the Company and/or Join-Share Financial, along with other Guangdong Yaoda Shareholders, will only provide counter-guarantee (in proportion to its/their respective shareholdings in Guangdong Yaoda) to Foshan Financial and/or Foshan Public (as the case may be) in favour to Guangdong Yaoda. In any event, the Company and/or Join-Share will not provide both guarantee and counter-guarantee in the same transaction.

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## LETTER FROM THE BOARD

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Each individual counter-guarantee to be provided by the Group to the Foshan Financial and/or Foshan Public (as the case may be) 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). Guangdong Yaoda will have to confirm the shareholding information with the Group in writing before applying for each guarantee and counter-guarantee to be provided by the Group.

**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.

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## LETTER FROM THE BOARD

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### 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. Foshan Public is wholly-owned by the State-owned Assets Supervision and Administration Commission of Foshan Municipal Government of the PRC\* (佛山市人民政府國有資產監督管理委員會).

### 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 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 Latest Practicable Date, 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

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## LETTER FROM THE BOARD

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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 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.

Each of Ms. Gu Lidan and Mr. Luo Zhenqing (being non-executive Directors) are both directors of Foshan Financial, and hence had material interests in and had abstained from voting on the resolution approving the Guarantee, the Foshan Counter-guarantee, the Guarantee Agreements and the transactions contemplated thereunder. Save as disclosed above, as at the Latest Practicable Date, none of the Directors has any material interest in

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## LETTER FROM THE BOARD

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the Guarantee, the Foshan Counter-guarantee, the Guarantee Agreements and the transactions contemplated thereunder and hence no Director is required under the Listing Rules to abstain from voting on the resolutions approving the Guarantee, the Foshan Counter-guarantee, the Guarantee Agreements and the transactions contemplated thereunder at the meeting of the Board.

As at the Latest Practicable Date, Foshan Financial had beneficial interest in 239,854,838 Domestic Shares, and had interest in 164,164,000 H Shares through Fojin Hongkong Limited (佛金香港有限公司) (“**Fojin HK**”) and 33,002,680 Domestic Share through Foshan Fuside Infrastructure Investment Co., Ltd\*. (佛山市富思德基礎設施投資有限公司) (“**Fuside**”), both of which are wholly-owned subsidiaries of Foshan Financial. Therefore, Foshan Financial and its associates (including Fuside and Fojin HK), which control or are entitled to exercise over the voting rights in respect of their Shares held, shall abstain from voting at the resolution considering and approving the Guarantee and the Foshan Counter-guarantee contemplated under the Guarantee Agreements at the EGM according to the Articles.

### **EGM**

The Company proposes to convene the EGM on Friday, 27 December 2019 at Chinese Rose Hall, 2/F, International Meeting Center, Building G, Sino-European Service Center, No. 2 South of Lingnan Road, Lecong Town, Shunde District, Foshan, Guangdong Province, the PRC.

If you intend to appoint a proxy to attend the EGM, you are required to complete and return the accompanying proxy forms in accordance with the instructions printed thereon. The proxy forms should be returned to the Company’s H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by hand or by post not less than 24 hours before the time appointed for holding the EGM or any adjourned meeting thereof.

Completion and return of the proxy forms will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish, but in such event the instrument appointing a proxy shall be deemed to be revoked.

The votes to be taken at the EGM in relation to the proposed resolutions will be taken by poll.

In order to determine the shareholders’ eligibility to attend the EGM, the register of members of the Company will be closed from Wednesday, 27 November 2019 to Friday, 27 December 2019, both days inclusive, during which no transfer of shares will be registered. Only shareholders of the Company whose names appear on the register of members of the Company on Friday, 27 December 2019 or their proxies or duly authorised corporate representatives are entitled to attend the EGM. In order to qualify for attending and voting at the EGM, all properly completed transfer documents accompanied with relevant share certificates must be lodged with the Company’s H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong (for holders of H Shares), or the Company’s

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## LETTER FROM THE BOARD

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office in the PRC at 5/F, Building D, Sino-European Service Center, South of Lingnan Road, Lecong Town, Shunde District, Foshan, Guangdong Province, the PRC (for holders of Domestic Shares) not later than 4:30 p.m. on Tuesday, 26 November 2019.

### RECOMMENDATION

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 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. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the EGM.

### ADDITIONAL INFORMATION

Your attention is also drawn to the general information set out in the appendices to this circular.

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

## 1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three financial years ended 31 December 2018 were set out in the annual report of the Company posted on the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.join-share.com](http://www.join-share.com)).

Financial information of the Group for the six months ended 30 June 2019 was set out in the interim report 2019 of the Company posted on the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.join-share.com](http://www.join-share.com)).

## 2. STATEMENT OF INDEBTEDNESS

At the close of business on 30 September 2019, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had the following indebtedness:

- (a) interest-bearing borrowings amounted to approximately RMB111.50 million, the currency of the borrowings was Renminbi and all were at floating interest rates.
- (b) As at 30 September 2019, lease liabilities of approximately RMB13.80 million.
- (c) As at 30 September 2019, total maximum guarantee issued to the customers of the Group of approximately RMB13,032.23 million.
- (d) other financial instrument — liability component of approximately RMB58.12 million.

Save as otherwise disclosed above, and apart from intra-group liabilities, the Group did not have, as at 30 September 2019, any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees, material covenants, or other material contingent liabilities.

## 3. WORKING CAPITAL

After taking into account the available facilities from banks, the Group's internally generated funds and cash flows from operation, the Directors are of the opinion that the Group has sufficient working capital for its present requirements for at least the next twelve months following the date of this circular.

## 4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2018, being the date to which the latest published audited financial statements of the Group were made up.

## 5. FINANCIAL AND TRADING PROSPECTS

### (I) Development trend of the industry

#### 1. *Expanding business scale of financing guarantee funds*

Following the establishment on 26 July 2018, the National Financing Guarantee Fund (the “Fund”) commenced its operation on 26 September. Upon completion of the capital commitments of the Fund, support for an annual increase of 150,000 SMEs and a target loan of RMB140 billion are expected to be achieved. In the next three years, the Fund will cover secured loans in an aggregate amount of approximately RMB500 billion, accounting for one quarter of the national financing guarantee business. In the future, financing guarantee funds will play a much greater role in enabling the financing guarantee industry to accommodate the real economy in a better manner.

#### 2. *Increasing financial efforts to support the real economy*

Currently, it is a key task in the PRC to deepen the supply-side structural reform in the financial sector is to increase the efforts to support SMEs, “three rural” (三農), inclusive finance and green finance. During 2019, policies were introduced in sequence to advance the real economy. In terms of monetary policies, in 2019, the People’s Bank of China continues to free up money by comprehensively utilizing various monetary policies and tools, including the targeted reserve-ratio cut and targeted medium-term lending facilities, while directing financial institutions to strengthen the support for loans required by private businesses and SMEs. In terms of fiscal policies, in 2019, greater reduction in taxes and administrative surcharges takes effect alongside various approaches, including financing and credit enhancement, funding by incentives in lieu of grants, and preferential tax treatment, so that the business momentum can be driven at the microeconomic level. It is expected that financing in the real economy in the PRC will see a growing number of supportive policies in the future.

In light of the continuing economic growth in the PRC and national support for the SMEs, the Board believes that the financing guarantee industry in the PRC will embrace a promising development landscape.

### (II) Development strategies of the Company

In the second half of 2019, national macroeconomic conditions are expected to continue to develop in a steady manner. In the wake of opportunities and challenges, the Group intends to implement the following strategies:

1. **Continuous transformation and upgrade:** the Company will continue to advance transformation and upgrade by maintaining its guarantee plus model in essence, focusing on customer demands and targeting value creation.

2. **Mindset of innovative businesses:** in adapting to the changing market and satisfying diverse financing requirements of customers, the Company will constantly develop innovative business types over the course of persisting in legal compliance. The Company will provide more than financing guarantees. In addition to traditional banking channels, the Company will continue to explore new financing alternatives for the SME customers.
3. **Closer collaboration with the relevant institutions:** besides paying attention to the construction and development of the Guangdong-Hong Kong-Macao Greater Bay Area, the Company will maintain active connectivity to the Fund. On top of stringent risk control, the Company will seek to seize opportunities, whereby focusing on various investing and financing requirements of the SME customers, as well as constantly deepening strategic collaboration with local governments and large financial institutions. Furthermore, the Company will accelerate the expansion of its business footprint to advance the integration of finance with industries and technologies so that the Company will enhance its operating efficiency.

By 2019, the Company has been in business for 16 years, over which, the Company has been forging ahead with a focus on addressing the predicament of demanding and costing financing, which has been troubling SMEs. To date, the Company has provided investing and financing services with an aggregate value of over RMB100 billion to nearly 10,000 SMEs. Looking into the future, we will continue to persist in our initial vision, which is our perseverance in being a synergistically valued investment and financing service provider for SMEs. In the first half of 2019, the Company achieved a milestone in advancing transformation and upgrade, which highlights as follows:

1. **Stable improving performance.** With the streamline management strategy and stringent risk control in place, the Company succeeded in a steady business development, as well as stable improving performance, despite the amounting pressure from the economic downturn. For the first half of 2019, the Company had total revenue of RMB183 million, representing a year-to-year growth of 26.59%, while its profit for the period amounted to RMB68.52 million, representing a year-to-year growth of approximately 6.61%.
2. **Active compliance with regulations, including active involvement in renewing the business license for the financing guarantee service segment.** In active response to the new trend of increasingly tightened financial regulation, the Group optimized and realigned its internal shareholding structure, and stably proceeded with the license renewal in accordance with the requirements set by the regulators for renewal of business licenses for financing guarantees businesses, thereby ensuring business operation compliance and transparent development.

3. **Commitments to strengthening the capital operation and expanding the industry chain.** By deeply entrenching the strategic position as the systematic investment and financing service provider for the SMEs, the Company strategically extended the industry service chain by injecting capital to Guangdong Yaoda Financial Leasing Company Limited\* (廣東耀達融資租賃有限公司), successfully penetrating into the untouched financial leasing service segment.
4. **Efforts to procure the establishment of the risk sharing mechanism with government, banks, and guarantee institutions.** For the first half year, the Company was actively procuring the establishment of guarantee funds in Foshan, while actively seeking connection with National Financing Guarantee Fund. By establishing the risk sharing mechanism for the government, banking sector and guarantee institutions, the Company improved the risk sharing mechanism for future development of the financing guarantees.
5. **Well-established risk control system.** For the first half year, the Company focused on improving the guidelines for business conducts, operating rules of the administrative system, clean, honest, and self-disciplined practices, charging standards, etc. Furthermore, targeted training in connection with the procedures of business conduct and practice requirements is provided to the practitioners and strict requirements are set for them.
6. **Deepening brand building.** In June 2019, the Company received the award of “Best Corporate Governance” at the 2019 China Financial Market Award Gala for its outstanding corporate governance and sustainability performance. Mr. Zheng Zhengqiang, the secretary of the board of the Company, received the award of “Best Board Secretary”. In August 2019, the Company was awarded “Industry Leadership” (行業領軍獎) and “Outstanding Contribution to the SME Support Campaign” (支小突出貢獻獎) at the 2018 Guangdong Financing Guarantee Institutions Rating Event.

In the second half of 2019, the Company will unwaveringly maintain its position of serving SMEs, while continuing to advance transformation and upgrade, optimise internal control and management, and innovate financial products. Whilst facilitating the layout development of the industry chain, the Company will work closely with core enterprises to establish the strategic partnership platform for industrial integration, as well as to upgrade and promote the supply chain finance, industrial finance, and fin-tech partnership models. In the meantime, the Company will watch and capitalize the development and opportunities arising from the Greater Bay Area. Furthermore, we will actively continue to advance the establishment and expansion of business presence in the Guangzhou Science City, Dongguan, and other regions. In elevating to a new height of development, the Company will earn the trust from all levels of government, shareholders, and customers with its outstanding performance.

**(1) RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility for the information contained herein, includes particulars given in compliance with the Listing Rules for the purpose of giving information relating to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

**(2) SHARE CAPITAL**

The issued share capital of the Company as at the Latest Practicable Date is set out below:

	<i>Number of Shares</i>
Number of Shares in issue	
Domestic Shares	1,006,429,353
H Shares	<u>554,363,334</u>
Total:	<u><u>1,560,792,687</u></u>

**(3) DIRECTORS', CHIEF EXECUTIVES' AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION**

As at the Latest Practicable Date, the interests or short positions of Directors, supervisors or the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or (b) to be recorded in the register required to be kept under Section 352 of the SFO, or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in Appendix 10 to the Listing Rules, were as follows:

**Interest in Shares of the Company**

Name of Shareholder	Position	Nature of Interest	Number and class of Shares <sup>(1)</sup>	Approximate percentage of shareholding in the relevant class of Shares <sup>(2)</sup>	Approximate percentage of shareholding in the total share capital of the Company <sup>(3)</sup>
Mr. Zhang Deben	Director	Beneficial owner	212,000 Domestic Shares (L)	0.02%	0.01%
Mr. Huang Guoshen	Director	Beneficial owner	41,760,000 Domestic Shares (L)	4.15%	2.68%
Mr. Wu Liejin	Director	Beneficial owner	32,110,351 Domestic Shares (L)	3.19%	2.06%
Mr. Liang Yi	Supervisor	Beneficial owner	80,000 Domestic Shares (L)	0.01%	0.01%
Ms. Huang Yuzhen	Supervisor	Beneficial owner	50,000 Domestic Shares (L)	0.01%	0.01%

*Notes:*

- (1) The letter "L" denotes the person's long position in the Shares;
- (2) As at the Latest Practicable Date, the number of issued Domestic Shares and H Shares of the Company were 1,006,429,353 and 554,363,334, respectively; and
- (3) As at the Latest Practicable Date, there were 1,560,792,687 Shares in the issued share capital of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, supervisors, or the chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or (b) to be recorded in the register required to be kept under Section 352 of the SFO, or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in Appendix 10 to the Listing Rules.

#### **Interests in associated corporations**

None of the Directors, supervisors, or the chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of associated corporations (within the meaning of Part XV of the SFO) of the Company as at the Latest Practicable Date.

#### **Directors' other interests**

- (i) As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which have been since 31 December 2018, the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.
- (ii) As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting at the date of this circular, and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors and their respective close associates was interested in any business apart from the business of the Group, which competed or was likely to compete, either directly or indirectly, with that of the Group.

- (iii) Save as disclosed in (4) below, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short interest in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO.

**(4) SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES**

As at the Latest Practicable Date, the persons (not being the Directors, supervisors or the chief executive of the Company) or corporations having interests or short positions in the shares or underlying shares of the Company which are required to be notified to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept under section 336 of the SFO or who were directly and/or indirectly deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company are listed as follows:

Name of Shareholder	Nature of Interest	Number and class of Shares <sup>(1)</sup>	Approximate percentage of shareholding in the relevant class of Shares <sup>(2)</sup>	Approximate percentage of shareholding in the total share capital of the Company <sup>(3)</sup>
Lo Kai Bong <sup>(4)</sup>	Beneficial owner	30,368,000 H Shares (L)	5.48%	1.95%
	Interest of controlled corporation	39,596,000 H Shares (L)	7.14%	2.54%
Foshan Financial	Interest of controlled corporation <sup>(6)</sup>	164,164,000 H Shares (L)	29.61%	10.52%
	Beneficial owner	239,854,838 Domestic Shares (L)	23.83%	15.37%
	Interest of controlled corporation <sup>(5)</sup>	33,002,680 Domestic Shares (L)	3.28%	2.11%
Fojin HK <sup>(6)</sup>	Beneficial owner	164,164,000 H Shares (L)	29.61%	10.52%
Hong Kong Wellknown Development Limited (“ <b>Hong Kong Wellknown</b> ”) <sup>(7)</sup>	Beneficial owner	65,978,000 H Shares (L)	11.90%	4.23%
Dragon Pearl Hong Kong Investment Development Limited (“ <b>Dragon Pearl</b> ”) <sup>(8)</sup>	Beneficial owner	73,332,000 H Shares (L)	13.23%	4.70%
Wu Zhi Jian (“ <b>Mr. Wu</b> ”) <sup>(9)</sup>	Interest of controlled corporation	96,848,000 H Shares (L)	17.47%	6.21%

Name of Shareholder	Nature of Interest	Number and class of Shares <sup>(1)</sup>	Approximate percentage of shareholding in the relevant class of Shares <sup>(2)</sup>	Approximate percentage of shareholding in the total share capital of the Company <sup>(3)</sup>
Li Shen Hua	Beneficial owner	35,000,000 H Shares (L)	6.31%	2.24%
True Faith International Enterprise Limited ("True Faith International") <sup>(10)</sup>	Beneficial owner	30,414,000 H Shares (L)	5.49%	1.95%
True Faith Holdings (Hong Kong) Limited ("True Faith HK") <sup>(10)</sup>	Interest of controlled corporation	30,414,000 H Shares (L)	5.49%	1.95%
Real Faith Enterprise (Hong Kong) Company Limited ("Real Faith") <sup>(10)</sup>	Interest of controlled corporation	30,414,000 H Shares (L)	5.49%	1.95%
Guangdong Zhaoxin Group Holdings Co. Ltd.* (廣東昭信集團股份有限公司) ("Guangdong Zhaoxin") <sup>(10)</sup>	Interest of controlled corporation	30,414,000 H Shares (L)	5.49%	1.95%

*Notes:*

- (1) The letter “L” denotes the person’s long position in the Shares;
- (2) As at the Latest Practicable Date, the number of issued Domestic shares and the H Shares were 1,006,429,353 shares and 554,363,334 shares, respectively;
- (3) As at the Latest Practicable Date, there were 1,560,792,687 Shares in the issued share capital of the Company;
- (4) Based on the disclosure of interests form submitted by Mr. Lo Kai Bong on 20 April 2018, Better Linkage Limited, which has direct interest in 39,596,000 H Shares, is wholly-owned by Mr. Lo Kai Bong as at 18 April 2018. Mr. Lo Kai Bong is interested in 69,964,000 H Shares in aggregate;
- (5) Fuside is wholly owned by Foshan Financial. Foshan Financial is deemed to be interested in 33,002,680 Domestic Shares held by Fuside;
- (6) Foshan Financial holds 100% of Fojin HK and is deemed to be interested in 164,164,000 H Shares of the Company held by Fojin HK;
- (7) Based on the disclosure of interests form submitted by Hong Kong Wellknown on 18 November 2019, Hong Kong Wellknown is wholly-owned by Dragon Pearl, which is in turn wholly-owned by Mr. Wu;
- (8) Based on the disclosure of interests form submitted by Dragon Pearl on 18 November 2019, Dragon Pearl is wholly-owned by Mr. Wu;
- (9) Based on the disclosure of interests form submitted by Mr. Wu on 18 November 2019, Mr. Wu is interested in 96,848,000 H Shares in aggregate through corporation(s) controlled by him; and
- (10) Based on the disclosure of interests form submitted by Guangdong Zhaoxin on 31 May 2019, True Faith International is wholly-owned by True Faith HK, which is in turn wholly-owned by Real Faith, which is in turn wholly-owned by Guangdong Zhaoxin. Therefore, True Faith HK, Real Faith and Guangdong Zhaoxin are all deemed to be interested in the 30,414,000 H Shares held by True Faith International.

Save as disclosed above, as at the Latest Practicable Date, the Company is not aware of any other persons (not being the Directors, supervisors or the chief executive of the Company) or corporations having interests or short positions in the shares or underlying shares of the Company which are required to be notified to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept under section 336 of the SFO or who were directly and/or indirectly deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

**(5) MATERIAL CONTRACTS**

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by any member of the Group within the two years immediately preceding the date of this circular and are or may be material:

- (1) On 15 May 2017, the Company and Foshan Financial entered into a share subscription agreement in relation to subscription of the newly issued H Shares and Domestic Shares of the Company by Foshan Financial. On 29 December 2017, the Company and Foshan Financial entered into a supplemental agreement to the share subscription agreement (the “**First Supplemental Agreement**”), pursuant to which the parties thereunder agreed to change the long stop date agreed under the share subscription agreement to 31 March 2018;
- (2) On 30 November 2017, Yunfu Yuecai Puhui Financing Guarantee Co., Ltd.\* (雲浮市粵財普惠融資擔保股份有限公司) the name of which has changed to Yunfu Puhui Financing Guarantee CO., Ltd. (雲浮市普惠融資擔保股份有限公司) (“**Yunfu Company**”), an associate of the Company, entered into the capital reduction and share acquisition agreement with Guangdong Financing Re-guarantee Co., Ltd.\* (廣東省融資再擔保有限公司), pursuant to which Yunfu Company acquired 60,000,000 shares in Yunfu Company held by Guangdong Financing Re-guarantee Co., Ltd. at the acquisition price of RMB61,310,842.14. Upon completion of the acquisition, Yunfu Company will reduce the registered capital of RMB60 million by cancelling such shares;
- (3) On 29 December 2017, the Company and GF Securities (Hong Kong) Brokerage Limited (hereinafter referred to as “**GF Securities**”) entered into the second supplemental placing agreement to the placing agreement in respect of placing up to 186,666,000 new H Share of Guangdong Join-Share Financing Guarantee Investment Co., Ltd.\*, pursuant to which the long stop date for fulfilling the conditions precedent of the placing has been revised to 31 March 2018;
- (4) On 9 February 2018, the Company, Yunfu Rongda Asset Management Co., Ltd.\* (雲浮市融達資產經營有限公司) (“**Yunfu Rongda**”) and Guangdong Wens Investment Co., Ltd.\* (廣東溫氏投資有限公司) entered into the shareholders cooperation agreement, pursuant to which the Company subscribed for the newly additional 20,000,000 shares of Yunfu Company. Upon completion the capital increase, the Company will hold 45.45% interests in Yunfu Company, the financial statements of which will be consolidated;
- (5) On 29 March 2018, the Company and Foshan Financial entered into the second supplemental agreement to the share subscription agreement, pursuant to which the parties thereunder agreed to change the long stop date agreed under the share subscription agreement (as amended by the First Supplemental Agreement) to 30 April 2018 or such other date as the parties thereof may agree in writing;

- (6) On 29 March 2018, the Company and GF Securities entered into the third supplemental placing agreement to the placing agreement in respect of placing up to 186,666,000 new H Share of Guangdong Join-Share Financing Guarantee Investment Co., Ltd.\*, pursuant to which the long stop date for fulfilling the conditions precedent of the placing has been revised to 30 April 2018;
- (7) On 29 March 2018, the Company and ICBC International Securities Limited entered into the placing agreement in respect of placing up to 186,666,000 new H Share of Guangdong Join-Share Financing Guarantee Investment Co., Ltd.\*, pursuant to which the Company appointed ICBC International Securities Limited and GF Securities as joint placing agents for the additional H Shares of the Company; and
- (8) On 22 February 2019, the Company, Join-Share Financial and Guangdong Yaoda entered into the capital increase agreement, pursuant to which the Company subscribed for the newly added registered capital of Guangdong Yaoda of RMB61,250,000 by means of the capital increase of RMB74,541,250 into Guangdong Yaoda, and Join-Share Financial subscribed for the newly added registered capital of Guangdong Yaoda of RMB31,250,000 by means of the capital increase of RMB38,031,250 into Guangdong Yaoda. Upon completion of the capital increase, Guangdong Yaoda will then be owned as to 14.41% and 7.35% by the Company and Join-Share Financial, respectively.

## **(6) LITIGATION**

As at the Latest Practicable Date, neither the Company nor any member of the Group was engaged in any litigation or claims of material importance and no litigation or claims of material importance had known to the Directors to be pending or threatened against any member of the Group.

## **(7) JOINT COMPANY SECRETARIES**

The joint secretaries of the Company are Mr. Lau Kwok Yin and Mr. Zheng Zhengqiang. Mr. Lau holds a Bachelor of Business Administration degree in Accounting and Finance from The University of Hong Kong, and is a member of the Hong Kong Institute of Certified Public Accountants and a Chartered Financial Analyst charterholder, and has extensive experience acting as a company secretary for listed companies.

Mr. Zheng received his bachelor's degree of economics from Central University of Finance and Economics (中央財經大學) in the PRC in July 1998, majoring in monetary banking. In November 2007, he obtained an intermediate qualification certificate of financial economy granted by the Ministry of Personnel of the PRC (中華人民共和國人事部) (now known as Ministry of Human Resources and Society Security (中華人民共和國人力資源和社會保障部)). In March 2014, Mr. Zheng obtained a certificate of senior credit manager (guarantee) granted by the Department of Human Resources and Social Security of Guangdong Province.

**(8) DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS**

Each of the Directors and the supervisors of the Company had entered into their respective service agreements or letters of appointment with the Company on 6 June 2018 with a term of three years with effect from the date of execution.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the supervisors of the Company had any existing or proposed service contract with any member of the Group, other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation.

**(9) COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors, supervisors and their respective close associates were considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses to which the Directors were nominated and appointed as directors and/or senior management to represent the interests of the Group.

**(10) DIRECTORS' AND SUPERVISORS' INTERESTS IN ASSETS AND CONTRACTS**

As at the Latest Practicable Date, none of the Directors or the supervisors of the Company had any direct or indirect interest in any assets which have been, since 31 December 2018, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors or the supervisors of the Company was materially interested in any contract or arrangement which is significant in relation to the business of the Group.

**(11) DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at 40th Floor, Sunlight Tower, No. 248 Queen's Road East, Wanchai, Hong Kong unless (i) a tropical cyclone warning signal number 8 or above is hoisted, or (ii) a black rainstorm warning signal is issued, from 9:00 a.m. to 5:00 p.m. on any weekday (except public holidays) for a period of 14 days from the date of this circular:

- (a) the Consolidated Guarantees Arrangement Agreement;
- (b) the Foshan Counter-guarantee Agreement;
- (c) the material contracts referred to in the section headed "(5) Material Contracts" in this appendix;

- (d) the annual reports of the Company for each of the two financial years ended 31 December 2018;
- (e) the services contracts and letters of appointment referred in the section headed “(8) Directors’ and Supervisors’ Service Contracts” in this appendix;
- (f) the Articles;
- (g) the circular of the Company dated 9 May 2019; and
- (h) this circular.

**(12) MISCELLANEOUS**

- (a) The registered address of the Company is at Unit 2202–2212, 22/F, Chuangye Building, No. 215 Fenjiang Middle Road, Foshan, Guangdong, the PRC.
- (b) The principal place of business of the Company in the PRC is at 5/F, Building D, Sino-European Service Center, South of Lingnan Road, Lecong Town, Shunde District, Foshan, Guangdong Province, the PRC.
- (c) The principal place of business of the Company in Hong Kong is at 40th Floor, Sunlight Tower, No. 248 Queen’s Road East, Wanchai, Hong Kong.
- (d) The Hong Kong share registrar of the Company is Computershare Hong Kong Investor Services Limited located at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
- (e) The joint company secretaries are Mr. Lau Kwok Yin (劉國賢) and Mr. Zheng Zhengqiang (鄭正強).
- (f) In the event of any inconsistencies, the English text of this circular and the proxy forms shall prevail over the Chinese text.