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Quanzhou Huixin Micro-credit Co., Ltd.*

泉州匯鑫小額貸款股份有限公司

(Established in the People's Republic of China with limited liability)

(Stock Code: 1577)

CHANGE IN USE OF PROCEEDS

Reference is made to the prospectus of Quanzhou Huixin Micro-credit Co., Ltd.* (the “**Company**” or “**our**”) dated 19 September 2016 (the “**Prospectus**”) relating to the listing (the “**Listing**”) of the Company’s H shares on the main board of The Stock Exchange of Hong Kong Limited and the announcement of offer price and allotment results dated 29 September 2016 (the “**Allotment Results Announcement**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as defined in the Prospectus.

USE OF PROCEEDS

As set out in the section headed “Future Plans and Use of Proceeds” of the Prospectus, the Company estimated that it will receive net proceeds of approximately HK\$266.1 million from the Global Offering (assuming the Offer Price of HK\$1.65 per H Share, the Over-allotment Option is not exercised and after deducting the underwriting commissions and other estimated offering expenses payable by the Company). The Company intended to use the proceeds from the Global Offering for the purposes and in the amounts set forth below:

- Approximately 65%, or approximately HK\$173.0 million, will be used to enlarge the capital base of our loan business and to develop new products and services in order to satisfy the diverse financing and business needs from entrepreneurial individuals, SMEs and microenterprises;
- Approximately 15%, or approximately HK\$39.9 million, will be used for strategic acquisitions and investments in financial services providers;
- Approximately 5%, or approximately HK\$13.3 million, will be used to strengthen our sales network and marketing activities, upgrade IT system, develop innovative mobile client, as well as to enhance our employees’ training programs and human resources;

- Approximately 5%, or approximately HK\$13.3 million, will be used to strengthen our internal control and risk management systems and establish long-term cooperation with third party credit information service providers; and
- Approximately 10%, or approximately HK\$26.6 million, for working capital and general corporate purposes.

CHANGES IN THE USE OF PROCEEDS

The H Shares of the Company became listed on the Main Board of the Stock Exchange on 30 September 2016. As set out in the Allotment Results Announcement, the net proceeds from the Global Offering is approximately HK\$271.3 million (after deducting underwriting commissions, the incentive fees and other estimated expenses in connection with the Global Offering).

After careful consideration and detailed evaluation of the Company's operation, in order to efficiently utilize the net proceeds from the Global Offering and develop the Company's principal business to improve Shareholders' returns, the Board resolved to adjust the allocation of the use of proceeds from the Global Offering in the manner as set out below:

- Approximately 75%, or approximately HK\$203.5 million, will be used to enlarge the capital base of our loan business and to develop new products and services in order to satisfy the diverse financing and business needs from entrepreneurial individuals, SMEs and microenterprises;
- Approximately 15%, or approximately HK\$40.7 million, will be used for strategic acquisitions and investments in financial services providers;
- Approximately 2.5%, or approximately HK\$6.8 million, will be used to strengthen our sales network and marketing activities, upgrade IT system, develop innovative mobile client, as well as to enhance our employees' training programs and human resources;
- Approximately 1.5%, or approximately HK\$4.1 million, will be used to strengthen our internal control and risk management systems and establish long-term cooperation with third party credit information service providers; and
- Approximately 6%, or approximately HK\$16.3 million, for working capital and general corporate purposes.

Due to the relevant requirements stipulated by the SAFE, the expenses payable by the Company in connection with the Global Offering were not fully paid out of the proceeds from the Global Offering. Such expenses were settled by the Company using its own funds. As a result, the actual bank balance of the proceeds from the Global Offering amounted to approximately HK\$292.3 million. The original and the revised allocation of the use of proceeds from the Global Offering based on the above actual bank balance is summarized as follows:

Item No.	Purposes as disclosed in the Prospectus	Original allocation (amounts adjusted on a pro-rata basis)	Amount utilized as of the date of this announcement (HK\$ in millions)	Revised allocation (amounts adjusted on a pro-rata basis)	The remaining balance based on the revised allocation (HK\$ in millions)
(i)	To enlarge the capital base of our loan business and to develop new products and services in order to satisfy the diverse financing and business needs from entrepreneurial individuals, SMEs and microenterprises	Approximately HK\$190.0 million (approximately 65%)	Approximately 189.0	Approximately HK\$219.2 million (approximately 75%)	Approximately 30.2
(ii)	For strategic acquisitions and investments in financial services providers	Approximately HK\$43.8 million (approximately 15%)	0.0	Approximately HK\$43.8 million (approximately 15%)	Approximately 43.8
(iii)	To strengthen our sales network and marketing activities, upgrade IT system, develop innovative mobile client, as well as to enhance our employees' training programs and human resources	Approximately HK\$14.6 million (approximately 5%)	Approximately 1.4	Approximately HK\$7.3 million (approximately 2.5%)	Approximately 5.9
(iv)	To strengthen our internal control and risk management systems and establish long-term cooperation with third party credit information service providers	Approximately HK\$14.6 million (approximately 5%)	Approximately 3.9	Approximately HK\$4.4 million (approximately 1.5%)	Approximately 0.5
(v)	For working capital and general corporate purposes	Approximately HK\$29.2 million (approximately 10%)	Approximately 16.8	Approximately HK\$17.5 million (approximately 6%)	Approximately 0.7

REASONS FOR THE CHANGES IN THE ALLOCATION OF THE USE OF PROCEEDS

The above changes in the allocation of the use of proceeds will allow the Company to deploy its financial resources more effectively and the Board considers that such changes will be more in line with the current business needs of the Company and are beneficial to the continued development of the Company, so as to strengthen the Company's overall market position as the largest licensed microfinance company in Fujian Province in terms of revenue in 2016.

The Board confirms that the revised use of the proceeds is in compliance with all the relevant PRC laws and regulations and has been approved by the Board, which was authorized by the Shareholders at the extraordinary general meeting of the Company held on 25 January 2016.

The Board is of the view that there is no material change in the nature of business of the Company as set out in the Prospectus and considers that the above changes in the allocation of the use of proceeds from the Global Offering is in the interest of the Company and its Shareholders as a whole.

By Order of the Board
Quanzhou Huixin Micro-credit Co., Ltd.*
ZHOU Yongwei
Chairman

Fujian Province, the PRC, 29 August 2017

As at the date of this announcement, the executive Directors of the Company are Mr. ZHOU Yongwei, Mr. WU Zhirui, Mr. YAN Zhijiang and Ms. LIU Aiqin; the non-executive Directors are Mr. JIANG Haiying and Mr. ZHU Jinsong; and the independent non-executive Directors are Mr. SUN Leland Li Hsun, Mr. ZHANG Lihe and Mr. LIN Jianguo.

* *For identification purposes only*