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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)

DISCLOSEABLE TRANSACTION

ACQUISITION OF EQUITY INTERESTS IN THE TARGET COMPANY

THE PROPOSED ACQUISITION

On 8 September 2017, after trading hours, the Company entered into the Sale and Purchase Agreements with each of the Vendors, pursuant to which the Company has agreed to acquire and the Vendors have agreed to sell, in aggregate, the Sale Shares for an aggregate consideration of approximately RMB172.5 million (equivalent to approximately HK\$207.0 million), which was arrived at based on arm's length negotiations between the Company and each of the Vendors with reference to the audited net assets value of the Target Company as of 30 June 2017. The Sale Shares represent 47.9% of the equity interests in the Target Company as of the date of this announcement.

LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios for the Proposed Acquisition under the Sale and Purchase Agreement are more than 5% but less than 25%, the Proposed Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

On 8 September 2017, after trading hours, the Company entered into the Sale and Purchase Agreements with each of the Vendors, pursuant to which the Company has agreed to acquire and the Vendors have agreed to sell, in aggregate, the Sale Shares for an aggregate consideration of approximately RMB172.5 million (equivalent to approximately HK\$207.0 million).

THE SALE AND PURCHASE AGREEMENTS

The principal terms of the Sale and Purchase Agreements are as follows:

Date: 8 September 2017

Parties: (a) the Company (as purchaser)

(b) Jinjiang Anping Dock Development Limited* (晉江市安平碼頭發展有限公司) (“**Jinjiang Anping**”), Quanzhou Weiweimao Food Development Limited* (泉州市威威貓食品發展有限公司) (“**Quanzhou Weiweimao**”) and Fujian Guandaxing Holdings Group Limited* (福建冠達星控股集團有限公司) (“**Fujian Guandaxing**”) (as vendors), which hold as to 9.0%, 9.0% and 29.9% of the equity interests in the Target Company, respectively, as of the date of this announcement (collectively, the “**Vendors**”)

Subject matter of the Sale and Purchase Agreements: The Sale Shares, representing 47.9% of the equity interests in the Target Company held by the Vendors in aggregate as of the date of this announcement

Consideration: An aggregate of approximately RMB172.5 million (equivalent to approximately HK\$207.0 million)

The aggregate consideration was arrived at based on arm’s length negotiations between the Company and each of the Vendors with reference to the audited net asset value of the Target Company as of 30 June 2017 (RMB319,799,742.1), based on its financial statements audited by a qualified independent PRC accounting firm appointed by the Target Company.

The aggregate consideration will be funded by internal resources of the Company and the net proceeds from the initial global offering of the Company in September 2016, which is in line with the use of proceeds as stated in the change in use of proceeds announcement of the Company dated 29 August 2017.

Payment terms: The relevant part of the consideration will be paid to each of the Vendors in cash in proportion to their respective equity interests in the Sale Shares under the Sale and Purchase Agreements in the following manner:

- (i) an aggregate amount of approximately RMB86.3 million (equivalent to approximately HK\$103.5 million), representing 50% of the consideration, will be paid by the Company to the Vendors in cash within ten business days after obtaining the approval of the Bureau of Financial Affairs of Quanzhou City (泉州市金融工作局); and
- (ii) the remaining amount of approximately RMB86.3 million (equivalent to approximately HK\$103.5 million), representing the remaining 50% of the consideration, will be paid by the Company to the Vendors in cash within ten business days after the completion of the Industrial and Commercial Bureau registration in relation to the corresponding changes of equity holders.

Conditions precedent: Each of the Sale and Purchase Agreements is conditional upon the necessary consents being obtained from approval of the Bureau of Financial Affairs of Quanzhou City.

Completion: Each of the Sale and Purchase Agreements shall become effective upon fulfillment of all conditions precedent of the corresponding Sale and Purchase Agreement, and shall be deemed to be completed upon completion of the registration and other relevant PRC regulatory filings in relation to the corresponding changes of equity holders.

The Sale and Purchase Agreements are not inter-conditional upon one another and are eligible to proceed to completion independent of one another.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Target Company and each of the Vendors and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

The Company is the largest licensed microfinance company in Fujian in terms of revenue in 2016, according to the Fujian Economic and Information Technology Commission. The Company is primarily dedicated to providing local entrepreneurial individuals, SMEs and microenterprises with practical and flexible short-term financing solutions to support their continued development and address their ongoing liquidity needs.

The management of the Target Company has built up a strong customer portfolio and established a wide county and town level customer network in Jinjiang. As such, the Directors believe that the Proposed Acquisition will allow the Company to gain access to the existing management team and customer base of the Target Company, further increase its market share and consolidate its leading position in Fujian.

On the basis of the above and having considered the terms of each of the Sale and Purchase Agreements, the Directors considered each of the Proposed Acquisitions are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE TARGET COMPANY

The Target Company is a licensed microfinance company established in Jinjiang, Fujian Province on 21 March 2014 and its registered capital as of the date of this announcement is approximately RMB300.0 million (equivalent to approximately HK\$360.0 million). The Target Company is primarily engaged in the business of providing micro and small loans to SMEs and microenterprises in Jinjiang.

Set out below are certain financial statements prepared in accordance with Chinese Accounting Standards for Business Enterprises of the Target Company for the years ended 31 December 2015 and 2016:

	For the year ended 31 December	
	2016	2015
	RMB'000	RMB'000
	(audited)	(unaudited)
Turnover	41,465	40,475
Profit before taxation	50,125	3,570
Profit after taxation	38,098	2,677

	As of 31 December	
	2016	2015
	RMB'000	RMB'000
	(audited)	(unaudited)
Total assets	348,838	306,517
Total liabilities	12,306	1,012

INFORMATION ABOUT THE VENDORS

The Vendors are Jinjiang Anping, Quanzhou Weiweimao and Fujian Guandaxing, who hold as to 9.0%, 9.0% and 29.9% of the equity interests in the Target Company, respectively, as of the date of this announcement.

Jinjiang Anping, which holds 9.0% of the equity interests in the Target Company, is a company established in the PRC on 8 June 1999 and is principally engaged in cargo loading and discharging, cargo storage and cargo transportation businesses.

Quanzhou Weiweimao, which holds 9.0% of the equity interests in the Target Company, is a company established in the PRC on 3 February 2005 and is principally engaged in food production business.

Fujian Guandaxing, which holds 29.9% of the equity interests in the Target Company, is a company established in the PRC on 27 June 2011 and is principally engaged in furniture manufacturing, financial investment, e-commerce and warehouse logistics businesses.

INFORMATION ABOUT THE COMPANY

The Company is a licensed microfinance company established on 8 January 2010 in Quanzhou City, Fujian Province, the PRC, which is primarily dedicated to providing local entrepreneurial individuals, SMEs and microenterprises with practical and flexible short-term financing solutions to support their continued development and address their ongoing liquidity needs. The H Shares of the Company was listed on the Main Board of the Stock Exchange on 30 September 2016.

FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

Upon completion of the Proposed Acquisition, the Company will directly hold 47.9% of the equity interests in the Target Company and its financial results will not be consolidated into that of the Company.

LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios for the Proposed Acquisition under the Sale and Purchase Agreements are more than 5% but less than 25%, the Proposed Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Board”	the board of directors of the Company
“Company”	Quanzhou Huixin Micro-credit Co., Ltd.* (泉州匯鑫小額貸款股份有限公司), a company incorporated in the PRC and the H Shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Domestic Share(s)”	ordinary share in our capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi by PRC nationals and/or PRC-incorporated entities
“Fujian” or “Fujian Province”	Fujian Province (福建省), the PRC
“H Share(s)”	overseas listed foreign shares in the share capital of the Company with nominal value of RMB1.00 each, which are listed on the Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Proposed Acquisition”	the acquisition of the Sale Shares by the Company from the Vendors pursuant to the Sale and Purchase Agreements
“Quanzhou”	Quanzhou City (泉州市), Fujian Province, the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreements”	the share transfer agreements entered into on 8 September 2017 (after trading hours) between the Company and each of the Vendors

“Sale Shares”	47.9% of the equity interests of the Target Company held by the Vendors in aggregate to be acquired by the Company pursuant to the Sale and Purchase Agreements
“Share(s)”	Domestic Share(s) and/or H Share(s)
“Shareholder(s)”	holder(s) of the Share(s)
“SME(s)”	small and medium-sized enterprise(s), as defined in the Notice on the Provisions for Classification Standards of Small and Medium-sized Enterprises (關於印發中小企業劃型標準規定的通知)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Jinjiang Baiying Microfinance Co., Ltd.* (晉江市百應小額貸款有限公司), a company incorporated in the PRC
“%”	per cent.

Amounts denominated in RMB in this announcement have been converted into HK\$ at the rate of RMB1.00=HK\$1.20 for illustration purpose. No representation is made that any amount in HK\$ or RMB is or could have been or could be converted at such rate or at any other rate or at all.

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

Fujian Province, the PRC, 11 September 2017

As at the date of this announcement, the executive Directors 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