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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)

**CONNECTED TRANSACTION
PROPOSED FORMATION OF A JOINT VENTURE COMPANY**

PROPOSED FORMATION OF A JOINT VENTURE COMPANY

On 31 January 2019, after trading hours, Huixinxing, a wholly-owned subsidiary of the Company, entered into the Promoters Agreement with Baiying Finance Holdings, pursuant to which the parties agreed to establish a JV Company in the PRC. The JV Company will be principally engaged in non-financing guaranty business.

The parties intend to invest a total of RMB50.0 million (equivalent to approximately HK\$58.0 million) in the JV Company by contributing to its registered capital. Huixinxing has agreed to contribute RMB30,000,000 (equivalent to approximately HK\$34.8 million), being 60% of the proposed registered capital of the JV Company, and Baiying Finance Holdings agreed to contribute RMB20,000,000 (equivalent to approximately HK\$23.2 million), being 40% of the proposed registered capital of the JV Company.

LISTING RULES IMPLICATION

As at the date of this announcement, Baiying Finance Holdings is a non-wholly owned subsidiary of Fujian Septwolves Group, a Substantial Shareholder of the Company, and hence a connected person of the Company pursuant to the Listing Rules. As such, the proposed formation of the JV Company constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios for the Promoters Agreement exceeds 0.1% but is less than 5%, this connected transaction is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

On 31 January 2019, after trading hours, Huixinxing, a wholly-owned subsidiary of the Company, entered into the Promoters Agreement with Baiying Finance Holdings, pursuant to which the parties agreed to established a JV Company in the PRC.

THE PROMOTERS AGREEMENT

The principal terms of the Promoters Agreement with are as follows:

Date:	31 January 2019 (after trading hours)
Parties:	(a) Huixinxing; and (b) Baiying Finance Holdings.
Subject Matter of the Promoters Agreement:	Huixinxing and Baiying Finance Holdings intend to invest a total of RMB50.0 million (equivalent to approximately HK\$58.0 million) in the JV Company by contributing to its registered capital. Huixinxing has agreed to contribute RMB30,000,000 (equivalent to approximately HK\$34.8 million), being 60% of the proposed registered capital of the JV Company, and Baiying Finance Holdings agreed to contribute RMB20,000,000 (equivalent to approximately HK\$23.2 million), being 40% of the proposed registered capital of the JV Company
Proposed name of the JV Company:	Fujian Huixinxing Bid Guaranty Co., Ltd.* (福建匯鑫行投標擔保有限公司) (subject to the approval by the Market Supervision and Administration Bureau of Fuzhou Economic Development Zone)
Scope of business of the JV Company:	The JV Company will be principally engaged in non-financing guaranty business. Its scope of business mainly includes lawful guaranty business (excluding financing guarantee) and investment consulting service (excluding securities, futures and insurance). The scope of business of the JV Company shall be subject to the approval and registration by the Market Supervision and Administration Bureau of Fuzhou Economic Development Zone

Capital contribution: The proposed registered share capital of the JV Company will be RMB50,000,000 (equivalent to approximately HK\$58.0 million). Huixinxing and Baiying Finance Holdings have agreed to contribute RMB30,000,000 (equivalent to approximately HK\$34.8 million) and RMB20,000,000 (equivalent to approximately HK\$23.2 million) respectively, representing approximately 60% and 40% of the proposed registered capital of the JV Company, respectively. The Company will finance its capital contribution commitment in the JV Company from its internal resources. Save as disclosed above, the Company has no other capital contribution commitment to the JV Company as at the date of this announcement

The capital contribution to the JV Company is determined through arm's length negotiation between Huixinxing and Baiying Finance Holdings with reference to the capital requirement of the JV Company

Payment terms: The capital contribution will be paid by the Group in cash. The parties shall pay the contribution in time within the period as provided in the articles of association of the JV Company

Effective date: 31 January 2019

Costs: If the parties fail to establish the JV Company, the parties shall bear the preliminary costs and fees on a pro-rata basis based on their respective proposed capital contribution

Board of directors of the JV Company: Each of the parties shall be entitled to nominate representative to the board of directors of the JV Company

Transfer of equity interest: The equity interest of the JV Company may be transferred between the parties. Any transfer of equity interest by a party to third party shall be subject to the right of first refusal of the other party

As at the date of this announcement, the JV Company has not yet been established and thus has not commenced any business operations. As Huixinxing will hold 60% equity interests in the JV Company, the JV Company will become a subsidiary of Huixinxing, hence it will be accounted for and consolidated in the Group's consolidated financial statements upon establishment.

REASONS FOR AND BENEFITS OF THE PROPOSED FORMATION OF THE JV COMPANY

The Group 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.

As a non-financing guarantee company, the JV Company is able to cooperate with the bank to provide non-financing guarantee service in order to promote the Group's business and increase its comprehensive income. As such, the Directors believe that the proposed formation of JV Company would allow the Group to enrich its category of products and increase its comprehensive income by providing the comprehensive credit service.

On the basis of the above and having considered the terms of the Promoters Agreement, the Directors (including the independent non-executive Directors) considered the terms of the proposed formation of the JV Company are fair and reasonable, on normal commercial terms or better and in the ordinary or usual course of business of the Group, and in the interests of the Group and the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Baiying Finance Holdings is a non-wholly owned subsidiary of Fujian Septwolves Group, a Substantial Shareholder of the Company, and hence a connected person of the Company pursuant to the Listing Rules. As such, the proposed formation of the JV Company contemplates under the Promoters Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios for the Promoters Agreement exceeds 0.1% but is less than 5%, this connected transaction is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14A of the Listing Rules.

As Mr. Zhou Yongwei, the chairman of the Board and executive Director, holds approximately 37.82% interests in Fujian Septwolves Group, he has abstained from voting on the Board resolution with respect to the proposed formation of the JV Company. Save as disclosed above, none of the Directors have a material interest in the proposed formation of the JV Company or was required to abstain from voting on the relevant resolution of the Board.

GENERAL INFORMATION ON THE PARTIES

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 Company was listed on the Main Board of the Hong Kong Stock Exchange on 30 September 2016.

Baiying Finance Holdings

Baiying Finance Holdings is a limited company established in the PRC on 25 January 2013 and a connected person of the Company. It is primarily dedicated to investing in financial industry and other lawful industry and project.

Huixinxing

Huixinxing is an investment consulting company established on 19 October 2017 in Fujian Province, the PRC, which is primarily dedicated to investment in manufacturing, leasing industry, commercial service industry, wholesale and retail industry, information transmission, computer service and software industry, real estate industry, tourist industry and other lawful industry and project and investment constancy.

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
“Baiying Finance Holdings”	Quanzhou Baiying Finance Holdings Limited* (泉州市百應金融控股有限公司), a company incorporated in the PRC, is a non-wholly owned subsidiary of Fujian Septwolves Group, a Substantial Shareholder 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
“Fujian” or “Fujian Province”	Fujian Province (福建省), the PRC
“Fujian Septwolves Group”	Fujian Septwolves Group Co., Ltd.* (福建七匹狼集團有限公司), a company established in the PRC, is a Substantial Shareholder of the Company and is approximately 37.82% owned by Mr. Zhou Yongwei, the chairman of the Board and executive Director, approximately 31.09% owned by Mr. Zhou Shaoxiong and approximately 31.09% owned by Mr. Zhou Shaoming
“Group”	the Company and its subsidiaries

“Huixinxing”	Quanzhou Huixinxing Investment Limited* (泉州匯鑫行投資有限責任公司) established in the PRC with limited liability on 19 October 2017, a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“JV Company”	Fujian Huixinxing Bid Guaranty Co., Ltd.* (福建匯鑫行投標擔保有限公司), a limited company to be incorporated under the laws and regulations of the PRC pursuant to the Promoters Agreement, which name is subject to approval by the Market Supervision and Administration Bureau of Fuzhou Economic Development Zone
“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
“Promoters Agreement”	the promoters agreement dated 31 January 2019 entered into between Huixinxing and Baiying Finance Holdings in respect of the proposed formation of the JV Company
“Quanzhou”	Quanzhou City (泉州市), Fujian Province, the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“SME(s)”	small and medium-sized enterprise(s), as defined in the Statistics on the Measures for Classification of Large, Medium, Small and Miniature Enterprises (2017) (統計上大中小微型企業劃分辦法(2017))
“subsidiary(ies)”	has the meaning ascribed to such term in the Listing Rules
“Substantial Shareholder(s)”	has the meaning ascribed to such term in the Listing Rules
“%”	per cent.

Amounts denominated in RMB in this announcement have been converted into HK\$ at the rate of RMB1.00 = HK\$1.1609 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, 31 January 2019

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. CAI Rongjun; and the independent non-executive Directors are Mr. SUN Leland Li Hsun, Mr. ZHANG Lihe and Mr. LIN Jianguo.

* *For identification purpose only*