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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 AND CONNECTED TRANSACTION IN RELATION TO THE SHARE PURCHASE AGREEMENTS

SHARE PURCHASE AGREEMENTS

On 19 October 2021, after trading hours, the Company entered into the Share Purchase Agreement I with Gaoxinhong, pursuant to which the Company has conditionally agreed to acquire and Gaoxinhong has conditionally agreed to sell the Sale Shares I, representing 10% of the equity interests in JJHX, for an aggregate consideration of approximately RMB22.2 million (equivalent to approximately HK\$26.8 million).

On the same day, after trading hours, the Company entered into the Share Purchase Agreement II with Mr. Xie Anju (謝安居), pursuant to which the Company has conditionally agreed to acquire and Mr. Xie Anju (謝安居) has conditionally agreed to sell the Sale Shares II, representing 5% of the equity interests in JJHX, for an aggregate consideration of approximately RMB11.1 million (equivalent to approximately HK\$13.4 million).

As of the date of this announcement, the Company and its concert party hold an aggregate of 57.5% of the equity interests in JJHX and JJHX is a non-wholly owned subsidiary of the Company. Upon completion of the Acquisition I and the Acquisition II, 72.5% of the equity interests in JJHX will be held by the Company and its concert party and JJHX will remain as a non-wholly owned subsidiary of the Company. The financial results of JJHX will continue to be consolidated into the Group's consolidated financial statements.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Gaoxinhong is interested in 10% of the total issued shares of JJHX, a non-wholly owned subsidiary of the Company, and hence a connected person of the Company at the subsidiary level pursuant to the Listing Rules. As such, the Acquisition I constitutes a connected transaction between the Company and a connected person at the subsidiary level under Chapter 14A of the Listing Rules. The Board has approved both the Acquisition I and the Acquisition II, and the Directors (including all the independent non-executive Directors) have confirmed that the terms of the Share Purchase Agreement I are fair and reasonable, and the transaction thereunder is on normal commercial terms and in the interests of the Company and its Shareholders as a whole. Accordingly, pursuant to Rule 14A.101 of the Listing Rules, this connected transaction is subject to the reporting and announcement requirements but is exempt from circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the applicable percentage ratios (as defined in the Listing Rules) for the Acquisition II, on a standalone basis, exceeds 5%. As one of the applicable percentage ratios (as defined in the Listing Rules) for the Acquisition I, on a standalone basis, exceeds 5% but is less than 25% and one or more of the applicable percentage ratios (as defined in the Listing Rules) for the Acquisition I, when aggregated with the Acquisition II, exceed 5% but are less than 25%, such transactions on an aggregated basis constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

On 19 October 2021, after trading hours, the Company entered into the Share Purchase Agreement I with Gaoxinhong, pursuant to which the Company has conditionally agreed to acquire and Gaoxinhong has conditionally agreed to sell the Sale Shares I, representing 10% of the equity interests in JJHX, for an aggregate consideration of approximately RMB22.2 million (equivalent to approximately HK\$26.8 million).

On the same day, after trading hours, the Company entered into the Share Purchase Agreement II with Mr. Xie Anju (謝安居), pursuant to which the Company has conditionally agreed to acquire and Mr. Xie Anju (謝安居) has conditionally agreed to sell the Sale Shares II, representing 5% of the equity interests in JJHX, for an aggregate consideration of approximately RMB11.1 million (equivalent to approximately HK\$13.4 million).

SHARE PURCHASE AGREEMENTS

Share Purchase Agreement I

The principal terms of the Share Purchase Agreement I are as follows:

- Date: 19 October 2021 (after trading hours)
- Partners: (a) the Company (the purchaser); and
(b) Gaoxinhong (the vendor).
- Subject matter: The Sale Shares I, representing approximately 10% of the equity interests in JJHX.
- Consideration I: An aggregate of approximately RMB22.2 million (equivalent to approximately HK\$26.8 million) (the “**Consideration I**”).
- The aggregate consideration was arrived at based on arm’s length negotiations between the Company and Gaoxinhong with reference to the net asset value of RMB257,866,702.79 of JJHX as of 30 June 2021, based on its financial statements prepared by an independent PRC qualified accounting firm.
- The aggregate consideration will be funded principally by internal resources of the Company.
- Payment terms: The Consideration I shall be paid by the Company to Gaoxinhong in cash within 3 business days after the date of this agreement and shall be returned without interest by Gaoxinhong to the Company if the registration of approval of the Bureau of Financial Affairs of Quanzhou City (泉州市金融工作局) cannot be completed on or before 18 April 2022.
- Condition precedent: The Share Purchase Agreement I is conditional upon the necessary consents being obtained from the Bureau of Financial Affairs of Quanzhou City.
- Completion: The Share Purchase Agreement I shall become effective upon fulfillment of the condition precedent, 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.

Share Purchase Agreement II

The principal terms of the Share Purchase Agreement II are as follows:

- Date: 19 October 2021 (after trading hours)
- Partners: (c) the Company (the purchaser); and
(d) Mr. Xie Anju (謝安居) (the vendor).
- Subject matter: the Sale Shares II, representing approximately 5% of the equity interests in JJHX.
- Consideration II: An aggregate of approximately RMB11.1 million (equivalent to approximately HK\$13.4 million) (the “**Consideration II**”).
- The aggregate consideration was arrived at based on arm’s length negotiations between the Company and Mr. Xie Anju (謝安居) with reference to the net asset value of RMB257,866,702.79 of JJHX as of 30 June 2021, based on its financial statements prepared by an independent PRC qualified accounting firm.
- The aggregate consideration will be funded principally by internal resources of the Company.
- Payment terms: The Consideration II shall be paid by the Company to Mr. Xie Anju (謝安居) in cash within 3 business days after the date of this agreement and shall be returned without interest by Mr. Xie Anju (謝安居) to the Company if the registration of approval of the Bureau of Financial Affairs of Quanzhou City (泉州市金融工作局) cannot be completed on or before 18 April 2022.
- Condition precedent: The Share Purchase Agreement II is conditional upon the necessary consents being obtained from the Bureau of Financial Affairs of Quanzhou City.
- Completion: The Share Purchase Agreement II shall become effective upon fulfillment of the condition precedent, 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.

As of the date of this announcement, 57.5% of the equity interests in JJHX is held by the Company and its concert party and JJHX is a non-wholly owned subsidiary of the Company. Upon completion of the Acquisition I and the Acquisition II, 72.5% of the equity interests in JJHX will be held by the

Company and its concert party and JJHX will remain as a non-wholly owned subsidiary of the Company. The financial results of JJHX will continue to be consolidated into the Group's consolidated financial statements.

REASONS FOR AND BENEFITS OF THE ACQUISITION I AND ACQUISITION II

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. The Company is the largest licensed microfinance company in Fujian in terms of revenue in 2020, according to the statistics of the Fujian Financial Supervision Bureau (福建省地方金融监督管理局).

With a view to taking effective control of JJHX and exerting greater influence on its management and operation, the Company decided to enter into the Share Purchase Agreements. Completion of the Acquisition I and Acquisition II will enable the Company to hold a higher percentage of the equity interests in JJHX, thereby enhance the returns to the Company and its Shareholders.

The Directors (including all the independent non-executive Directors) are of the view that the terms of the Acquisition I and Acquisition II are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Gaoxinhong is interested in 10% of the equity interests in JJHX, a non-wholly owned subsidiary of the Company, and hence a connected person of the Company at the subsidiary level pursuant to the Listing Rules. As such, the Acquisition I constitutes a connected transaction between the Company and a connected person at the subsidiary level under Chapter 14A of the Listing Rules. The Board has approved both the Acquisition I and the Acquisition II, and the Directors (including all the independent non-executive Directors) have confirmed that the terms of the Share Purchase Agreement I are fair and reasonable, and the transactions thereunder are on normal commercial terms and in the interests of the Company and its Shareholders as a whole. Accordingly, pursuant to Rule 14A.101 of the Listing Rules, this connected transaction is subject to the reporting and announcement requirements but is exempt from circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the applicable percentage ratios (as defined in the Listing Rules) for the Acquisition II, on a standalone basis, exceeds 5%. As one of the applicable percentage ratios (as defined in the Listing Rules) for the Acquisition I, on a standalone basis, exceeds 5% but is less than 25% and one or more of the applicable percentage ratios (as defined in the Listing Rules) for the Acquisition I, when aggregated with the Acquisition II, exceed 5% but are less than 25%, such transactions on an aggregated basis constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

None of the Directors has any material interest in the Acquisition I and Acquisition II and shall abstain from voting on the relevant board resolutions of the Company.

INFORMATION ABOUT JJHX

JJHX is a licensed microfinance company established in Jinjiang City, Fujian Province on 21 March 2014 and its registered capital as of the date of this announcement is approximately RMB200.0 million. JJHX is primarily engaged in the business of providing micro and small loans to local entrepreneurial individuals, SMEs and microenterprises in Quanzhou City. As at the date of this announcement, the Company and its concert party are interested in a total of 57.6% of the equity interests in JJHX.

Set out below are certain audited financial information of JJHX prepared in accordance with Chinese Accounting Standards for Business Enterprises by a PRC firm of Certified Public Accountants for the years ended 31 December 2019 and 2020:

	For the year ended 31 December	
	2020	2019
	<i>RMB</i>	<i>RMB</i>
Turnover	38,182,232	28,210,144
Profit before taxation	29,578,372	23,076,641
Profit after taxation	22,526,842	17,399,532

	As of 31 December	
	2020	2019
	<i>RMB</i>	<i>RMB</i>
Total assets	245,906,925	258,965,926
Total liabilities	10,742,573	6,508,249

GENERAL INFORMATION ON THE PARTIES

The Company

The Company, being the purchaser under the Share Purchase Agreements, 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.

Gaoxinhong

Gaoxinhong, being the vendor under the Share Purchase Agreement I and a connected person of the Company at the subsidiary level, is a limited company established in the PRC. It is primarily engaged in non-securities equity investment and equity investment consulting business. Gaoxinhong is directly 18% owned by Ms. Wu Changfeng (伍長鳳), directly 23% owned by Ms. Zhou Zehui (周澤惠) and directly 59% owned by Xiamen Sifang Jiasheng Trading Company Limited* (廈門四方嘉盛貿易有限公司) which is in turn 95% owned by Ms. Zhou Zehui (周澤惠) and 5% owned by Mr. Su Guangyi (蘇廣益).

Mr. Xie Anju (謝安居)

Mr. Xie Anju (謝安居) is a Chinese citizen and the vendor under the Share Purchase Agreement II.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Mr. Xie Anju is an Independent Third Party and is not connected with any of the Company's connected persons.

DEFINITIONS

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

“Acquisition I”	the acquisition of the Sale Shares I by the Company from Gaoxinhong pursuant to the Share Purchase Agreement I
“Acquisition II”	the acquisition of the Sale Shares II by the Company from Mr. Xie Anju (謝安居) pursuant to the Share Purchase Agreement II
“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
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Fujian” or “Fujian Province”	Fujian Province (福建省), the PRC

“Gaoxinhong”	Xiamen Gaoxinhong Equity Investment Co., Ltd.* (廈門市高鑫泓股權投資有限公司), being the vendor under Share Purchase Agreement I and a substantial shareholder of JJHX, is a company established in the PRC which is principally engaged in non-securities equity investment and equity investment consulting business and is directly interested in 9.99% of the issued share capital of the Company
“Group”	the Company and its subsidiaries
“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
“Independent Third Party(ies)”	the third party independent of and not connected with (within the meaning of the Listing Rules) any Directors, chief executive of the Company or substantial shareholders, its subsidiaries and their respective associates
“JJHX”	Jinjiang Huixin Microfinance Co., Ltd.* (晉江市匯鑫小額貸款有限責任公司) (formerly known as Jinjiang Baiying Microfinance Co., Ltd.* (晉江市百應小額貸款有限公司)), a non-wholly owned by the Company, is a company incorporated in the PRC which is principally engaged in the business of providing micro and small loans to SMEs and microenterprises in Quanzhou City
“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
“Quanzhou City”	Quanzhou City (泉州市), Fujian Province, the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares I”	approximately 10% of the equity interests of JJHX held by Gaoxinhong to be acquired by the Company pursuant to the Share Purchase Agreement I

“Sale Shares II”	approximately 5% of the equity interests of JJHX held by Mr. Xie Anju (謝安居) to be acquired by the Company pursuant to the Share Purchase Agreement II
“Shareholder(s)”	holder(s) of the domestic share(s) and/or H shares of the Company
“Share Purchase Agreement I”	the share transfer agreement entered into on 19 October 2021 (after trading hours) between the Company and Gaoxinhong
“Share Purchase Agreement II”	the share transfer agreement entered into on 19 October 2021 (after trading hours) between the Company and Mr. Xie Anju (謝安居)
“Share Purchase Agreements”	the Share Purchase Agreement I and Share Purchase Agreement II
“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))
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to such term in the Listing Rules
“%”	per cent

Amounts denominated in RMB in this announcement, is translated into HK\$ at the exchange rate of RMB0.8282 to HK\$1.00 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.

* *denotes English translation of the name of a Chinese company or entity, or vice versa, and is provided for identification purpose only*

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

Fujian Province, the PRC, 19 October 2021

As at the date of this announcement, the executive Directors are Mr. WU Zhirui, Mr. ZHOU Yongwei, 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.