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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 RELATING TO ACTING IN CONCERT AGREEMENT**

### **THE ACTING IN CONCERT AGREEMENT**

On 18 April 2019, after trading hours, the Company entered into the Acting in Concert Agreement with Quanzhou Yuanpeng, pursuant to which the Company and Quanzhou Yuanpeng agreed to actively cooperate to consolidate control of the Target Company and to act in concert in the decision-making of the Target Company, including reaching a prior consensus among themselves when voting on any resolution to be passed by the shareholders' meeting of the Target Company.

As of the date of this announcement, the Company and Quanzhou Yuanpeng are interested in 47.9% and 9.6% of the entire equity interest of the Target Company, respectively. As a party acting in concert with Quanzhou Yuanpeng in respect of the Target Company pursuant to the Acting in Concert Agreement, the Company is now deemed to be interested in Quanzhou Yuanpeng's equity interest in the Target Company. As a result, the Target Company has become a subsidiary of the Company and will be accounted for and consolidated into our Group's consolidated financial statements.

### **LISTING RULES IMPLICATIONS**

As the entry into of the Acting in Concert Agreement results in the Target Company becoming a subsidiary of the Company, the Company considers that it is equivalent to an acquisition of the Target Company by the Company to which Chapter 14 of the Listing Rules applies. As one or more of the applicable percentage ratios for the Acting in Concert Agreement are 5% or more but are less than 25%, the Acting in Concert Agreement constitutes a discloseable transaction under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

On 18 April 2019, after trading hours, the Company entered into the Acting in Concert Agreement with Quanzhou Yuanpeng, pursuant to which the Company and Quanzhou Yuanpeng agreed to actively cooperate to consolidate control of the Target Company and to act in concert in the decision-making of the Target Company, including reaching a prior consensus among themselves when voting on any resolution to be passed by the shareholders' meeting of the Target Company.

## **THE ACTING IN CONCERT AGREEMENT**

The principal terms of the Acting in Concert Agreement are as follows:

- Date: 18 April 2019 (after trading hours)
- Parties: (a) the Company  
(b) Quanzhou Yuanpeng
- Subject matter: The Company and Quanzhou Yuanpeng are interested in 47.9% and 9.6% of the entire equity interest of the Target Company, respectively.
- Term: Effective upon execution and shall continue to be valid until termination by mutual agreement in writing during the subsistence of the Target Company.
- Concert actions: Both parties agreed to actively cooperate to consolidate control of the Target Company and to act in concert in the decision-making of the Target Company, including reaching a prior consensus among themselves when voting on any resolution to be passed by the shareholders' meeting of the Target Company. If no consensus can be reached, it will be determined by a majority in shareholding interest in the Target Company. The parties are collectively responsible for all of their unanimous decisions concerning the Target Company, and each party shall procure that any director(s) of the Target Company designated by such party will exercise his/her director's rights in accordance with the prior consensus reached with the other party.
- Termination: The Acting in Concert Agreement may be terminated by mutual agreement in writing. It will also be terminated when either party ceases to be a shareholder (directly or indirectly) of the Target Company, or upon liquidation or dissolution of the Target Company.
- Default: A defaulting party shall be liable for all direct or indirect losses caused by its default under the Acting in Concert Agreement to the non-defaulting party.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, immediately before the entry into of the Acting in Concert Agreement, Quanzhou Yuanpeng and its ultimate beneficial owner(s) are Independent Third Parties.

## **REASONS FOR AND BENEFITS OF THE ACTING IN CONCERT AGREEMENT**

Our 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.

On 8 September 2017, the Company acquired an aggregate of 47.9% of the entire equity interest of the Target Company. Since then, the Company had been in discussions with the other shareholders of the Target Company regarding its operation and management. With a view to consolidating control over the Target Company and exerting greater influence on its management and operation, the Company and Quanzhou Yuanpeng decided to enter into the Acting in Concert Agreement, pursuant to which they agreed to actively cooperate to consolidate control of the Target Company and to act in concert in the decision-making of the Target Company. The Acting in Concert Agreement reflects the mutual trust and confidence between the Company and Quanzhou Yuanpeng regarding the management and operation of the Target Company, and allows them to take effective control of the Target Company and exert greater management and operation influence on the Target Company.

The Directors are of the view that the terms of the Acting in Concert Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and its 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 RMB200.0 million. The Target Company is primarily engaged in the business of providing micro and small loans to local entrepreneurial individuals, SMEs and microenterprises in Quanzhou City. On 8 September 2017, the Company acquired, in aggregate, 47.9% of the equity interests in the Target Company. For more details about the Target Company, please refer to the announcement of the Company dated 11 September 2017.

Set out below are certain audited financial information of the Target Company for the years ended 31 December 2017 and 2018 prepared in accordance with Chinese Accounting Standards for Business Enterprises and audited by a PRC firm of Certified Public Accountants:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2018</b>	2017
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Interest income	<b>37,187</b>	45,847
Profit before taxation	<b>25,139</b>	45,722
Profit after taxation	<b>19,082</b>	34,291
	<b>As of 31 December</b>	
	<b>2018</b>	2017
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Total assets	<b>246,403</b>	388,820
Total liabilities	<b>3,867</b>	50,366

## **GENERAL INFORMATION ABOUT THE PARTIES**

### **Quanzhou Yuanpeng**

Quanzhou Yuanpeng is an apparel company established on 2 December 2004 in Jinjiang City, Quanzhou, Fujian Province, the PRC, which is primarily engaged in wholesale of clothing and raw and auxiliary materials.

### **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.

## **FINANCIAL EFFECTS OF THE ACTING IN CONCERT AGREEMENT**

Upon signing of the Act in Concert Agreement, the Company is deemed to be interested in Quanzhou Yuanpeng's equity interest in the Target Company by virtue of being a party acting in concert with Quanzhou Yuanpeng in respect of the Target Company. As a result, the Target Company has become a subsidiary of the Company and will be accounted for and consolidated into our Group's consolidated financial statements.

## LISTING RULES IMPLICATIONS

As the entry into of the Acting in Concert Agreement results in the Target Company becoming a subsidiary of the Company, the Company considers that it is equivalent to an acquisition of the Target Company by the Company to which Chapter 14 of the Listing Rules applies. As one or more of the applicable percentage ratios for the Acting in Concert Agreement are 5% or more but are less than 25%, the Acting in Concert Agreement constitutes a discloseable transaction under Chapter 14 of the Listing Rules and is therefore 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:

“Acting in Concert Agreement”	the acting in concert agreement entered into on 18 April 2019 (after trading hours) between the Company and Quanzhou Yuanpeng
“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
“Group”, “we” or “our”	the Company and its subsidiaries
“Directors”	the directors of the Company
“Fujian Province”	Fujian Province (福建省), the PRC
“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)”	independent third party(ies) who is/are not a connected person(s) (as defined in the Listing Rules) of the Company or any of its subsidiaries
“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” or “Quanzhou City”	Quanzhou City (泉州市), Fujian Province, the PRC
“Quanzhou Yuanpeng”	Quanzhou Yuanpeng Clothing and Textile Co., Ltd.* (泉州市遠鵬服飾織造有限公司)
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	Domestic share(s) and/or H share(s) of the Company
“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)
“Target Company”	Jinjiang Huixin Microfinance Co., Ltd.* (晉江市滙鑫小額貸款有限公司), formerly known as 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

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

Fujian Province, the PRC, 18 April 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*