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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
PARTNERSHIP AGREEMENT FOR THE FORMATION OF THE FUND**

PARTNERSHIP AGREEMENT FOR THE FORMATION OF THE FUND

On 29 December 2020, after trading hours, Huixinxing (a wholly-owned subsidiary of the Company, as Limited Partner) entered into the Partnership Agreement with Quanzhou Fengrui (as General Partner), Quanzhou Industrial Equity Investment (as Limited Partner), Lianjie Investments (as Limited Partner), Fujian Jinrong (as Limited Partner), Fujian Septwolves Group (a Substantial Shareholder, as Limited Partner), Xiamen Paoyou (as Limited Partner), Mr. Zhong Jiabin (鐘加斌) (as Limited Partner), Mr. Zhang Shiju (張世居) (as Limited Partner), Ms. Wang Xiaoling (王曉玲) (as Limited Partner), Mr. Zeng Wenge (曾文革) (as Limited Partner), Gongqing Chengfengrui (as Limited Partner) and Quanzhou Jintong (as Limited Partner) in respect of, among other things, the formation of the Fund for investment in new generation information technology, IT service and IT-related companies.

Pursuant to the Partnership Agreement, the total capital commitment to the Fund is RMB400 million, among which the total amount of capital to be contributed by Huixinxing as a Limited Partner is RMB30 million, accounting for 7.5% of the size of the Fund, and the total amount of capital to be contributed by Fujian Septwolves Group as a Limited Partner is RMB35 million, accounting for 8.75% of the size of the Fund.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Fujian Septwolves Group is a Substantial Shareholder holding approximately 29.99% of the entire issued capital of the Company, and hence a connected person of the Company pursuant to the Listing Rules. As such, the entering into of the Partnership Agreement to which Fujian Septwolves Group is a party and the transactions contemplated thereunder constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Partnership 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 requirements under Chapter 14A of the Listing Rules.

FORMATION OF THE FUND

The Board is pleased to announce that on 29 December 2020, after trading hours, Huixinxing (a wholly-owned subsidiary of the Company, as Limited Partner) entered into the Partnership Agreement with Quanzhou Ruifeng (as General Partner), Quanzhou Industrial Equity Investment (as Limited Partner), Lianjie Investments (as Limited Partner), Fujian Jinrong (as Limited Partner), Fujian Septwolves Group (a Substantial Shareholder, as Limited Partner), Xiamen Paoyou (as Limited Partner), Mr. Zhong Jiabin (鐘加斌) (as Limited Partner), Mr. Zhang Shiju (張世居) (as Limited Partner), Ms. Wang Xiaoling (王曉玲) (as Limited Partner), Mr. Zeng Wenge (曾文革) (as Limited Partner), Gongqing Chengfengrui (as Limited Partner) and Quanzhou Jintong (as Limited Partner) in respect of, among other things, the formation of the Fund for investment in technology-related area, such as new generation information technology, IT service companies and etc.

Pursuant to the Partnership Agreement, the total capital commitment to the Fund is RMB400 million, among which the total amount of capital to be contributed by Huixinxing as a Limited Partner is RMB30 million, accounting for 7.5% of the size of the Fund, and the total amount of capital to be contributed by Fujian Septwolves Group as a Limited Partner is RMB35 million, accounting for 8.75% of the size of the Fund.

THE PARTNERSHIP AGREEMENT

The principal terms of the Partnership Agreement are as follows:

- Date: 29 December 2020 (after trading hours)
- Name of the Fund: Quanzhou Fengrui Equity Investment Limited Partnership* (泉州市峰睿股權投資合夥企業(有限合夥))
- Partners:
- General Partner:*
- (a) Quanzhou Fengrui
- Limited Partners:*
- (a) Quanzhou Industrial Equity Investment;
- (b) Lianjie Investments;

- (c) Fujian Jinrong;
- (d) Fujian Septwolves Group;
- (e) Huixinxing;
- (f) Xiamen Paoyou;
- (g) Mr. Zhong Jiabin (鐘加斌);
- (h) Mr. Zhang Shiju (張世居);
- (i) Ms. Wang Xiaoling (王曉玲);
- (j) Mr. Zeng Wenge (曾文革);
- (k) Gongqing Chengfengrui; and
- (l) Quanzhou Jintong.

Purpose of the Fund: The purpose of the Fund is to invest in technology-related area, such as new generation information technology, IT service companies and etc, with priorities given to enterprises in Quanzhou.

Term of the Fund: The term of the Fund is currently set by the Partners at seven (7) years from the first settlement date in the written notice issued by the executive partner, with the first three (3) years being the investment period and the remaining four (4) years being the exit period. If proposed by the General Partner and approved by the Partners (including Quanzhou Industrial Equity Investment) at a Partners' meeting, the term of the Fund may be extended for up to three (3) years.

Capital commitment: The total capital commitment to the Fund is RMB400 million. The capital contribution to be made by each of the Partners are as follows:

Partner	Type	Capital contribution (RMB'000)	Percentage
Quanzhou Fengrui	General Partner	10,000	2.5%
Quanzhou Industrial Equity Investment	Limited Partner	120,000	30%
Lianjie Investments	Limited Partner	80,000	20%

Partner	Type	Capital contribution (RMB'000)	Percentage
Fujian Jinrong	Limited Partner	72,000	18%
Fujian Septwolves Group	Limited Partner	35,000	8.75%
Huixinxing	Limited Partner	30,000	7.5%
Xiamen Paoyou	Limited Partner	10,000	2.5%
Mr. Zhong Jiabin (鐘加斌)	Limited Partner	10,000	2.5%
Mr. Zhang Shiju (張世居)	Limited Partner	10,000	2.5%
Ms. Wang Xiaoling (王曉玲)	Limited Partner	9,000	2.25%
Mr. Zeng Wenge (曾文革)	Limited Partner	5,000	1.25%
Gongqing Chengfengrui	Limited Partner	5,000	1.25%
Quanzhou Jintong	Limited Partner	4,000	1%

The Group expects to finance its capital contribution to the Fund under the Partnership Agreement by internal resources.

The scale of the Fund and the capital contribution of each of the Partners are determined through arm's length negotiation between the Partners with reference to the anticipated capital requirements of the Fund.

Payment terms:

All the capital contribution to Fund shall be paid in cash. The Partners shall pay their respective capital contribution in accordance with the payment schedule set out in the Partnership Agreement. Huixinxing shall pay 40% of its capital contribution within 15 working days following the registration of the Fund with the relevant industry and commence bureau in the PRC. The remaining 60% of the capital contribution shall be paid within three (3) years after the registration of the Fund according to the payment notices to be issued by the General Partner based on the investment needs of the Fund.

Fund manager:

Shanghai Ziyou, which holds the entire equity interests of Quanzhou Fengrui, is the Fund manager. The Fund manager will be responsible for the investment of the Fund and the preparation of periodical reports to the Limited Partners, which will contain the valuation of investee companies and its basis of determination, among other things.

Fund expenses:

The Fund expenses consist of management fee, custodian fee and fund operation fee which shall be borne by the Fund or Partners (as the case may be). The annual management fee during the investment period is 2% of the actual capital contribution.

- Profit distribution and loss sharing: Income shall be distributed to the Partners in the following manners:
- i. Distributable income of the Fund shall be distributed among all Partners in proportion to their respective actual capital contributions until such capital contributions have been fully repaid.
 - ii. The remaining balance of the distributable income (if any) shall be distributed among all Partners in proportion to their respective actual capital contributions, but in case the annualized return of the Fund exceeds 6%, 20% of the part that exceeds the 6% annualized return shall be distributed to the General Partner as performance award, and the rest of the remaining balance of the distributable income shall be distributed among all Partners in proportion to their respective actual capital contributions.

Any loss upon the liquidation of the Fund shall be shared among all Partners in proportion to their respective actual capital contribution to the Fund.

- Transfer of capital contribution or shares of properties: Transfer of capital contribution or shares of properties between the Limited Partners or to a third party shall be subject to the approval of all the Partners.

As at the date of this announcement, the Fund has not yet been established and thus has not yet commenced operation. As Huixinxing will hold 7.5% of the total capital contribution to the Fund, the Fund will not become a subsidiary of Huixinxing, and hence will not be accounted for and consolidated in the Group's consolidated financial statements.

INFORMATION ON THE COMPANY AND THE PARTNERS

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.

Huixinxing

Huixinxing, being the Limited Partner under the Partnership Agreement, is an investment consulting company established in Fujian Province, the PRC and a directly wholly-owned subsidiary of the Company. Huixinxing is principally engaged in investment in manufacturing, leasing industry, financial 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 consultancy.

Fujian Septwolves Group

Fujian Septwolves Group, being the Limited Partner under the Partnership Agreement, is a limited company established in the PRC and a Substantial Shareholder of the Company. Fujian Septwolves Group is directly 37.82% owned by Mr. Zhou Yongwei, the chairman of the Board and an executive Director, directly 31.09% owned by Mr. Zhou Shaoxiong and directly 31.09% owned by Mr. Zhou Shaoming. It is principally engaged in project investment and asset management.

Quanzhou Fengrui

Quanzhou Fengrui, being the General Partner and executive partner under the Partnership Agreement, is a limited company established in the PRC. Quanzhou Fengrui is wholly owned by Shanghai Ziyou which is in turn 67.34% owned by Mr. Li Feng (李豐) and 13.66% owned by Mr. Zhang Huan (張歡). It is principally engaged in equity investment management.

Quanzhou Industrial Equity Investment

Quanzhou Industrial Equity Investment, being the Limited Partner under the Partnership Agreement, is a limited company established in the PRC. Quanzhou Industrial Equity Investment is wholly owned by Quanzhou Financial Holding Group Co., Ltd.* (泉州市金融控股集團有限公司) which is a wholly-owned subsidiary of State-owned Assets Supervision and Administration Commission of Quanzhou Government (泉州市政府國有資產監督營運委員會). It is principally engaged in non-stock market equity investment and the equity investment to the subject in the scope of the Quanzhou industrial investment guiding fund.

Lianjie Investments

Lianjie Investments, being the Limited Partner under the Partnership Agreement, is a limited company established in the PRC. Lianjie Investments is directly 80% owned by Ms. Wu Meiyun (吳美雲) and directly 20% owned by Mr. Wu Kanglong (吳康龍). It is principally engaged in investment to the primary, secondary and tertiary sector and consultancy services.

Fujian Jinrong

Fujian Jinrong, being the Limited Partner under the Partnership Agreement, is a limited company established in the PRC. Fujian Jinrong is directly 84.28% owned by Jinjiang State-owned Capital Investment and Operation Co., Ltd.* (晉江市國有資本投資運營有限責任公司) which is a wholly-owned subsidiary of State-owned Assets Operation Center of Jinjiang Government (晉江市國有資產運營保障中心) and directly 15% owned by China Agricultural Development Key Construction Fund Co., Ltd.* (中國農發重點建設基金有限公司), which is indirectly wholly owned by the State Council of the PRC (中國國務院). It is principally engaged in non-stock market equity investment, enterprise assets restructuring, merger and acquisition and consultancy services.

Xiamen Paoyou

Xiamen Paoyou, being the Limited Partner under the Partnership Agreement, is a limited company established in the PRC. Xiamen Paoyou is directly 74% owned by Mr. Huang Lv (黃綠), directly 10% owned by Xiamen Qingyangyou Enterprise Management Limited Partnership* (廈門輕氧遊企業管理合夥企業(有限合夥)) which in turn 99% owned by Mr. Huang Lv (黃綠) and directly 10% owned by Xiamen Lvyou Enterprise Management Limited Partnership* (廈門綠悠企業管理合夥企業(有限合夥)) which in turn 20% owned by Mr. Huang Lv (黃綠) and Mr. Zhang Jianan (張佳楠) respectively and 10% owned by Mr. Xu Weidong (許偉東), Mr. Qian Xiaoqiang (錢小強), Mr. Wang Chao (王超), Mr. Guo Zhaoyu (郭釗煜), Ms. Chen Xiaojuan (陳曉娟) and Mr. Huang Dongping (黃東平) respectively. It is principally engaged in game software research and development.

Gongqing Chengfengrui

Gongqing Chengfengrui, being the Limited Partner under the Partnership Agreement, is a limited partnership established in the PRC. Gongqing Chengfengrui is directly 60% owned by Shanghai Ziyou and directly 40% owned by Mr. Shen Jiong (沈炯). It is principally engaged in equity investment.

Quanzhou Jintong

Quanzhou Jintong, being the Limited Partner under the Partnership Agreement, is a limited company established in the PRC. Quanzhou Jintong is wholly owned by Quanzhou State-owned Assets Investment and Operation Co., Ltd.* (泉州市國有資產投資經營有限責任公司) which is an indirectly wholly-owned subsidiary of State-owned Assets Supervision and Administration Commission of Quanzhou Government. It is principally engaged in fund management and equity investment.

Mr. Zhong Jiabin

Mr. Zhong Jiabin (鐘加斌) is a Chinese citizen and is one of the Limited Partners of the Fund.

Mr. Zhang Shiju

Mr. Zhang Shiju (張世居) is a Chinese citizen and is one of the Limited Partners of the Fund.

Ms. Wang Xiaoling

Ms. Wang Xiaoling (王曉玲) is a Chinese citizen and is one of the Limited Partners of the Fund.

Mr. Zeng Wenge

Mr. Zeng Wenge (曾文革) is a Chinese citizen and is one of the Limited Partners of the Fund.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, other than Fujian Septwolves Group and Huixinxing, each of the Partners and their respective ultimate beneficial owners are Independent Third Parties and are not connected with any of the Company's connected persons.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE FUND

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 formation of the Fund provides an opportunity for the Group to exploit potential investment opportunities in the booming new economy in China. By partnering with Quanzhou Fengrui and investing in the Fund, the Group will be able to leverage on their extensive experience in investment management and invest in technology-related companies, such as new generation information technology, IT service companies and etc. in the early or growth phase of their development. As such, the Directors believe that the entering into of the Partnership Agreement and the formation of the Fund will allow the Group to enrich its investment portfolio and increase its comprehensive income.

On the basis of the above and having considered the terms of the Partnership Agreement, the Directors (including the independent non-executive Directors) considered the terms of the Partnership Agreement and the transactions contemplated thereunder, including the formation of the Fund, are fair and reasonable, on normal commercial terms 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, Fujian Septwolves Group is a Substantial Shareholder holding approximately 29.99% of the entire issued capital of the Company, and hence a connected person of the Company pursuant to the Listing Rules. As such, the entering into of the Partnership Agreement to which Fujian Septwolves Group is a party and the transactions contemplated thereunder constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Partnership 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 requirements under Chapter 14A of the Listing Rules.

As Mr. Zhou Yongwei, the chairman of the Board and an executive Director, holds 37.82% equity interests in Fujian Septwolves Group, he has abstained from voting on the Board resolutions with respect to the Partnership Agreement and the formation of the Fund. Save as disclosed above, none of the Directors has a material interest in the Partnership Agreement and the formation of the Fund or was required to abstain from voting on the relevant resolutions of the Board.

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
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Fujian Jinrong”	Fujian Jinrong Investment Holding Co., Ltd.* (福建省晉融投資控股有限公司), being the Limited Partner under the Partnership Agreement, a company established in the PRC with limited liability, which is principally engaged in non-stock market equity investment, enterprise assets restructuring, merger and acquisition and consultancy services
“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), being the Limited Partner under the Partnership Agreement, a company established in the PRC with limited liability and a Substantial Shareholder of the Company, which is principally engaged in project investment and asset management
“Fund”	the limited partnership investment fund to be formed and registered under the laws of the PRC pursuant to the Partnership Agreement
“General Partner”	general partner of the Fund, being Quanzhou Fengrui
“Gongqing Chengfengrui”	Gongqing Chengfengrui Investment Limited Partnership* (共青城峰瑞投資合夥企業(有限合夥)), being the Limited Partner under the Partnership Agreement, a limited partnership established in the PRC, which is principally engaged in equity investment
“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 and a wholly-owned subsidiary of the Company, which is principally engaged in investment in manufacturing, leasing industry, financial 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 consultancy
“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
“Lianjie Investments”	Lianjie Investments Group Limited* (連捷投資集團有限公司), being the Limited Partner under the Partnership Agreement, a company established in the PRC with limited liability, which is principally engaged in non-stock market equity investment and the equity investment in the Quanzhou industrial investment guiding fund
“Limited Partner(s)”	limited partners of the Fund, being Quanzhou Industrial Equity Investment, Lianjie Investments, Fujian Jinrong, Fujian Septwolves Group, Huixinxing, Xiamen Paoyou, Mr. Zhong Jiabin (鐘加斌), Mr. Zhang Shiju (張世居), Ms. Wang Xiaoling (王曉玲), Mr. Zeng Wenge (曾文革), Gongqing Chengfengrui and Quanzhou Jintong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Partner(s)”	The partner(s) of the Fund, including the General Partner and Limited Partner(s)

“Partnership Agreement”	the partnership agreement dated 29 December 2020 entered into between Huixinxing, Quanzhou Fengrui, Quanzhou Industrial Equity Investment, Lianjie Investments, Fujian Jinrong, Fujian Septwolves Group, Xiamen Paoyou, Mr. Zhong Jiabin (鐘加斌), Mr. Zhang Shiju (張世居), Ms. Wang Xiaoling (王曉玲), Mr. Zeng Wenge (曾文革), Gongqing Chengfengrui and Quanzhou Jintong in respect of, among other things, the formation of the Fund and the subscription of interest therein
“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 Fengrui”	Quanzhou Fengrui Investment Management Co., Ltd.* (泉州市峰瑞投資管理有限公司), being the General Partner and executive partner under the Partnership Agreement, a company established in the PRC with limited liability, which is principally engaged in equity investment management
“Quanzhou Industrial Equity Investment”	Quanzhou Industrial Equity Investment Fund Limited* (泉州市產業股權投資基金有限公司), being the Limited Partner under the Partnership Agreement, a company established in the PRC with limited liability, which is principally engaged in non-stock market equity investment and the equity investment in the Quanzhou industrial investment guiding fund
“Quanzhou Jintong”	Quanzhou Jintong Capital Management Co., Ltd.* (泉州市金同資本管理有限公司), being the Limited Partner under the Partnership Agreement, a limited company established in the PRC with limited liability, which is principally engaged in fund management and equity investment
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Ziyou”	Shanghai Ziyou Investment Management Co., Ltd.* (上海自友投資管理有限公司), being the Fund manager under the Partnership Agreement, a company established in the PRC with limited liability, which is principally engaged in investment management, business management and investment advisory services

“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
“Xiamen Paoyou”	Xiamen Paoyou Network Technology Co., Ltd. (廈門泡遊網路科技公 司), being the Limited Partner under the Partnership Agreement, a company established in the PRC with limited liability, which is principally engaged in principally engaged in game software research and development
“%”	per cent

* *For identification purpose only*

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

Fujian Province, the PRC, 29 December 2020

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.