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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 ACQUISITION OF EQUITY INTERESTS
IN THE TARGET COMPANY**

THE PROPOSED ACQUISITION

On 22 January 2024, after trading hours, Huixinxing, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which Huixinxing has agreed to acquire and the Vendor has agreed to sell the Sale Shares at the Consideration of approximately RMB18.5 million (equivalent to approximately HK\$20.4 million), which was arrived at based on arm's length negotiations between Huixinxing and the Vendor with reference to the unaudited consolidated net asset value of the Target Company as of 30 June 2023.

As of the date of this announcement, 75% of the entire equity interests in the Target Company is held by Huixinxing and the Target Company is a non wholly-owned subsidiary of the Company. The Sale Shares represent 24% of the entire equity interests in the Target Company as of the date of this announcement. Upon completion of the Proposed Acquisition, 99% of the entire equity interests in the Target Company will be held by Huixinxing and the Target Company will continue to be a non wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio for the Proposed Acquisition under the Sale and Purchase Agreement is more than 5% but is 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.

As the Vendor is a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of the Target Company, a non wholly-owned subsidiary of the Company, as of the date of this announcement, the Proposed Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The Board has approved the Proposed Acquisition and the Directors (including all the independent non-executive Directors) have confirmed that the terms of the Sale and Purchase Agreement are fair and reasonable, and the transaction thereunder is on normal commercial terms or better 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 the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules. Save as disclosed above, none of the Directors has a material interest in the Proposed Acquisition or was required to abstain from voting on the relevant resolution of the Board.

INTRODUCTION

On 22 January 2024, after trading hours, Huixinxing entered into the Sale and Purchase Agreement with the Vendor, pursuant to which Huixinxing has agreed to acquire and the Vendor has agreed to sell the Sale Shares at the Consideration of approximately RMB18.5 million (equivalent to approximately HK\$20.4 million).

THE SALE AND PURCHASE AGREEMENT

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

- Date: 22 January 2024 (after trading hours)
- Parties: (a) Huixinxing (as purchaser)
- (b) Hoi Pok (Hong Kong) Trading Company (海博(香港)貿易公司), which holds 25% of the entire equity interests in the Target Company (as Vendor) (the “**Vendor**”) as of the date of this announcement
- Subject Matter of the Sale and Purchase Agreement: The Sale Shares, representing 24% of the entire equity interests in the Target Company.
- Consideration: RMB18,547,148.76 (equivalent to approximately HK\$20.4 million) (the “**Consideration**”).

The Consideration was arrived at based on arm's length negotiations between Huixinxing and the Vendor with reference to the unaudited consolidated net asset value of the Target Company as of 30 June 2023 (RMB112,933,826.15), according to the unaudited consolidated management accounts of the Target Company.

The Consideration will be funded by internal resources of the Group.

Payment terms: The Consideration will be paid by Huixinxing to the Vendor in cash within 180 days from the date of the Sale and Purchase Agreement.

Completion: The Sale and Purchase Agreement shall be deemed to be completed upon completion of the registration with the competent authority of Industrial and Commercial Administration and other applicable PRC regulatory filings in relation to the corresponding changes of equity holders.

As of the date of this announcement, 75% of the entire equity interests in the Target Company is held by Huixinxing and the Target Company is a non wholly-owned subsidiary of the Company. Upon completion of the Proposed Acquisition, 99% of the entire equity interests in the Target Company will be held by Huixinxing and the Target Company will continue to be a non wholly-owned subsidiary of the Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as of the date of this announcement, the Vendor is a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of the Target Company.

REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

The Target Company owns a key asset in Jinjiang, which is an office property located at Building 3, Jinjiang Finance Plaza, No. 267 Chongde Road, Chencun Community, Qingyang Street, Jinjiang City, Fujian Province, the PRC, with a total floor area of 863.34 square meters. According to the unaudited financial statements of the Target Company for the six months ended 30 June 2023, the Target Company held approximately RMB32.8 million in liquid monetary assets and approximately RMB74.2 million in diversified financial investments as of 30 June 2023. The Board believes that the Proposed Acquisition will further strengthen the Company's control over such assets and will allow more effective implementation of the business strategies and expansion plans devised by the Company in respect of the Target Company's business. In addition, having considered the benefits that Huixinxing will receive from increasing its equity interests in the Target Company, the Board is of the view that it would be in the Company's interest for Huixinxing to acquire the Sale Shares from the Vendor as opposed to the Vendor selling the Sale Shares to a third party, which might give rise to uncertainty in shareholder dynamics.

The terms of the Sale and Purchase Agreement were determined after arm's length negotiations between the Company and the Vendor. In view of the reasons and benefits mentioned above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Proposed Acquisition are fair and reasonable, and the Sale and Purchase Agreement is 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 an investment and consulting company established in Quanzhou, Fujian Province on 10 August 2017 and its registered capital as of the date of this announcement is US\$10.0 million (equivalent to approximately HK\$78.2 million). The Target Company is primarily engaged in investment activities and corporate management consulting with its own funds.

Set out below are certain audited financial information of the Target Company for the year ended 31 December 2022 and unaudited financial statements of the Target Company for the six months ended 30 June 2023, which have been prepared in accordance with the Accounting Standards for Business Enterprises of the PRC.

	For the six months ended 30 June 2023 RMB'000	For the year ended 31 December 2022 RMB'000
Turnover	1,215	2,568
Profit before taxation	11,103	3,170
Profit after taxation	8,370	2,606
	As of 30 June 2023	As of 31 December 2022
Total assets	112,934	94,080
Total liabilities	22,017	11,534

INFORMATION ABOUT THE VENDOR

The Vendor holds 25% of the entire equity interests in the Target Company as of the date of this announcement. The Vendor is an unincorporated company registered under the Business Registration Ordinance (Chapter 310, Laws of Hong Kong) in Hong Kong. The sole proprietor trading under its name is Ms. Chau Nga Chun. As its form of business is sole proprietorship, the Vendor has no shareholder or director, and it does not have any senior management. The nature of its business is trading, and it principally engages in investment holding business, holding equity interests in certain PRC companies.

INFORMATION ABOUT THE PURCHASER

Huixinxing (as purchaser) is an investment consulting company established on 19 October 2017 in Fujian Province, China, 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 consultancy.

INFORMATION ABOUT THE COMPANY

The Company is the largest licensed microfinance company in Fujian Province in terms of revenue in 2022, according to the statistics of the Fujian Financial Supervision Bureau (福建省地方金融監督管理局). 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 Company was listed on the Main Board of the Hong Kong Stock Exchange on 30 September 2016.

FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

Upon completion of the Proposed Acquisition, the Company will indirectly hold 99% of the entire equity interests in the Target Company. The Target Company will continue to be accounted for and consolidated into the Group's consolidated financial statements.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio for the Proposed Acquisition under the Sale and Purchase Agreement is more than 5% but is 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.

As the Vendor is a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of the Target Company, a non wholly-owned subsidiary of the Company, as of the date of this announcement, the Proposed Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The Board has approved the Proposed Acquisition and the Directors (including all the independent non-executive Directors) have confirmed that the terms of the Sale and Purchase Agreement 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 the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules. Save as disclosed above, none of the Directors has a material interest in the Proposed Acquisition or was required to abstain from voting on the relevant resolution of the Board.

DEFINITIONS

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

“Board”	the board 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 China and the H Shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Domestic Share(s)”	ordinary shares in the share capital of the Company, 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), China
“Group”	the Company and its subsidiaries
“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 China
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Huixinxing”	Quanzhou Huixinxing Investment Co., Ltd.* (泉州匯鑫行投資有限責任公司), established in China with limited liability on 19 October 2017, a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC” or “China”	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 Huixinxing from the Vendor pursuant to the Sale and Purchase Agreement

“Quanzhou”	Quanzhou City (泉州市), Fujian Province, China
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the equity transfer agreement entered into (after trading hours) between Huixinxing and the Vendor on 22 January 2024
“Sale Shares”	24% of the entire equity interests of the Target Company held by the Vendor to be acquired by Huixinxing pursuant to the Sale and Purchase Agreement
“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)
“Target Company”	Quanzhou Huizhixin Investment Co., Ltd.* (泉州市匯知信投資有限責任公司), a company incorporated in the PRC with limited liability
“US\$”	United States dollar(s), the lawful currency of the United States
“%”	per cent

Amounts denominated in RMB in this announcement have been converted into HK\$ at the rate of RMB1.00=HK\$1.10 and US\$1.00=HK\$7.82, respectively, for illustration purposes. No representation is made that any amount in HK\$, RMB or US\$ 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*
WU Zhirui
Chairman

Fujian Province, China, 22 January 2024

As of 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. ZHENG Wenjian, Mr. YANG Dong John and Mr. YANG Zhanghua.

* For identification purpose only