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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  
IN RELATION TO  
CAPITAL INJECTION INTO A SUBSIDIARY**

**CAPITAL INJECTION**

Reference is made to the announcement of the Company dated 19 October 2021 in relation to the share purchase agreements in respect of the Acquisitions entered into by the Company, as the purchaser, and the respective vendors. Pursuant to the share purchase agreements, the Company has acquired an aggregate of 15% of the equity interests in JJHX for an aggregate consideration of approximately RMB33.3 million (equivalent to approximately HK\$40.7 million). Such Acquisitions has yet completed. 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.

At the Board meeting held on 25 November 2021, the Board resolved that the Company will make a Capital Injection of RMB130.2 million (equivalent to approximately HK\$158.8 million) into JJHX. Upon completion of the Acquisitions and the Capital Injection, the registered capital of JJHX will increase from RMB200.0 million to RMB320.0 million, and 82.8% of the equity interests in JJHX will be held by the Company and its concert party. JJHX will remain a non-wholly owned subsidiary of the Company and its financial results will continue to be consolidated into the consolidated financial statements of the Group.

**LISTING RULES IMPLICATIONS**

On a standalone basis, one of the applicable percentage ratios (as defined in the Listing Rules) for the Capital Injection exceeds 5% but is less than 25%. When aggregated with the Acquisitions, one or more of the applicable percentage ratios (as defined in the Listing Rules) for the Capital Injection exceed 5% but are less than 25%. As such, the transactions, whether on a standalone basis or on an aggregate basis, constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and are subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

Reference is made to the announcement of the Company dated 19 October 2021 in relation to the share purchase agreements in respect of the Acquisitions entered into by the Company, as the purchaser and the vendors, respectively. Pursuant to the share purchase agreements, the Company has acquired an aggregate of 15% of the equity interests in JJHX for an aggregate consideration of approximately RMB33.3 million (equivalent to approximately HK\$40.7 million). Such Acquisitions has yet completed. As of the date of this announcement, the Company and its concert party held an aggregate of 57.5% of the equity interests in JJHX.

## **CAPITAL INJECTION**

At the Board meeting held on 25 November 2021, the Board resolved that the Company will make a Capital Injection of RMB130.2 million (equivalent to approximately HK\$158.8 million) into JJHX. The amount of the Capital Injection, which was determined with reference to the net asset value of RMB257,866,702.79 of JJHX as of 30 June 2021 based on the financial statements prepared by an independent PRC qualified accounting firm, will be funded through the Company's internal resources.

As a result of the Capital Injection, the registered capital of JJHX will increase from RMB200.0 million to RMB320.0 million, and the relevant capital contribution will be made by the Company. The Capital Injection and the corresponding increase in JJHX's registered capital have been agreed to by the other shareholders of JJHX. The Directors confirmed that there was no other parties involved in the Capital Injection other than the Company. Upon completion of the Acquisitions and the Capital Injection, 82.8% of the equity interests in JJHX will be held by the Company and its concert party. JJHX will remain a non-wholly owned subsidiary of the Company and its financial results will continue to be consolidated into the consolidated financial statements of the Group.

Completion of the Capital Injection will occur after all the relevant PRC regulatory filings and the registration regarding the corresponding changes in equity holders of JJHX have been completed.

## **REASONS FOR AND BENEFITS OF THE CAPITAL INJECTION**

The Group is primarily dedicated to providing local entrepreneurs, SMEs and microenterprises with practical and flexible short-term financing solutions to support their development and address their ongoing liquidity needs. The Company was the largest licensed microfinance company in Fujian in terms of revenue in 2020, according to statistics by the Fujian Financial Supervision Bureau (福建省地方金融监督管理局).

With a view to taking further control of JJHX and exerting greater influence on its management and operation, the Company has decided to make the Capital Injection into JJHX. The resulting capital increase will support the expansion of JJHX in line with the business strategy of the Company. Holding a higher percentage equity interest of JJHX will enhance the returns to the Company and its Shareholders.

The Directors (including all the independent non-executive Directors) are of the view that the Capital Injection is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## LISTING RULES IMPLICATIONS

On a standalone basis, one of the applicable percentage ratios (as defined in the Listing Rules) for the Capital Injection exceeds 5% but is less than 25%. When aggregated with the Acquisitions, one or more of the applicable percentage ratios (as defined in the Listing Rules) for the Capital Injection exceed 5% but are less than 25%. As such, the transactions, whether on a standalone basis or on an aggregated basis, constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and are subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

## INFORMATION ABOUT JJHX

JJHX is a licensed microfinance company established in Jinjiang City, Fujian Province, on 21 March 2014, with a registered capital of RMB200.0 million as of the date of this announcement. JJHX primarily provides micro- and small-loans to entrepreneurs, SMEs, and microenterprises located in Quanzhou City. As of the date of this announcement, the Company and its concert party are interested in a total of 57.5% of the equity interests in JJHX.

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

	Year ended 31 December	
	2020	2019
	RMB	RMB
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
	RMB	RMB
Total assets	245,906,925	258,965,926
Total liabilities	10,742,573	6,508,249

## INFORMATION ABOUT THE COMPANY

The Company, a licensed microfinance company established in Quanzhou City, Fujian Province, the PRC, on 8 January 2010, is primarily dedicated to providing local entrepreneurs, SMEs and microenterprises with practical and flexible short-term financing solutions to support their development and meet their liquidity needs.

## DEFINITIONS

In this announcement, the expressions listed below shall have the following meanings, unless otherwise specified:

“Acquisitions”	the acquisitions of the equity interests of JJHX by the Company pursuant to the share purchase agreements entered into on 19 October 2021 between the Company and the vendors, respectively
“Board”	the board of directors of the Company
“Capital Injection”	the capital contribution to JJHX to be made by the Company in the aggregate amount of RMB130.2 million (equivalent to approximately HK\$158.8 million)
“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, 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
“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

“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 subsidiary of the Company, which is a company incorporated in the PRC and primarily 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
“Shareholder(s)”	holder(s) of the domestic share(s) and/or H shares of the Company
“SME(s)”	Small- and medium-sized enterprise(s), as defined in the Statistics on the Measures for Classification of Large, Medium, Small, and Micro 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 are translated into HK\$ at the exchange rate of RMB0.8200 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 the sole purpose of identification.

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

Fujian Province, the PRC, 25 November 2021

*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. SUN Leland Li Hsun, Mr. ZHANG Lihe and Mr. LIN Jianguo.*