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**Yangzhou Guangling District Taihe Rural Micro-finance
Company Limited**

揚州市廣陵區泰和農村小額貸款股份有限公司

(A joint stock limited liability company incorporated in the People's Republic of China)

(Stock Code: 1915)

**DISCLOSEABLE TRANSACTION
FORMATION OF A JOINT VENTURE COMPANY**

FORMATION OF A JOINT VENTURE COMPANY

On 27 January 2021 (after trading hours), the Company entered into the JV Agreement with Yangzhou Tuyun for the formation of the JV Company, which will be primarily engaged in the development of technologies, products and solutions in relation to AI and IoT and promoting the applicability of such technologies, products and solutions.

Pursuant to the JV Agreement, the registered capital of the JV Company will be RMB200 million. The Company will contribute RMB80 million and Yangzhou Tuyun will contribute RMB120 million towards the registered capital of the JV Company. The JV Company will be owned as to 60% by Yangzhou Tuyun and 40% by the Company, and will be classified as an associate of the Company upon its establishment.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Company's capital commitment under the JV Agreement exceeds 5% but is below 25%, the entering into of the JV Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 27 January 2021 (after trading hours), the Company entered into the JV Agreement with Yangzhou Tuyun for the formation of the JV Company, which will be primarily engaged in the development of technologies, products and solutions in relation to artificial intelligence (“AI”) and internet of things (“IoT”) and promoting the applicability of such technologies, products and solutions.

A summary of the principal terms of the JV Agreement is set out below.

Date:	27 January 2021
Parties:	(1) the Company; and (2) Yangzhou Tuyun
Proposed name of the JV Company:	Jiangsu Interactive Photosensitive IoT Technology Co., Ltd.* (江蘇互動感光物聯科技有限公司) (subject to the final name as approved and registered by the relevant government authority)
Purpose of the JV Company:	The JV Company will be primarily engaged in developing technologies, products and solutions in relation to AI and IoT and promoting the applicability of such technologies, products and solutions.
Total registered capital of the JV Company:	RMB200 million
Capital contribution:	<p>The total registered capital of RMB200 million will be contributed in cash as follows:</p> <p>(a) 60% (equivalent to RMB120 million) by Yangzhou Tuyun; and</p> <p>(b) 40% (equivalent to RMB80 million) by the Company.</p> <p>The JV Company will be owned as to 60% by Yangzhou Tuyun and 40% by the Company upon its establishment.</p> <p>The Company and Yangzhou Tuyun shall make their respective capital contribution within two years after the establishment of the JV Company.</p>

Operation and management

The shareholders’ general meeting shall have the highest authority and shall have the final decision on matters such as providing external guarantee and appointment or dismissal of auditors. Shareholders shall exercise their voting rights in accordance with their respective equity interest in the JV Company. All shareholders’ resolutions shall be approved by shareholders representing more than 50% of the total voting rights of the JV Company unless otherwise specified by law.

The JV Company shall have one executive director (to be nominated by Yangzhou Tuyun), who shall also serve as the legal representative and general manager, as well as one supervisor (to be nominated by the Company). On the other hand, the appointment of other managerial staff such as deputy general manager and financial officer shall be subject to the unanimous consent of both the Company and Yangzhou Tuyun. A board of directors and a board of supervisors may be established if needed. The executive director shall formulate the operation and management structure and management policies of the JV Company for the shareholders’ approval.

Profit distribution

The Company and Yangzhou Tuyun are entitled to receive distributable profits of the JV Company in accordance with their respective equity interest in the JV Company. Once the JV Company has accumulated profits, the amount of dividend to be distributed for each financial year shall be no less than 30% of the profits after tax of the JV Company for the corresponding financial year.

Restrictions on transfer of equity interests in the JV Company

None of the Company and Yangzhou Tuyun shall transfer, mortgage, pledge, gift or otherwise dispose of all or any part of its equity interests in the JV Company unless with the consent of the other party.

The amount of capital contribution was arrived at after arm's length negotiation between the Company and Yangzhou Tuyun and are on normal commercial terms, with reference to, among others, the anticipated capital requirements of the JV Company. The capital contribution by the Company will be funded by the Company's internal resources.

The JV Company will be classified as an associate of the Company upon its establishment.

INFORMATION ON THE PARTIES

The Company is a joint stock limited liability company established in the PRC and is primarily engaged in providing loans and guarantee to small and medium-sized enterprises, microenterprises and individual proprietors situated or resided in Yangzhou City.

Yangzhou Tuyun is a company established in the PRC with limited liability and is wholly-owned by Ms. Xia Liangyun (夏良芸) (“**Ms. Xia**”). Yangzhou Tuyun is primarily engaged in the development of AI and IoT technologies and the application of such technologies in fields such as logistics, security and intelligent manufacturing, so as to facilitate the development of local industries and economy. Further, Ms. Xia has approximately 15 years of experience in the fields of AI and IoT. In particular, she has been actively involved in the operations and management of more than ten AI and/or IoT projects in Jiangsu Province, the PRC.

As at the date of this announcement and to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Yangzhou Tuyun and Ms. Xia are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE JV COMPANY

The Company has been seeking for opportunities to expand its business portfolio and diversify its revenue sources with an aim to bring valuable returns to the Shareholders. In light of the arrival of the 5G era, which allows for higher connection speed and with much lower latency, it is expected that the “internet plus” business model will gain more and more importance and become a revolutionary driving force leading to transformation of different industries. It is expected the convergence of the emerging 5G networks with AI and IoT shall enable a wide application of AI and IoT in various industries, and the Board considers this will bring huge market potential.

Yangzhou Tuyun possesses the technical know-how for developing AI and IoT technologies, products and solutions, as well as the business connections with other leading AI and IoT corporations in the PRC. Further, the management team of Yangzhou Tuyun also has ample experience in the fields of AI and IoT. By entering into the JV Agreement, the Company could leverage on, among others, the technical know-how, industry experience and management expertise of Yangzhou Tuyun to capture business opportunities in the fields of AI and IoT and diversify its revenue sources, with an aim to secure continuous and stable income for the Company.

In light of the above, the Directors (including all the independent non-executive Directors) are of the view that (1) the entering into of the JV Agreement and the formation of the JV Company are in the interests of the Company and the Shareholders as a whole, and (2) the JV Agreement has been entered into on normal commercial terms and its terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Company's capital commitment under the JV Agreement exceeds 5% but is below 25%, the entering into of the JV Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Yangzhou Guangling District Taihe Rural Micro-finance Company Limited (揚州市廣陵區泰和農村小額貸款股份有限公司), a company incorporated in the PRC with limited liability, the H Shares of which are listed and traded on the Main Board of the Stock Exchange on 17 July 2019 (stock code: 1915)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

“Domestic Share(s)”	the ordinary share(s) in issue in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and fully paid up in RMB by PRC natural persons or entities established under the laws of the PRC and all of such shares have not been listed on the Stock Exchange
“H Share(s)”	the overseas listed foreign share(s) in issue in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the Main Board of the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) and company(ies) which are not connected persons of the Company
“JV Agreement”	the joint venture agreement dated 27 January 2021 entered into between the Company and Yangzhou Tuyun in relation to the formation of the JV Company
“JV Company”	a limited liability company to be formed under the JV Agreement and to be established under the laws of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	Domestic Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Yangzhou Tuyun”

Yangzhou Tuyun IoT Technology Co., Ltd.* (揚州圖雲物聯科技有限公司), a company established under the laws of the PRC with limited liability

“%”

percentage

By Order of the Board
**Yangzhou Guangling District Taihe Rural
Micro-finance Company Limited**
Bo Wanlin
Chairman

* *For identification purpose only*

Yangzhou, the PRC, 27 January 2021

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Bo Wanlin, Ms. Bai Li and Ms. Zhou Yinqing; two non-executive Directors, namely Mr. Bo Nianbin and Mr. Zuo Yuchao; and three independent non-executive Directors, namely Mr. Bao Zhenqiang, Mr. Wu Xiankun and Mr. Chan So Kuen.