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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in any doubt as to any content of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in Hanhua Financial Holding Co., Ltd., you should at once hand this circular and the enclosed proxy form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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**Hanhua Financial Holding Co., Ltd.\***

**瀚華金控股份有限公司**

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

**(Stock Code: 3903)**

**SUPPLEMENTAL CIRCULAR**

**DISPOSAL OF 100% EQUITY INTEREST IN A SUBSIDIARY  
AND  
SUPPLEMENTAL NOTICE OF AGM**

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This supplemental circular should be read together with the circular issued by the Company to the Shareholders dated 26 May 2020.

A supplemental notice convening the 2019 annual general meeting (the “AGM”) of the Company to be held as originally scheduled at Conference Room, 7th Floor, Building 2, 11 East Honghu Road, Yubei District, Chongqing, the PRC on Monday, 29 June 2020 at 10:00 a.m. (or any adjournment thereof), is being despatched to the Shareholders together with this supplemental circular

A supplemental form of proxy (the “Supplemental Proxy Form”) for use at the AGM is enclosed. The Supplemental Proxy Form is to be used for the additional resolution set out in the supplemental notice and will not affect the validity of duly completed form of proxy (the “First Proxy Form”) in respect of the resolutions set out in the notice of the AGM (the “Original Notice”) despatched by the Company on 26 May 2020.

Whether or not you intend to attend the AGM, you are required to complete and return the accompanying proxy form in accordance with the instructions printed thereon to, for holders of H Shares, the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and for holders of Domestic Shares, to the Company's registered office in the PRC at 6-9, Building 2, 11 East Honghu Road, Yubei District, Chongqing, the PRC as soon as possible and in any event not less than 24 hours before the time fixed for holding the AGM or any adjournment thereof. Completion and return of the First Proxy Form and/or the Supplemental Proxy Form will not preclude you from attending and voting at the AGM (or any adjourned meeting).

*\* For identification purpose only*

11 June 2020

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following terms and expressions have the meanings set forth below:*

“AGM”	the annual general meeting of the Company for 2019 to be held on Monday, 29 June 2020 at 10:00 a.m. at Conference Room, 7th Floor, Building 2, 11 East Honghu Road, Yubei District, Chongqing, the PRC
“Agreement” or “Equity Transfer Agreement”	the equity transfer agreement dated 10 April 2020 between the Buyers and the Sellers for the sale and purchase of 100% equity in the Target Company
“Board”	the board of Directors of the Company
“Buyers”	Shenzhen Fantai, Guangzhou Fake, Guangzhou Lingqiu, Guangdong Lijun
“Company”	Hanhua Financial Holding Co., Ltd.* (瀚華金控股份有限公司), a joint stock limited liability company incorporated in the PRC, the H Shares of which are listed and traded on the Main Board of the Stock Exchange
“Connected person(s)”	having the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the transactions contemplated under the Agreement in relation to the disposal of 100% equity interest in the Target Company
“Domestic Share(s)”	ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in Renminbi by PRC nationals and/or entities incorporated in the PRC
“Earnest Money”	RMB1,000,000 in aggregate, paid by the Buyers to the Sellers as earnest money for the Disposal
“Group”	the Company and its subsidiaries
“Guangzhou Fake”	Guangzhou Fake Automation Technology Holdings Ltd.
“Guangzhou Lingqiu”	Guangzhou Lingqiu Network Technology Co., Ltd.
“Guangzhou Lijun”	Guangdong Lijun Information Technology Co., Ltd.
“H Share(s)”	ordinary share(s) in the 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
“Hanhua Asset”	Chongqing Hanhua Asset Management Co., Ltd., a wholly-owned subsidiary of the Company
“Hanhua Guarantee”	Hanhua Financial Guarantee Co., Ltd., a wholly-owned subsidiary of the Company
“Latest Practicable Date”	11 June 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

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## DEFINITIONS

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“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	parties to the Agreement, namely the Sellers and Buyers
“PRC”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, Macau and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC. Unless otherwise stated, amounts set out in this circular are in RMB
“Sellers”	the Company, Hanhua Asset, Zhongwei Asset, Hanhua Guarantee
“Share(s)”	the Domestic Share(s) and H Share(s)
“Shareholder(s)”	the holder(s) of Share(s)
“Shenzhen Fantai”	Shenzhen Fantai Information Technology Service Co., Ltd.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	supervisor(s) of the Company
“Target Company”	Heilongjiang Hanhua Internet Small Loan Co., Ltd., a wholly-owned subsidiary of the Company
“Zhongwei Asset”	Sichuan Zhongwei Asset Management Co., Ltd. ., a wholly-owned subsidiary of the Company
“%”	percentage

*\* For identification purpose only*

*English names of PRC entities in this circular are included for identification purpose only.*



**Hanhua Financial Holding Co., Ltd.\***

**瀚華金控股份有限公司**

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

**(Stock Code: 3903)**

*Executive Directors:*

Mr. Zhang Guoxiang (*Chairman*)  
Mr. Wang Dayong (*Vice Chairman*)  
Mr. Cui Weilan

*Registered Office:*

6-9, Building 2  
11 East Honghu Road Yubei District  
Chongqing  
the PRC

*Non-executive Directors:*

Mr. Tu Jianhua  
Mr. Liu Jiaoyang  
Ms. Liu Tingrong  
Ms. Wang Fangfei  
Mr. Feng Yongxiang  
Mr. Liu Bolin

*Principal Place of Business  
in Hong Kong:*

31<sup>st</sup> Floor, Tower Two  
Times Square  
1 Matheson Street  
Causeway Bay  
Hong Kong

*Independent Non-executive Directors:*

Mr. Bai Qinxian  
Mr. Deng Zhaoyu  
Mr. Qian Shizheng  
Mr. Ng Leung Sing  
Mr. Yuan Xiaobin

*To the Shareholders*

Dear Sirs or Madams,

**SUPPLEMENTAL CIRCULAR**

**DISPOSAL OF 100% EQUITY INTEREST IN A SUBSIDIARY**

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## LETTER FROM THE BOARD

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### I. INTRODUCTION

Reference is made to the circular of the AGM and the Original Notice dated 26 May 2020, which sets out the time and venue of the AGM and the resolutions to be proposed at the AGM for shareholders to consider and approve.

This supplemental circular is to provide you with information on an additional resolution to be proposed at the AGM on the disposal of 100% equity interest in a subsidiary.

### II. DETAILS OF THE ADDITIONAL RESOLUTION

#### ORDINARY RESOLUTION:

#### **(8) To consider and approve the resolution on the disposal of 100% equity interest in a subsidiary**

The Board of the Company hereby announces that, at the eighth meeting of the Third Session Board, the Board considered and approved the proposal on the disposal of 100% equity interests in the Target Company, Heilongjiang Hanhua Internet Small Loan Co., Ltd..

The Sellers (including Company and its wholly-owned subsidiaries) entered into the Agreement with the Buyers on 10 April 2020, pursuant to which, the Sellers agree to sell and the Buyers conditionally agree to acquire 100% equity interest, in aggregate, in the Target Company at a total consideration of RMB 358,800,000 in cash.

The Disposal is subject to Shareholders' approval by way of an ordinary resolution at the AGM.

#### **Major Terms of the Equity Transfer Agreement**

Date: 10 April 2020 (non-trading hours)

Parties: Sellers: The Company, Hanhua Asset, Zhongwei Asset, and Hanhua Guarantee.  
Hanhua Asset, Zhongwei Asset and Hanhua Guarantee are all wholly-owned subsidiaries of the Company.

Buyers: Shenzhen Fantai, Guangzhou Fake, Guangzhou Lingqiu, Guangdong Lijun.

#### **Assets to be Sold**

100% equity interest in Target Company, namely, Heilongjiang Hanhua Internet Small Loan Co., Ltd.

#### **Consideration**

The consideration of a total amount of RMB 358,800,000 was determined by the Parties after arm's length negotiations, which is higher than the net assets of the Target Company of approximately RMB 300 million, taking

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## LETTER FROM THE BOARD

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into account factors including:

(a) *the Target Company's business scope, operating network and market occupancy.* The Target Company is licensed to perform its business across China, covering (online) small loan business, bill discount business, refinance business of microfinance companies, equity investment business, asset transfer business and agency business under the approval of Heilongjiang Local Financial Supervision and Administration Bureau (the "**Heilongjiang Financial Bureau**") of Harbin City. In September 2019, based on the information available to the Company, the small loan balance of the Target Company is more than RMB300 million, accounting for approximately 1.6% of total small loan size of RMB18.5 billion, and approximately 11% of the small and micro credit balance of RMB3.1 billion, in Heilongjiang Province.

(b) *the Target Company's business history and operating records.* Since its establishment in November 2014, the Target Company has been operating its business in compliance with applicable laws and regulations in the PRC in all material respects. Its good compliant record also provides the Target Company for its future operation.

(c) *the Target Company's future business prospects.* Unlike the Target Company, the majority of microfinance companies are qualified to provide microfinance service within its own provincial region only. The scope of business the Target Company and the regions (which is, across the nation) it is licensed to operated allow the Target Company to maintain its competitive advantages in the future.

The consideration shall be paid by the Buyers in the following manner:

- (a) The Earnest Money has been paid by the Buyers;
- (b) The Buyers (or a designated Buyer) shall pay the first installment, totaling RMB 300,000,000 to each Seller's designated accounts after the entering into of the Agreement and before the completion of the registration of industrial and commercial change of equity transfer, in proportion to the Buyers' respective shareholding (after deduction of the Earnest Money);
- (c) The Buyers (or a designated Buyer) shall pay the second installment, totaling RMB 47,040,000 to each Seller's designated accounts in proportion to the Buyers' respective shareholding after the approval of the regulatory authority in the place where the Target Company is located and before completion of passing of management rights of the Target Company; and
- (d) The Buyers (or a designated Buyer) shall pay the remaining amount to each Seller's designated accounts in proportion to the Buyers' respective shareholding after completion of passing of management rights of the Target Company.

### **Conditions Precedent**

The Disposal and the transactions contemplated under the Agreement are subject to the completion of the business change registration and obtaining an approval (by way of issue of an administrative license) by the regulatory authority in the place where the Target Company is located, namely Heilongjiang Financial Bureau , and the Shareholders' approval of the Disposal at a general meeting of the Company to be convened.

The approval of Heilongjiang Financial Bureau is a prerequisite effecting the Disposal and the transfer of equity interest, that is, after both parties sign the Agreement, they must complete the business change registration and apply to Heilongjiang Financial Bureau for approval. If the registration of business change is completed, but

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## LETTER FROM THE BOARD

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the approval of Heilongjiang Financial Bureau could not be obtained ultimately, the Buyers and the Sellers shall carry out the registration of equity change again to restore the shareholding status to that before the change, and in such event, payments already made by the Buyers will be refunded from the receiving account(s) to the Buyers' account(s), or to the payment account of the designated party.

As of the Latest Practicable Date, completion of the Disposal is still subject to the approval by the Shareholders at the AGM. The Parties have obtained the other necessary regulatory approvals. The Sellers intend to proceed with the completion of the Disposal as soon as practicable after having obtained the approval by the Shareholders at the AGM.

During this period of changing the registration and obtaining the approval, all expenses incurred shall be borne by all Parties.

### **The Sellers' Undertakings**

The Company and its subsidiaries, as the Sellers, undertake to the Buyers that (a) the events, situation, information and data of the Target Company disclosed to the Buyers are true and reliable and free from concealment, omission and misleading; (b) the passing of management rights of the Target Company will be completed timely; and (c) the interests of the Buyers during the period between the signing of the Agreement and the completion of the passing of management rights will be maintained.

### **Information of the Target Company**

#### (a) Basic information of the Target Company

The Target Company was established in the PRC on 27 November 2014. It is principally engaged in (online) small loan business, bill discount business, small loan company reloan business, equity investment business, asset transfer business and agency business nationwide. As of the Latest Practicable Date, its registered capital and paid-up capital are RMB 300,000,000.

#### (b) Equity Structure of the Target Company

As of the Latest Practicable Date and before completion of the equity transfer, the Target Company's shareholding structure was as follows:

<i>No.</i>	<i>Names of Shareholders</i>	<i>Subscription Amount (RMB)</i>	<i>% of Equity Interest</i>	<i>Actual Paid-up Capital (RMB)</i>
1	Hanhua Asset	150,000,000	50%	150,000,000
2	The Company	80,000,000	26.67%	80,000,000
3	Zhongwei Asset	40,000,000	13.33%	40,000,000



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**LETTER FROM THE BOARD**

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4	Hanhua Guarantee.	30,000,000	10%	30,000,000
	Total	300,000,000	100%	300,000,000

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The following sets out the financial information of the Target Company for the two years ended 31 December 2018 and 2019:

	For the year ended 31 December 2018	For the year ended 31 December 2019
	RMB'000	RMB'000
	<i>(Audited)</i>	<i>(Audited)</i>
Net profit before tax	16,841	17,892
Net profit after tax	12,625	13,414
Net assets as of 31 December 2018 and 2019	325,586	317,637

**Information about the Sellers**

The Company is a nationwide inclusive financial service provider approved by the State Administration for Industry and Commerce of China. It is the first national inclusive financial service group listed on the Stock Exchange in China, and it focuses on providing diversified and comprehensive financial services for domestic small, medium and micro enterprises and individuals. The Group continues to maintain a national leading position in terms of business scale, institutional layout, professional team, risk control technology and service standards.

Hanhua Asset, a wholly-owned subsidiary of the Company, established on 29 May 2007, has a registered capital of RMB 500,000,000. It is mainly engaged in corporate asset reorganization, corporate mergers and acquisitions, transfer planning and consulting, internal asset management consulting, investment consulting and other businesses.

Zhongwei Asset, a wholly-owned subsidiary of the Company, established on 21 October 2010, has a registered capital of RMB 200,000,000. It is mainly engaged in investment management, project investment, business information consulting, corporate financial consulting and other businesses.

Hanhua Guarantee, a wholly-owned subsidiary of the Company, established on 19 August 2009, has a registered capital of RMB 3,500,000,000. It is mainly engaged in financing guarantee, performance guarantee, property promotion guarantee, financial advisory, asset management and other businesses.

**Information about the Buyers**

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## LETTER FROM THE BOARD

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Shenzhen Fantai, established in September 2016, is a professional Internet financial software service provider, mainly engaged in the research and development and operation of Internet financial software products. Shenzhen Fantai is wholly-owned by Li Zhiyu.

Guangzhou Fake, established in January 2017, is a company mainly engaged in research and development of automation technology, engineering and technical research and experimental development. Guangzhou Fake is owned as to 65% by Deng Huijun and 35% by Lin Chengqing, respectively.

Guangzhou Lingqiu, established in August 2016, is a company mainly engaged in research and development of online technology; computer network system engineering service; computer technology development and other services. Guangzhou Lingqiu is owned as to 90% by Cheng Deying and 10% by Han Yongsheng, respectively.

Guangdong Lijun, established in March 2011, is a company mainly engaged in information and electronic technology services; scientific and technological information consultation service; information system integration service; information technology consulting services and other services. Guangdong Lijun is owned as to 70% by Wang Zhongyou and 30% by Liu Yahua, respectively.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Buyers and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

### **Financial Effect of the Disposal**

After the completion of the Disposal, the Group will no longer hold any equity interest in the Target Company, and the financial results of the Target Company will no longer be consolidated in the consolidated financial statements of the Group.

The Sellers are expected to receive a total of RMB358,800,000 in cash, and the final proceeds (after deducting related expenses and costs) from the Disposal will be used for business development and general operating capital of the Group. Among others, it is expected that part of the proceeds will be applied to increase the share capital of other micro-finance companies of the Group to strengthen their business competitiveness. Please also refer to the paragraph headed "Reasons for and Benefits of the Disposal".

The Group expects that the Disposal will achieve gains of approximately RMB 58,800,000 upon completion, based on the total consideration of the Disposal less the Target Company's unaudited net assets of approximately RMB 300,000,000.

The above calculation is subject to tax (which could only be determined based on the profitability of each Seller at the end of 2020). The net assets value of the Target Company as of 31 December 2019 were approximately RMB 320 million.

As of 31 December 2019, the Target Company's equity items principally comprised: its registered capital of RMB300 million, its surplus reserve and general risk reserve of approximately RMB15.6 million in aggregate, and distributable profit of approximately RMB2.1 million. After the year-end, (i) the Group transferred the Target Company's business to other small loan companies within the Group, and (ii) the Sellers (as shareholders of the Target Company) resolved to make cash distribution to the shareholders. Following these arrangements, the unaudited net asset value of the Target Company is approximately RMB300 million.

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## LETTER FROM THE BOARD

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### **Reasons for and Benefits of the Disposal**

Taking into account the outbreak of COVID-19, threatening the prospects of the global financial market and increasing the risk of continued economic contraction, the Board believes that the Disposal provides a good opportunity for the Group to streamline the business segment of the Group and make better use of the Group's financial resources for its financial services business and strengthening the Group's cash position to cope with the coming economic uncertainty.

After the Disposal and without regard to the Target Company, the Group's small and micro-credit business (under the Group's "credit business segment") comprises eight microfinance companies registered in Chongqing, Chengdu, Tianjin, Shenyang, Nanning, Guiyang, Nanjing and Shenzhen. These companies are licensed to conduct its lending business in their registered area. Among them, those companies registered in Sichuan, Chongqing, Shenzhen and Shenyang may also conduct "Internet lending" business.

The Group's overall management of its small and micro credit business across China are headquartered in Chongqing pursuant to the Company's internal management system. Such headquarter leads and supervises, among others, product development, credit policy formulation and risk approval, contract signing, lending, settlement, clearing, human resource management, performance management and etc. On the other hand, the teams of these micro-finance companies who undertakes the business development and marketing, and settlement and clearing work locally.

With reference to the national trend and regulatory attitude in the recent years, the Company anticipates that additional regulatory requirements and restrictions may be promulgated in the future, for example, imposing limitation over the number of micro-finance companies which a single de facto controller may hold, or enhancing the minimum capital requirement of micro-finance companies.

As of the Latest Practicable Date, these nine micro-finance companies of the Group (including the Target Company) had an aggregate registered capital of RMB2,650 million, out of which RMB2,475 million were contributable to, or contributed by, the Group. The Group invested or maintained, a substantial amount of capital in these companies taken as a whole.

In order to enhance the efficiency of the Group resource and to reduce the management and operating costs, the Group intends to review and organise its credit business. The business originally operated by the Target Company will be undertaken by other micro-finance companies in the Group. Accordingly, it is expected that the Disposal will not have any material impact to the Group's overall small and micro credit business, while it is expected to provide the Group with additional resources (as illustration in the paragraph headed "Financial Effect of the Disposal" above) for supporting the Group's operation and business development.

The Company reviews and monitors its business segment and applicable regulatory development at all time. Depending on the regulatory developments and the efficiency of the use of the Group's resource, the Company may consider further consolidating its credit business. With the proceeds from the Disposal, the Group may strengthen the capital of the remaining micro-finance companies of the Group. It is expected that the additional capital would enhance the competitiveness of these micro-finance companies and facilitate further development with additional financing resources.

The Board considers that the Disposal will not have a significant impact on the operations of the Company.

In light of the above and taking into account the financial effect of the Disposal, the Board considers that the

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## LETTER FROM THE BOARD

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terms of the Disposal and the Agreement are fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

### **Implications of the Listing Rules**

As the applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in relation to the Disposal exceeds 25% but all applicable percentage ratios are less than 75%, the Disposal constitutes a major transaction for the Company and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

### **III. THE AGM PROXY FORM AND VOTING BY POLL**

A supplemental notice convening the AGM of the Company to be held as originally scheduled at Conference Room, 7th Floor, Building 2, 11 East Honghu Road, Yubei District, Chongqing, the PRC on Monday, 29 June 2020 at 10:00 a.m. (or any adjournment thereof), is being despatched to the Shareholders together with this supplemental circular.

Please refer to the Company's circular of the AGM and the Original Notice dated 26 May 2020 for details of the other resolutions to be proposed at the AGM, eligibility for attending the AGM, appointment of proxy, registration procedures, closure of register of members and other relevant matters.

The Supplemental Proxy Form used for the additional resolution set out in the supplemental notice is enclosed. If you have properly completed and submitted only the First Proxy Form sent by the Company on 26 May 2020 for the resolutions set out in the Original Notice in accordance with the instructions set out therein, the appointed proxy will vote on the resolutions set out in the First Proxy Form per your direction and he/she is entitled to vote or abstain at his/her discretion on the additional resolution set out in the Supplemental Proxy Form. Similarly, if you have properly completed and submitted only the Supplemental Proxy Form in accordance with the instructions set out herein, the appointed proxy will vote on the additional resolution set out in the Supplemental Proxy Form per the your direction and he/she is entitled to vote or abstain at his/her discretion on the resolutions set out in the First Proxy Form. If your wish to provide specific direction to your proxy regarding the voting of all resolutions set out in the First Proxy Form and the Supplemental Proxy Form, you should duly complete and submit both proxy forms in accordance with the instructions set out therein.

The Supplemental Proxy Form will not affect the validity of the duly completed First Proxy Form in respect of the resolutions set out in the Original Notice dated 26 May 2020.

Whether or not you intend to attend the AGM, you are required to complete and return the accompanying proxy form in accordance with the instructions printed thereon to, for holders of H Shares, the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and for holders of Domestic Shares, to the Company's registered office in the PRC at 6-9, Building 2, 11 East Honghu Road, Yubei District, Chongqing, the PRC as soon as possible and in any event not less than 24 hours before the time fixed for holding the AGM or any adjournment thereof. Completion and return of the First Proxy Form and/or the Supplemental Proxy Form will not preclude you from attending and voting at the AGM (or any adjourned meeting).

According to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the chairman of the AGM will demand a poll for the resolution(s) to be proposed at the AGM in accordance with Article 88 of the Articles of Association of the Company.

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## LETTER FROM THE BOARD

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To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders has a material interest in the Disposal and the transactions contemplated the Agreement, and therefore no shareholder is required to abstain from voting at the AGM.

#### **IV. CLOSURE OF REGISTER OF MEMBERS IN RESPECT OF THE ENTITLEMENT TO ATTEND THE AGM**

In order to determine the list of the holders of H Shares who are entitled to attend and vote at the AGM, the register of members of the Company has been closed from Saturday, 30 May 2020 to Monday, 29 June 2020 (both days inclusive), during which no transfer of Shares will be effected. To be eligible to attend and vote at the AGM, all transfer documents must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares), or the Company's registered office in the PRC at 6-9, Building 2, 11 East Honghu Road, Yubei District, Chongqing, the PRC (for holders of Domestic Shares) not later than 4:30 p.m. on Friday, 29 May 2020, being the last share registration date prior to the AGM.

#### **V. RECOMMENDATION**

The Board considers that the resolution regarding the Disposal to be proposed at the AGM to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends you to vote in favor of the said resolution.

By order of the Board

**Hanhua Financial Holding Co., Ltd.**

**Zhang Guoxiang**

*Chairman of the Board*

Chongqing, the PRC, 11 June 2020

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## APPENDIX

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### APPENDIX I FINANCIAL INFORMATION OF THE GROUP

#### 1. Comprehensive Financial Information of the Company

The consolidated financial statements of the Group, together with the accompanying notes, for each of the financial years ended 31 December 2017, 2018 and 2019 were disclosed in the annual reports of the Company for the years ended 31 December 2017, 2018 and 2019, respectively, and are incorporated by reference into this circular.

The aforementioned financial information of the Group has been published on both the website of the Stock Exchange at and the website of the Company through the hyperlinks below:

2017 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0409/ltm20180409507.pdf>

2018 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0412/ltm20190412478.pdf>

2019 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0417/2020041701580.pdf>

#### 2. Indebtedness Statement

Indebtedness statement as of 30 April 2020 of the Group is set out as follows, and there are no other types of indebtedness apart from those disclosed below:

	<b>As of 30 April 2020</b>
	<hr/> RMB'000
Bank loans	
Unsecured	323,524
Secured by properties of the Group	181,952
Secured by other assets of the Group	464,850
Guaranteed by third parties	96,000
Other loans	2,292,187
Other interest-bearing liabilities	1,723,494
<b>Total interest-bearing borrowings</b>	<b>5,082,007</b>

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## APPENDIX

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Debt securities issued	1,750,606
Financial asset sold under repurchase agreement	313,435
Lease liabilities	26,001
<b>Total indebtedness</b>	<b>7,172,049</b>

### Contingent liabilities

As of 30 April 2020, the Company provided guarantees of approximately RMB3,296 million for bank financing and other financing granted to subsidiaries of the Group.

### 3. Financial and Trading Prospects of the Group

As seen from the analysis under the sections headed “Financial Effects of the Disposal” and “Reasons For and Benefits of the Disposal” in the letter from the Board, the Disposal is expected to bring gain to the Group, and the net assets value and financial position of the Group is expected to be enhanced following the completion of the Disposal. The Disposal is expected to be beneficial to the long-term development of the operation of the Group.

Following the Disposal, the Group will continue to focus its resources and operation on its guarantee consulting, microfinance and other businesses and these businesses will remain as the major source of revenue for the Group. However, the pressure and challenge posed by the on-going Sino-US trade tension, and the recent outbreaks of COVID-19 are expected to continue to exert an adverse effect on the economic outlook and consumer and investor sentiments globally in 2020, which would potentially lower the demand of the products offered by the Group. Despite the difficulties and challenges ahead, the Group will continue to uphold our professional expertise and solid experience in the business, and continue to implement prudent and detailed measures. The Group is convinced that the Disposal will help the Group business to achieve a more stable position, and at the same time has also been ready to prepare for the economic recovery of the once again to create a wealthy business and financial performance, with the aim of increasing investment returns.

### 4. Working Capital Statement

The Directors, after due and careful enquiry, are of the opinion that, after taking into account the financial resources presently available to the Group, the internally generated funds, the currently available facilities and the effects of the Disposal, the Company has sufficient working capital for its normal business for at least the next twelve months from the date of this circular.

## APPENDIX

### APPENDIX II GENERAL INFORMATION

#### 1. Responsibility Statement

This circular, for which the Directors collectively and individually accept full responsibility, provides information in relation to the Company in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

#### 2. Disclosure of Interests

As the Latest Practicable Date, the interests or short positions of the Directors, Supervisors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were required, (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register required to be kept under section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules were as follows:

Name of Shareholder	Position	Class of Share	Nature of interests	No. of Shares held	Approximate percentage in relevant class of Share	Approximate percentage in total share capital
					(%)	(%)
Tu Jianhua <sup>(1)</sup>	Director	Domestic Share	Interests of controlled corporation	432,188,780 (Long position)	12.60	9.40
Wang Fangfei <sup>(2)</sup>	Director	Domestic Share	Interests of controlled corporation	231,532,653 (Long position)	6.75	5.03
Zhang Guoxiang <sup>(3)(4)</sup>	Director	Domestic Share	Beneficial owner/ Interests of controlled corporation	298,038,709 (Long position)	8.69	6.48
		H Share	Beneficial owner	585,971 (Long position)	0.05	0.01
Wang Dayong <sup>(4)</sup>	Director	Domestic Share	Beneficial owner	2,058,742 (Long position)	0.06	0.04
		H Share	Beneficial owner	360,443	0.03	0.008



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				(Long position)		
Cui Weilan <sup>(4)</sup>	Director	Domestic Share	Beneficial owner	2,058,742	0.06	0.04
				(Long position)		
		H Share	Beneficial owner	648,005	0.06	0.01
				(Long position)		
Liu Jiaoyang	Director	Domestic Share	Beneficial owner	441,159	0.01	0.01
				(Long position)		
Liu Bolin <sup>(5)</sup>	Director	Domestic Share	Interests of controlled corporation	120,000,000	3.50	2.61
				(Long position)		
Li Ruping	Supervisor	Domestic Share	Beneficial owner	2,205,795	0.06	0.05
				(Long position)		
Chen Zhonghua	Supervisor	Domestic Share	Beneficial owner	441,159	0.01	0.01
				(Long position)		
Qin Yong	Supervisor	Domestic Share	Beneficial owner	588,212	0.02	0.01
				(Long position)		

*Notes:*

1. Mr. Tu Jianhua directly holds 98% of the equity interest of Loncin Group Co., Ltd. (“**Loncin Group**”), which directly holds 98% of the equity interest of Loncin Holdings Co., Ltd. (“**Loncin Holdings**”). Mr. Tu Jianhua also directly holds 2% of the remaining equity interest of Loncin Holdings. Accordingly, Mr. Tu Jianhua is deemed to be interested in the 432,188,780 Domestic Shares held by Loncin Holdings.
2. Ms. Wang Fangfei directly holds 55% of the equity interest of Chongqing Jiulong Investment Co., Ltd. (“**Chongqing Jiulong**”), which directly holds 231,532,653 Domestic shares of the Company. Accordingly, Ms. Wang Fangfei is deemed to be interested in the 231,532,653 Domestic Shares held by Chongqing Jiulong.
3. Mr. Zhang Guoxiang directly holds approximately 66.4% of the equity interest of Huitai, which directly holds 295,269,848 Domestic Shares of the Company. Accordingly, Mr. Zhang Guoxiang is deemed to be interested in the 295,269,848 Domestic Shares held by Huitai. Mr. Zhang Guoxiang also directly holds 2,768,861 Domestic Shares of the Company.
4. Mr. Liu Bolin directly holds 75% equity interest of Sichuan Hongrun Trading Co., Ltd., which directly holds 120,000,000 Domestic Shares of the Company. Accordingly, Mr. Liu Bolin is deemed to be interested in 120,000,000 Domestic Shares held by Sichuan Hongrun Trading Co., Ltd..
5. As of the Latest Practicable Date, there were 4,600,000,000 Shares in issue, comprising 3,430,000,000 Domestic Shares and 1,170,000,000 H Shares.

### **3. Interests in Contract or Arrangement**

As at the Latest Practicable Date, none of the Directors or Supervisors had any interest, direct or indirect, in any assets which had been, since 31 December 2019, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors or Supervisors was materially interested in any subsisting contract or arrangement entered into by any member of the Group which was significant in relation to the business of the Group as a whole.

### **4. Service Contracts**

As at the Latest Practicable Date, none of the Directors or Supervisors had a service contract with the Company which is not expiring or determinable by the Company within one year without the payment of compensation (other than statutory compensation).

### **5. Litigation**

As at the Latest Practicable Date, so far as the Directors are aware, neither the Company nor any of its subsidiaries have been engaged in any litigation or claims of material importance and, there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

### **6. Competing Interests**

As at the Latest Practicable Date, none of the Directors, the Supervisors and their respective close associates (as defined under the Listing Rules) had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

### **7. Material Contracts**

The following contract(s) (not being contracts entered into in the ordinary course of business of the Group) had been entered into by members of the Group within the two years immediately preceding the date of this circular and are or may be material:

- (a) the Agreement; and
- (b) the limited joint venture agreement dated 28 April 2020 entered into among Liaoning Hanhua Capital Management Co., Ltd. as general partner, Liaoning Shenfu New District State-owned Assets Management Co., Ltd. as preferred limited partner and the Company as junior limited partner in respect of the establishment of a joint venture with a total commitment of RMB3,000,000,000.

### **8. General information of the Company**

(a) The company secretary of the Company is Mr. Ren Weidong. Mr. Ren obtained his bachelor's degree in auditing from Hangzhou Institute of Electronics and Engineering (杭州電子工業學院) (currently known as

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Hangzhou Dianzi University (杭州電子科技大學)) in July 1999. He obtained an EMBA degree in Guanghua School of Management of Peking University in July 2018.

(b) The registered office of the Company is situated at 6-9, Building 2, 11 East Honghu Road Yubei District Chongqing, the PRC.

(c) The principal place of business of the Company in Hong Kong is at 31st Floor, Tower Two Times Square, 1 Matheson Street Causeway Bay Hong Kong.

(d) The Company's branch share registrar and transfer office in Hong Kong is Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(e) In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text unless otherwise stipulated.

(f) All references to times and dates in this circular refer to Hong Kong times and dates.

### **9. Documents Available for Inspection**

Copies of the following documents will be available for inspection at 31st Floor, Tower Two Times Square, 1 Matheson Street Causeway Bay Hong Kong during normal business hours (Saturdays, Sundays and public holidays excepted) up to and including the date which is 14 days from the date of this circular:

- (a) the Agreement
- (b) the articles of association of the Company
- (c) the letter from the Board, the text of which is set out on pages 4 to 12 of this circular
- (d) the annual reports of the Company for the two years ended 31 December 2019;
- (e) the material contract(s) referred to in the paragraph headed "Material Contracts" in this appendix; and
- (f) this circular.



**Hanhua Financial Holding Co., Ltd.\***  
**瀚華金控股份有限公司**

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

**(Stock Code: 3903)**

**SUPPLEMENTAL NOTICE OF AGM**

Reference is made to the notice of annual general meeting for the year ended 31 December 2019 (the “AGM”) of Hanhua Financial Holding Co., Ltd.\* (the “Company”) dated 26 May 2020 (the “Original Notice”) which sets out the time and the venue of the AGM and contains resolutions to be proposed at the AGM for shareholders’ consideration and approval.

**SUPPLEMENTAL NOTICE IS HEREBY GIVEN THAT** the AGM will be held as originally scheduled at Conference Room, 7th Floor, Building 2, 11 East Honghu Road, Yubei District, Chongqing, the People’s Republic of China (the “PRC”) on 29 June 2020 at 10:00 a.m. for the purpose of considering, and if thought fit, passing the following resolution in addition to the resolutions set out in the Original Notice:

**ORDINARY RESOLUTION**

8. To consider and approve the disposal of 100% equity interest in a subsidiary.

By order of the Board  
**Hanhua Financial Holding Co., Ltd.**  
**Zhang Guoxiang**  
*Chairman of the Board*

Chongqing, the PRC, 11 June 2020

\* *For identification purpose only*

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## SUPPLEMENTAL NOTICE OF AGM

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*Notes:*

1. Details of the above resolution are set out in the supplemental circular of the Company dated 11 June 2020 (the “**Supplemental Circular**”). Save for the inclusion of the additional resolution, there are no other changes to the resolutions set out in the Original Notice of AGM dated 26 May 2020. Please refer to the Original Notice and the circular of the Company for the AGM dated 26 May 2020 for details of the other resolutions to be passed at the AGM and other relevant matters.
2. A supplemental form of proxy (the “**Supplemental Proxy Form**”) in respect of the above resolution has been enclosed with the Supplemental Circular. If a shareholder has properly completed and submitted only the proxy form sent by the Company on 26 June 2020 together with the First AGM Circular (the “**First Proxy Form**”) in accordance with the instructions set out therein, the appointed proxy will vote on the resolutions set out in the First Proxy Form per the shareholder’s direction and he/she is entitled to vote or abstain at his/her discretion on the additional resolution set out in the Supplemental Proxy Form. Similarly, if a shareholder has properly completed and submitted only the Supplemental Proxy Form in accordance with the instructions set out therein, the appointed proxy will vote on the additional resolution set out in the Supplemental Proxy Form per the shareholder’s direction and he/she is entitled to vote or abstain at his/her discretion on the resolutions set out in the First Proxy Form. If a shareholder wishes to provide specific direction to his/her proxy regarding the voting of all resolutions set out in the First Proxy Form and the Supplemental Proxy Form, he/she should duly complete and submit both proxy forms in accordance with the instructions set out therein.
3. You are required to complete and return the accompanying proxy forms in accordance with the instructions printed thereon to, for holders of H Shares, the Company’s H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, and for holders of Domestic Shares, to the Company’s registered office in the PRC at 6-9, Building 2, 11 East Honghu Road, Yubei District, Chongqing, the PRC as soon as possible and in any event not less than 24 hours before the time fixed for holding the AGM or any adjournment thereof. Completion and return of the First Proxy Form and/or the Supplemental Proxy Form will not preclude you from attending and voting at the AGM (or any adjourned meeting).
4. In order to determine the list of shareholders who are entitled to attend the AGM, the register of members of the Company has been closed from Saturday, 30 May 2020 to Monday, 29 June 2020 (both days inclusive), during which no transfer of shares will be effected. To be eligible to attend and vote at the AGM, all transfer documents must be lodged with the Company’s H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong (for holders of H shares), or the Company’s registered office in the PRC at 6-9, Building 2, 11 East Honghu Road, Yubei District, Chongqing, the PRC (for holders of domestic shares) not later than 4:30 p.m. on Friday, 29 May 2020.
5. Shareholders are reminded to refer to the notes contained in the Original Notice.