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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)**

**THE SECOND SUPPLEMENTAL CIRCULAR  
ESTABLISHMENT OF A JOINT VENTURE  
AND  
THE SECOND SUPPLEMENTAL NOTICE OF AGM**

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This second supplemental circular (the “**Second Supplemental Circular**”) should be read together with the circular (the “**Original Circular**”) issued by the Company to the Shareholders dated 26 May 2020 and the supplemental circular (the “**Supplemental Circular**”) issued by the Company to the Shareholders dated 11 June 2020.

A second supplemental notice (the “**Second 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 Second Supplemental Circular.

The second supplemental form of proxy (the “**Second Supplemental Proxy Form**”) for use at the AGM is enclosed. The Second Supplemental Proxy Form is to be used for the additional resolution set out in the Second Supplemental Notice and will not affect the validity of (i) the 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 and (ii) the duly completed form of proxy (the “**Supplemental Proxy Form**”) in respect of the resolution set out in the Supplemental notice of the AGM (the “**Supplemental Notice**”) despatched by the Company on 11 June 2020.

Whether or not you intend to attend the AGM, you are required to complete and return the accompanying Second Supplemental 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 and/or the Second Supplemental Proxy Form will not preclude you from attending and voting at the AGM (or any adjourned meeting).

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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:*

“The 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
“Limited Joint Venture Agreement”	the limited joint venture agreement dated 28 April 2020 entered into among the Partners for the establishment of the Joint Venture
“Board”	the board of Directors
“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 People’s Republic of China, the H Shares of which are listed and traded on the Main Board of the Stock Exchange (stock code: 3903)
“connected person(s)”	has the meaning given to it by the Listing Rules
“Director(s)”	director(s) of the 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
“General Partner”	a Partner of the Joint Venture with unlimited liability for a partnership, namely Liaoning Hanhua Capital
“Group”	the Company and its subsidiaries
“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
“Joint Venture”	Liaoning RongDan Development Investment Management Center Partnership Enterprise (Limited Partnership), a limited partnership that will be established in accordance with the Partnership Enterprise Law of the PRC (the final name of the Joint Venture will be subject to registration of the Industry and Commerce Bureau of the PRC)
“Junior Limited Partner”	a Limited Partner of the Joint Venture who is allocated after the Preferred Limited Partner to receive the proceeds of the Joint Venture, namely, 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
“Liaoning Hanhua Capital”	Liaoning Hanhua Capital Management Co., Ltd., a subsidiary of the Company
“Limited Partners”	the Junior Limited Partner and the Preferred Limited Partner, collectively
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Partners”	the General Partner and the Limited Partners, collectively

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## DEFINITIONS

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“Parties”	parties to the Limited Joint Venture Agreement, namely, the General Partner and the Limited Partners
“PRC”	People's Republic of China (for the purpose of this circular only, excluding Hong Kong, Macau Special Administrative Region and Taiwan)
“Preferred Limited Partner”	the preferred limited partner of the Joint Venture, namely, Shenfu Assets
“RMB”	Renminbi, the lawful currency of the People’s Republic of China. Unless otherwise stated, amounts set out in this circular are in RMB.
“Share(s)”	the Domestic Share(s) and H Share(s)
“Shareholder(s)”	the holder(s) of Share(s)
“Shenfu Assets”	Liaoning Shenfu New District State-owned Assets Management Co., Ltd.*, a company incorporated under the laws of the PRC, and the Preferred Limited Partner
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	supervisor(s) 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

*Non-executive Directors:*

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

*Independent Non-executive Directors:*

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

*Registered Office:*

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

*Principal Place of Business  
in Hong Kong:*

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

*To the Shareholders*

Dear Sirs or Madams,

**THE SECOND SUPPLEMENTAL CIRCULAR  
ESTABLISHMENT OF A JOINT VENTURE**

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## LETTER FROM THE BOARD

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### I. INTRODUCTION

References are made to the Original Circular and the Original Notice both dated 26 May 2020, which sets out the time and place of the AGM and the resolutions to be proposed at the AGM for shareholders to consider and approve; and the Supplemental Circular and the Supplemental Notice both dated 11 June 2020, which sets out the time and place of the AGM and the additional resolutions to be proposed at the AGM for shareholders to consider and approve.

This Second Supplemental Circular is to provide you with information on an additional resolution to be proposed at the AGM on the establishment of a Joint Venture.

### II. DETAILS OF THE ADDITIONAL RESOLUTION

#### ORDINARY RESOLUTION:

#### 9. To consider and approve the resolution on the establishment of a Joint Venture

The Third Session Board of the Company considered and approved the proposal on the establishment of a Joint Venture.

On 28 April 2020 (after trading hours), the Company entered into the Limited Joint Venture Agreement with Liaoning Hanhua Capital, a subsidiary of the Company, and Shenfu Assets to establish the Joint Venture. The Joint Venture will invest in inclusive financing guarantee institution (proposed to be established), which will be controlled by the Group. According to the Limited Joint Venture Agreement, the total capital commitment of the Joint Venture is RMB3,000,000,000, of which Liaoning Hanhua Capital will contribute RMB30,000,000, while the Company and Shenfu Assets will contribute RMB970,000,000 and RMB2,000,000,000, respectively.

An inclusive financing guarantee institution is intended to be established in Shenfu New District and it will adhere to inclusive finance, with an aim to support agriculture and support the small businesses, to optimize and perfect the financing guarantee system of Liaoning Province, and to actively cooperate with the government re-guarantee system, policy banks and commercial bank to provide financing guarantee and non-financing guarantee services for small, medium and micro enterprises in Liaoning and China.

The inclusive financing guarantee business of supporting agriculture and supporting small businesses is not only the focus of economic policy in the post-epidemic era, but also an important support for China's economic development towards high quality. Government funds will be invested in partnerships and invest in inclusive financing guarantee institutions. Not only will it give play to the credit advantages of government funds, but also help the Group to better play its role in inclusive finance, especially its platform, system, technology, team, resources and other advantages accumulated over the past 16 years in the financing guarantee industry. This will be an innovative sample of government-led and market-led solutions to the financing problems of small and medium-sized enterprises. The Group will actively promote the Joint Venture to introduce other types of government funds at various levels in a timely manner, inject additional capital into inclusive financing guarantee institutions, continuously enhance their capital strength, upgrade credit ratings, expand guarantee scale, and innovate management models.

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

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## LETTER FROM THE BOARD

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### Limited Joint Venture Agreement

The principal terms of the Limited Joint Venture Agreement are set out below:

<b>Date</b>	28 April 2020 (after trading hours)
<b>Name of the Joint Venture</b>	Liaoning RongDan Development Investment Management Center Partnership Enterprise (Limited Partnership) (subject to business license), a limited partnership to be established in accordance with the Partnership Enterprise Law of the PRC
<b>Partners</b>	<p><i>General Partner:</i></p> <p>Liaoning Hanhua Capital</p> <p><i>Limited Partners:</i></p> <p>(1) The Company (Junior Limited Partner); and</p> <p>(2) Shenfu Assets (Preferred Limited Partner)</p>
<b>Business scope of the Joint Venture</b>	<p>The Joint Venture will principally be engaged in investment and asset management (subject to business license).</p> <p>The Joint Venture aims to make full use of the respective advantages of the General Partner and the Limited Partners, and gain investment returns for all Partners through the new establishment of, or investment in, financing guarantee companies. The Parties intend the Joint Venture to invest in a financial guarantee institution.</p> <p>The establishment of the Joint Venture as a limited partnership is not subject to any minimum capital requirements or qualification requirements under the PRC law. However, the financing guarantee institution to be invested has licensing and/or eligibility requirements. In the event that the above qualification could not be obtained, the Parties may consider abandoning the investment plan.</p> <p>According to the Regulations on the Supervision and Administration of Financing Guarantee Companies of the PRC promulgated by the State Council of the PRC in 2017, a financing guarantee institution shall have a registered capital of not less than RMB20,000,000.</p>

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## LETTER FROM THE BOARD

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### Duration and termination

The duration of the Joint Venture is 20 years from the date of its establishment.

Upon expiry of the initial term of the Joint Venture, the Partners will decide via general meeting of Partners whether to extend Joint Venture. If the Partners decide not to extend the term, the Joint Venture shall be dissolved and liquidated in accordance with relevant PRC laws.

### Commitment

The total capital commitment to be contributed by the Partners under the Joint Venture is RMB3,000,000,000 (the “**Total Commitment**”).

Name of Partners	Partner’s Total Commitment	Percentage
	(RMB)	
Liaoning Hanhua Capital	30,000,000	1.00%
The Company	970,000,000	32.33%
Shenfu Assets	2,000,000,000	66.67%
<b>Total</b>	<b>3,000,000,000</b>	<b>100%</b>

The respective commitment of each Partner is determined by Liaoning Hanhua Capital, the Company and Shenfu Assets, as Parties of the Limited Joint Venture Agreement, based on the Joint Venture’s expected capital requirements after fair negotiation among Parties. In particular, the Parties considered Shenfu Assets’ willingness and expected investment scale, the Group’s 16 years of experience and understanding in the financing guarantee industry, together with the Group’s asset and capital scale, and its capital management capabilities.

The capital will be applied by the Joint Venture to invest in financing guarantee institution(s). It is expected that after its establishment, the Joint Venture will continue to seek capital injections from state-owned funds and policy financial institutions to enhance the strength of the financing guarantee institution(s) invested by the Joint Venture as and when appropriate.

According to the Limited Joint Venture Agreement, each Partner must fully pay up the capital contribution within 12 months after the establishment of the Joint Venture.

### Management of the Joint Venture

The General Partner will act as the executive Partner of the Joint Venture (the “**Executive Partner**”). The Executive Partner will be responsible for the operation and management of the Joint Venture and will act on behalf of the Joint Venture externally. The Limited Partners are responsible for the capital



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## LETTER FROM THE BOARD

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contribution in accordance with the Limited Joint Venture Agreement, and will have the right to monitor and supervise the performance of the Executive Partner. The Limited Partners will not participate in the daily operation or management directly.

### **Distribution of income**

Profits generated by the Joint Venture will be distributed in the following priority and manners:

After each year, the Joint Venture will distribute to the Preferred Limited Partner with priority, the following amount of profits generated during the term of the Joint Venture, after deducting the operating expenses of the Joint Venture: The amount of profits to be distributed to the Preferred Limited Partner in priority is calculated by the Preferred Limited Partner's actual capital contribution based on the one-year Loan Prime Rate (LPR) floating down by 100 basis points (but not less than 2%) as announced by the Interbank Lending Center.

If the distribution to the Preferred Limited Partner is lower than above, the Junior Limited Partner shall make up the difference (the "**Difference Payment**") to the Preferred Limited Partner within 30 days after the end of the Joint Venture's income distribution (limited to Parties' Total Commitment).

The remaining profits of the Joint Venture shall be distributed to all Partners according to their respective capital contribution proportion. With Shenfu New District Government's purpose to support the development of the financing guarantee industry, if the balance of guarantee liability of financial guarantee company invested by the Joint Venture in Liaoning Province at the end of a year is not less than 5 times of Shenfu Assets' actual capital contribution in the Joint Venture (the "**Operation Target**"), then Shenfu Assets will waive its entitlement to such distribution of the remaining profits. Such portion waived by Shenfu Assets will be rewarded to the General Partner as risk compensation and business rewards (the "**Reward Payment**").

As mentioned above, distribution (including the Difference Payment) will only be made after all Parties having contributed their respective Total Commitment. The Company believes that the arrangement for Parties to contribute the Total Commitment within 12 months will not have any material adverse impact on the operation and business of the Joint Venture.

Shenfu Assets' purpose of the investment is to support the development of financing guarantee institutions. When the Joint Venture is able to meet the Operation Target, Shenfu Assets will waive and reward to the General Partner entitlements of the profits in the mechanism set forth above.

With the Group's 16 years of industry experiences, and also with reference to the Group's achieving a guarantee balance representing around 8 times or above of the total registered capitals of the Group's subsidiaries engaging in guarantee business in each of the years ended 31 December 2017, 2018 and 2019, the

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## LETTER FROM THE BOARD

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Group has confidence in the Joint Venture reaching the Operation Target.

The Company considers that the Basis Point is lower than the prevailing interest rate available in the market, and the average financing costs of the Group in recent years. Shenfu Assets' investment in the Joint Venture reflects the government policy-led arrangement of supporting the industry through applying government funding with principal guaranteed and narrow profit. In line with the principle that risks should generally be proportionate to potential return, given Shenfu Assets' entitlement to the Joint Venture's gain will be limited due to granting the Reward Payment to Liaoning Hanhua Capital, it is not unfair or unreasonable for the risks to be incurred by Shenfu Assets to be lowered relatively.

In light of the above, and with the grant of Reward Payment which is very favourable to the Group, the Board considers the distribution arrangement as a whole under the Limited Joint Venture Agreement (including the Difference Payment) is fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

### **Conditions Precedent**

The establishment of the Joint Venture and transactions contemplated under the Limited Joint Venture Agreement are subject to the Company having obtained the approval by the Shareholders at a general meeting of the Company.

The above condition precedent may not be waived by any parties to the Limited Joint Venture Agreement.

### **Information about the Partners**

#### **The Company**

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.

#### **Liaoning Hanhua Capital**

Liaoning Hanhua Capital is a subsidiary of the Company. It was established on 14 October 2015 with a registered capital of RMB 110,000,000. It is mainly engaged in entrusted management of equity investment fund companies, equity investment and management of investment projects, venture capital, and business management consulting.

#### **Shenfu Assets**

Shenfu Assets, established on 23 April 2019, has a registered capital of RMB 20,000,000. It is owned by the Finance Bureau of Shenfu New District Management Committee of Liaoning Province. It is mainly engaged in the operation and management of state-owned assets; project investment and non-profit project investment and

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## LETTER FROM THE BOARD

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management; foreign investment; investment consulting; financial leasing etc.

To the best of the Directors' knowledge, due diligence and belief after making all reasonable enquiries, Shenfu Assets and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

### **Financial Impact of the Establishment of Joint Venture**

The capital contribution of the Company and its subsidiary, Liaoning Hanhua Capital, will be provided by internal resources of the Group. Due to the diversification of the capital contribution cycle, the capital contribution will not cause significant fluctuations or any significant adverse effects on the financial position of the Group.

The financial results of the Joint Venture and inclusive financing guarantee institution(s) will be included in the Group's consolidated financial statements.

Assuming that the transactions contemplated under the Limited Joint Venture Agreement having been fully completed, it is expected to have the following financial impact to the Group's consolidated accounts: (1) the assets and liabilities of the Joint Venture will be consolidated to the Group's consolidated financial statements, and (2) the Group's payment of its commitment under the Limited Joint Venture Agreement will also be reflected.

### **Reasons and Benefits of the Establishment of Joint Venture**

It is expected that the Joint Venture will allow the Group to use the support funds for the government financing guarantee industry to invest in the financing guarantee business in Liaoning Province. This provides strategic opportunities to the Group by using the Joint Venture as an effective platform to integrate the resources and business advantages accumulated by the Group in Liaoning Province over the past 16 years, as well as the Group's technology, system and team advantages in the field of financing guarantee. With the funds and credit provided by the local government through Shenfu Assets, the Joint Venture could actively participate in the construction of local financing guarantee system. The establishment of the Joint Venture will help the Group's business development in Liaoning region, as well as innovate investment and management models in the field of financing guarantee, also provide financing services for the real economy and small and medium-size enterprise and make it bigger and stronger.

Therefore, and also taking into account factors and further discussed in the paragraph headed "Limited Joint Venture Agreement" above, the Directors believe that the establishment of the Joint Venture and the Limited Joint Venture 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 maximum applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) calculated from the transactions contemplated under the Limited Joint Venture Agreement exceeds 25% but is less than 75%, the transactions 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.

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## LETTER FROM THE BOARD

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

The Second 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 Second Supplemental Circular.

Please refer to the Original Circular and the Original Notice both dated 26 May 2020 and the Supplemental Circular and the Supplemental Notice both dated 11 June 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 Second Supplemental Proxy Form used for the additional resolution set out in the Second 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 resolutions set out in the Supplemental Proxy Form and the Second Supplemental Proxy Form. Similarly, if you have properly completed and submitted only the Second Supplemental Proxy Form in accordance with the instructions set out herein, the appointed proxy will vote on the additional resolution set out in the Second Supplemental Proxy Form per 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 and the Supplemental Proxy Form. If you wish to provide specific direction(s) to your proxy regarding the voting of all resolutions set out in the First Proxy Form and the Supplemental Proxy Form and the Second Supplemental Proxy Form, you should duly complete and submit three proxy forms in accordance with the instructions set out therein.

The Second Supplemental Proxy Form will not affect the validity of (i) the duly completed First Proxy Form in respect of the resolutions set out in the Original Notice dated 26 May 2020; and (ii) the duly completed Supplemental Proxy Form in respect of the resolutions set out in the Supplemental Notice despatched by the Company on 11 June 2020.

Whether or not you intend to attend the AGM, 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 and/or the Second 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.

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 establishment of the Joint Venture and the transactions contemplated the Limited Joint Venture Agreement, and therefore no shareholder is required to abstain from voting at the AGM.

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## LETTER FROM THE BOARD

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### 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 establishment of the Joint Venture 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><u>As of 30 April 2020</u></b>
	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	<u>1,723,494</u>
<b>Total interest-bearing borrowings</b>	<b><u>5,082,007</u></b>
Debt securities issued	1,750,606
Financial asset sold under repurchase agreement	313,435
Lease liabilities	<u>26,001</u>
<b>Total indebtedness</b>	<b><u>7,172,049</u></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**

Following the establishment of the Joint Venture, 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 its professional its expertise and solid experience in the business, and continue to implement prudent and detailed measures. The introduction of government funds will help to enhance the Company's credit rating, obtain government subsidies and support, and support the development of SMEs. New capital injection will strengthen the Group's guarantee capacity and expands its business scale. The Group is convinced that the establishment of the Joint Venture 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.

The Group will actively promote the Joint Venture to introduce other types of government funds at various levels in a timely manner, inject additional capital into inclusive financing guarantee institutions, continuously enhance their capital strength, upgrade credit ratings, expand guarantee scale, and innovate management models.

### **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 establishment of the Joint Venture, the Company has sufficient working capital for its normal business for at least the next twelve months from the date of this circular.

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## APPENDIX

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### 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 at 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		No. of Shares held	Approximate	Approximate
		Share	Nature of interests		percentage in relevant class of Share	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



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**APPENDIX**

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		H Share	Beneficial owner	360,443	0.03	0.008
				(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. No Material Adverse Change**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019 (being the date to which the latest published accounts of the Company were made up).

### **8. 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 equity transfer agreement dated 10 April 2020 between Shenzhen Fantai, Guangzhou Fake, Guangzhou Lingqiu, Guangdong Lijun (as buyers) and the Company, Hanhua Asset, Zhongwei Asset, Hanhua

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## APPENDIX

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Guarantee (as seller), in respect of the disposal of Heilongjiang Hanhua Internet Small Loan Co., Ltd. in the aggregate consideration of RMB 358,800,000; and

- (b) the Limited Joint Venture Agreement.

### 9. 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 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.

### 10. 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 Limited Joint Venture Agreement;
- (b) the articles of association of the Company;
- (c) the letter from the Board, the text of which is set out on pages 3 to 11 of this circular;
- (d) the annual reports of the Company for the two years ended 31 December 2019;
- (e) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;
- (f) the circular of the Company dated 11 June 2020 in respect of a major transaction regarding disposal of 100% equity interests in a subsidiary; and
- (g) 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)**

**THE SECOND SUPPLEMENTAL NOTICE OF AGM**

Reference is made to (i) 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; and (ii) the supplemental notice of the AGM of the Company dated 11 June 2020 (the “Supplemental Notice”) which sets out the time and the venue of the AGM and contains an additional resolution to be proposed at the AGM for shareholders’ consideration and approval.

**THE SECOND 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 and the Supplemental Notice:

**ORDINARY RESOLUTION**

9. To consider and approve the establishment of a joint venture.

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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## THE SECOND SUPPLEMENTAL NOTICE OF AGM

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### *Notes:*

1. Details of the above resolution are set out in the second supplemental circular of the Company dated 11 June 2020 with respect to, among other things, the establishment of a joint venture (the “**Second 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 and the Supplementary Notice dated 11 June 2020. Please refer to the Original Notice and the circular of the Company for dated 26 May 2020 (the “**Original Circular**”) and the Supplemental Notice and the Supplemental circular of Company for the AGM dated 11 June 2020 with respect to, among other things, disposal of 100% equity interests in a subsidiary (the “**Supplemental Circular**”) for details of the other resolutions to be passed at the AGM and other relevant matters.
2. A second supplemental form of proxy (the “**Second Supplemental Proxy Form**”) in respect of the above resolution has been enclosed with the Supplemental Circular. If you have properly completed and submitted only the first proxy form (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 resolutions set out in the Supplemental Proxy Form and the Second Supplemental Proxy Form. Similarly, if you have properly completed and submitted only the Second Supplemental Proxy Form in accordance with the instructions set out herein, the appointed proxy will vote on the resolutions set out in the Second Supplemental Proxy Form per the your direction and he/she is entitled to vote or abstain at his/her discretion on the resolution set out in the First Proxy Form and the Supplemental Proxy Form . If your wish to provide specific directions to your proxy regarding the voting of all resolutions set out in the First Proxy Form and the Supplemental Proxy Form and the Second Supplemental Proxy Form, you should duly complete and submit three proxy forms in accordance with the instructions set out therein.
3. You are required to complete and return the accompanying proxy form(s) 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.
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 and the Supplemental Notice.