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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)

DISCLOSABLE AND CONNECTED TRANSACTION ACQUISITION OF EQUITY INTEREST IN A SUBSIDIARY

ACQUISITION OF EQUITY INTEREST IN SICHUAN MICRO-CREDIT

The Board announces that, on 10 January 2022 (after trading hours), the Company and Chengdu Metallic Materials entered into the Equity Transfer Agreement pursuant to which the Company has agreed to acquire, at the total consideration of RMB116,000,000, an aggregate of approximately 14.29% equity interest in Sichuan Micro-credit (a direct non wholly-owned subsidiary) from Chengdu Metallic Materials. Upon completion of the Equity Transfer Sichuan Micro-credit will become a direct wholly-owned subsidiary of the Company and the financial results of Sichuan Micro-credit will continue to be consolidated into the Company's financial results.

LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios in respect of the Equity Transfer as calculated pursuant to Rule 14.07 of the Listing Rules are more than 5% but less than 25%, the entering into of the Equity Transfer Agreement and the transaction contemplated thereunder constitute a disclosable transaction of the Company under Chapter 14 of the Listing Rules and shall be subject to the reporting and announcement requirements.

As at the date of this announcement, the Company holds approximately 85.71% equity interest in Sichuan Micro-credit and Sichuan Micro-credit is a direct non wholly-owned subsidiary of the Company. Chengdu Metallic Materials holds approximately 14.29% equity interest in Sichuan Micro-credit, thus Chengdu Metallic Materials is a connected person of the Company at the subsidiary level, and the Equity Transfer constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Given that the Board has approved the Equity Transfer Agreement and all independent non-executive Directors have confirmed that the terms of the Equity Transfer Agreement are fair and reasonable, on normal commercial terms or better and in the interest of the Company and its shareholders as a whole, the Equity Transfer Agreement is only subject to the reporting and announcement requirements under Rule 14A.101 of the Listing Rules and is exempt from the circular, independent financial advice and independent shareholders' approval requirements.

As none of the Directors is considered to have material interest in the transaction contemplated under the Equity Transfer Agreement, no Directors is required to be abstained from voting on the approval of the Equity Transfer Agreement and the transaction contemplated thereunder at the Board meeting.

The Board announces that, on 10 January 2022 (after trading hours), the Company and Chengdu Metallic Materials entered into the Equity Transfer Agreement pursuant to which the Company has agreed to acquire, at the total consideration of RMB116,000,000, an aggregate of approximately 14.29% equity interest in Sichuan Micro-credit (a direct non wholly-owned subsidiary) from Chengdu Metallic Materials. Upon completion of the Equity Transfer, Sichuan Micro-credit will become a direct wholly-owned subsidiary of the Company, and the financial results of Sichuan Micro-credit will continue to be consolidated into the Company's financial results.

EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are set out as follows:

DATE

10 January 2022 (after trading hours)

PARTIES

- (a) The Company (as transferee); and
- (b) Chengdu Metallic Materials (as transferor).

As at the date of this announcement, the Company holds approximately 85.71% equity interest in Sichuan Micro-credit and Sichuan Micro-credit is a direct non wholly-owned subsidiary of the Company. Chengdu Metallic Materials holds approximately 14.29% equity interest in Sichuan Micro-credit, and Chengdu Metallic is thus a connected person of the Company at the subsidiary level.

EQUITY INTEREST TO BE ACQUIRED

Pursuant to the Equity Transfer Agreement, the Company will acquire approximately 14.29% equity interest in Sichuan Micro-credit (representing RMB100,000,000 of its registered capital) held by Chengdu Metallic Materials, including all rights related to such equity interest and under the articles of association of Sichuan Micro-credit and relevant laws and regulations.

CONSIDERATION FOR THE EQUITY TRANSFER

The aggregate Consideration of RMB116,000,000 shall be settled by the Company in the following manner:

- (a) RMB34,800,000, representing 30% of the Consideration, shall be paid by the Company to Chengdu Metallic Materials before 15 January 2022;
- (b) RMB17,400,000, representing 15% of the Consideration, shall be paid by the Company to Chengdu Metallic Materials before 31 March 2022;
- (c) RMB17,400,000, representing 15% of the Consideration, shall be paid by the Company to Chengdu Metallic Materials before 30 April 2022;
- (d) RMB17,400,000, representing 15% of the Consideration, shall be paid by the Company to Chengdu Metallic Materials before 31 May 2022; and
- (e) RMB29,000,000, representing 25% of the Consideration, shall be paid by the Company to Chengdu Metallic Materials before 30 June 2022.

The Consideration was determined based on arm's length negotiations between the Company and Chengdu Metallic Materials taking into account, among other factors, the estimated audited net asset value of Sichuan Micro-credit as of 31 December 2021, dividends paid to holders of equity interest for the year ended 31 December 2021 and Chengdu Metallic Materials' proportion of equity interest in Sichuan Micro-credit. The Company intends to settle the Consideration by internal resources.

As the audited financial statements of Sichuan Micro-credit for the year ended 31 December 2021 will be issued after the entering into of the Equity Transfer Agreement, the final consideration for the Equity Transfer (the "**Final Consideration**") shall be subject to downward adjustment in accordance with the terms of the Equity Transfer Agreement. The Parties will accordingly adjust the actual amount of each unpaid instalment of the Final Consideration. Chengdu Metallic Materials shall reimburse to the Company any difference between the instalment amounts paid and the actual respective instalment amount of the Final Consideration when the next unpaid instalment is due.

CONDITIONS PRECEDENT

The Parties shall apply for approval of the Equity Transfer from the relevant financial regulatory authority within 10 working days from the date of the Equity Transfer Agreement.

The Parties shall also transact the registration of the Equity Transfer before 30 March 2022.

COMPLETION

Completion of the Equity Transfer will take place on the date when registration with relevant regulatory authorities has been completed.

REASONS FOR AND BENEFITS OF THE EQUITY TRANSFER

Upon completion of the Equity Transfer, the Company will become the sole shareholder of Sichuan Micro-credit, allowing the Company to have control over the management of Sichuan Micro-credit, which is conducive to the Company's overall management and development deployment of the whole micro-credit business.

The Directors are of the view that the terms of the Equity Transfer Agreement are fair and reasonable and the entering into of the Equity Transfer Agreement is in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE GROUP

The Company is a national inclusive comprehensive financial service, and the PRC's first national inclusive financial service group listed on the Stock Exchange, focusing on providing diversified and comprehensive financial services to micro, small and medium-sized enterprises and individuals in the PRC. The Group continues to maintain a leading position in the PRC in terms of business scale, institutional layout, professional team, risk control and service standard.

INFORMATION ON CHENGDU METALLIC MATERIALS

Chengdu Metallic Materials is a company established in the PRC with limited liability on 20 January 1986, it mainly engages in the sales of metal materials and products (excluding rare metals), mineral products (excluding rare metal mineral), and building materials. Chengdu Metallic is owned as to approximately 28% by Mr. Wen Yi, approximately 12.1% by Mr. Ran Yuhua and approximately 59.1% by other minority shareholders. As far as the Board is aware, no other minority shareholder alone owns more than 6% of Chengdu Metallic Materials.

INFORMATION ON SICHUAN MICRO-CREDIT

Sichuan Micro-credit is a company established on 19 May 2009 in Chengdu, the PRC and a direct non wholly-owned subsidiary of the Company as at the date of this announcement. It is principally engaged in money lending and related consultation business.

As of the date of this announcement, the shareholding structure of Sichuan Micro-credit is set out below:

Shareholder	Capital contribution amount <i>(RMB)</i>	Shareholding <i>(approximate %)</i>
The Company	600,000,000	85.71%
Chengdu Metallic Materials	100,000,000	14.29%
Total	700,000,000	100.00

Upon completion of the Equity Transfer, the shareholding structure of Sichuan Micro-credit will be as follows:

Shareholder	Capital contribution amount <i>(RMB)</i>	Shareholding <i>(approximate %)</i>
The Company	700,000,000	100%

Set out below is the audited consolidated financial information of Sichuan Micro-credit for the 2 financial years ended 31 December 2020 and the 6 months ended 30 June 2021:

	Net profit before taxation <i>(RMB)</i>	Net profit after taxation <i>(RMB)</i>	Net assets <i>(RMB)</i>
30 June 2021	27,865,880	23,685,998	811,757,501
31 December 2020	72,198,942	60,739,483	804,962,228
31 December 2019	79,681,197	67,542,550	784,452,526

LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios in respect of the Equity Transfer as calculated pursuant to Rule 14.07 of the Listing Rules are more than 5% but less than 25%, the entering into of the Equity Transfer Agreement and the transaction contemplated thereunder constitute a disclosable transaction of the Company under Chapter 14 of the Listing Rules and shall be subject to the reporting and announcement requirements.

As at the date of this announcement, the Company holds approximately 85.71% equity interest in Sichuan Micro-credit and Sichuan Micro-credit is a direct non wholly-owned subsidiary of the Company, Chengdu Metallic Materials holds approximately 14.29% equity interest in Sichuan Micro-credit, thus Chengdu Metallic Materials is a connected person of the Company at the subsidiary level, and the Equity Transfer constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Given that the Board has approved the Equity Transfer Agreement and all independent non-executive Directors have confirmed that the terms of the Equity Transfer Agreement are fair and reasonable, on normal commercial terms or better and in the interest of the Company and its shareholders as a whole, the Equity Transfer Agreement is only subject to the reporting and announcement requirements under Rule 14A.101 of the Listing Rules and is exempt from the circular, independent financial advice and independent shareholders' approval requirements.

As none of the Directors is considered to have material interest in the transaction contemplated under the Equity Transfer Agreement, no Directors is required to be abstained from voting on the approval of the Equity Transfer Agreement and the transactions contemplated thereunder at the Board meeting.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“Chengdu Metallic Materials”	Chengdu Metallic Materials Co., Ltd.* (成都市金屬材料有限公司), a company established in the PRC
“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, whose H shares are listed on the Main Board of the Stock Exchange (Stock Code: 3903)
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“connected transaction”	has the meaning ascribed to it in the Listing Rules
“Consideration”	the consideration in the amount of RMB116,000,000 for the Equity Transfer, subject to adjustments
“Director(s)”	the director(s) of the Company
“Equity Transfer”	the transfer of approximately 14.29% equity interest in aggregate in Sichuan Micro-credit to the Company by Chengdu Metallic Materials pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	the Equity Transfer Agreement entered into between the Company and Chengdu Metallic Materials on 10 January 2022 in relation to the Equity Transfer
“Final Consideration”	has the meaning ascribed to it under the section headed “Consideration for the Equity Transfer”
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	the Company and Chengdu Metallic Materials
“PRC”	the People’s Republic of China, for the purposes of this announcement only, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sichuan Micro-credit”	Sichuan Hanhua Micro-credit Co., Ltd.* (四川瀚華小額貸款有限公司), a company established in the PRC and a direct non wholly-owned subsidiary of the Company as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Chongqing, the PRC, 10 January 2022

As at the date of this announcement, the executive Directors of the Company are Mr. ZHANG Guoxiang and Mr. CUI Weilan; the non-executive Directors of the Company are Ms. LIU Jiaoyang, Ms. LIU Tingrong, Ms. WANG Fangfei, Mr. FENG Yongxiang and Mr. LIU Bolin; and the independent non-executive Directors of the Company are Mr. BAI Qinxian, Mr. DENG Zhaoyu, Mr. QIAN Shizheng, Mr. NG Leung Sing and Mr. YUAN Xiaobin.

**For identification purpose only*