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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)

PROPOSED APPOINTMENT OF AUDITOR; BOOK CLOSURE FOR REGISTRATION OF TRANSFERS OF H SHARES AND CONTINUED SUSPENSION OF TRADING

This announcement is made by Hanhua Financial Holding Co., Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.51(4) of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), Rules 13.09(2) and 13.49(3) of the Listing Rules, and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to (i) the announcements of the Company in relation to, among other matters, the Incident dated 25 March 2025, the delay in publication of the annual results of the Group for the years ended 31 December 2024 dated 27 March and 12 May 2025, the trading halt dated 28 March 2025, the delay in publication of the interim results of the Group for the six months ended 30 June 2025 dated 27 August 2025, the updates on resumption progress dated 26 June, 28 August, 26 September and 24 December 2025 and 23 March 2026; and (ii) the announcement of the Company dated 16 June 2026 in relation to the resignation of auditor (collectively, the "**Previous Announcements**"). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Previous Announcements.

PROPOSED APPOINTMENT OF AUDITOR

In view of the vacancy in the office of auditor of the Company following the resignation of KTC Partners CPA Limited as the auditor of the Company with effect from 15 June 2026, and in order to facilitate the completion of the audits of the consolidated financial statements of the Group for the years ended 31 December 2024 and 31 December 2025 and the publication of the outstanding financial results and reports of the Company as soon as practicable, the Board has resolved on 18 June 2026, with the recommendation of the Audit Committee, to propose the appointment of Prism Hong Kong Limited ("**Prism**") as the new auditor of the Company to undertake the audits of the consolidated financial statements of the Group for the years ended 31 December 2024 and 31 December 2025, with effect from the date of approval by the Shareholders at the EGM (as defined below) and to hold office until the conclusion of the next annual general meeting of the Company (the "**Proposed Appointment of Auditor**").

The Proposed Appointment of Auditor is subject to the passing of an ordinary resolution by the Shareholders at an extraordinary general meeting of the Company (the "**EGM**").

ASSESSMENT OF PRISM

In evaluating the proposed appointment of Prism, the Audit Committee has had regard to the guidelines issued by the Accounting and Financial Reporting Council (the "**AFRC**"), including the *Guidelines for Effective Audit Committees – Selection, Appointment and Reappointment of Auditors*. The Audit Committee has come to its recommendation, having assessed the qualifications, experience, independence, fee quotation, resources, manpower, proposed timetable, audit approach and scope of services of Prism, based on information provided by, and discussions with, Prism. The Board, after due consideration of the Audit Committee's recommendation, and the Audit Committee have resolved to propose the appointment of Prism as the auditor of the Company to the Shareholders after taking into account the key factors set out below.

Competence, leadership and team resources, scope and audit approach

Based on information provided by Prism, Prism is an independent accounting firm headquartered in Hong Kong with more than 150 professionals (including over 30 qualified accountants) across its Hong Kong and Mainland China offices, with each of its partners having over 15 years of audit experience. Prism has confirmed that it currently provides audit services to more than 70 companies listed on the Stock Exchange, including companies in sectors directly relevant to the Company, namely financial asset management and services companies listed on the Stock Exchange, such as Value Convergence Holdings Limited (821.HK), OCI International Holdings Limited (329.HK) and China Investment Financial Technology Group Limited (8029.HK).

The proposed core engagement team comprises an engagement partner, a key partner and an engagement quality control reviewer, each of whom is a member of the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and has audit experience ranging from over 10 years to over 20 years, including audit and related experience in initial public offerings and cross-border engagements and complex audit engagements involving relatively prolonged suspension of trading in the securities of relevant listed issuers. The engagement partner has also confirmed that he has relevant industry experience in financial asset management and services as referred to above. They are to lead a team comprising a senior manager who holds Chinese Institute of Certified Public Accountants (the "**CICPA**") certification and has over 10 years of listed company audit experience, and other audit professionals who are CICPA student members, some of whom have over five years of Hong Kong listed company audit experience. Prism has confirmed that it implements documented audit processes to ensure traceability from initial planning to audit completion and responsiveness to regulatory requirements for quality control purposes, and promotes a culture committed to audit quality, professional scepticism and legal and regulatory compliance.

Prism has provided its proposed audit scope and approach. In addition to incorporating additional audit procedures in light of the matters disclosed in the Previous Announcements and planning to perform additional procedures for the initial audit engagement, Prism's proposed approach covers the Group's business and operations on a structured and risk-based basis, including collaboration with component auditors and independent valuers, and encompasses a multifaceted examination comprising risk assessment and internal control evaluation, substantive examination of audit evidence, revenue recognition and contractual analysis, and areas of audit focus including impairment of financial assets, impairment of long-term assets and estimation of guarantee compensation provisions. The Audit Committee has also noted that, in addition to its detailed proposal, including its commitment to report to the Audit Committee in the absence of management on audit planning, audit progress and significant financial reporting matters before final reporting, Prism has been responsive to the Audit Committee's enquiries throughout the selection process.

Based on the specific circumstances of the Group, the additional procedures proposed by Prism in light of the matters disclosed in the Previous Announcements, the planned involvement by Prism of component auditors and independent valuers, and Prism's commitment to maintain effective collaboration and transparent communication with the Audit Committee, the Board and the Audit Committee consider that Prism and its proposed audit team have the competence (including industry knowledge), leadership, team resources and capabilities to properly undertake the audit engagement, and that Prism's proposed scope of audit and audit approach are appropriate.

Compliance with relevant ethical requirements, independence and quality control

Prism has confirmed that it is independent of the Group and that, based on the information currently available to Prism, there are no financial, business, employment or other relationships between Prism (including its partners and proposed engagement team members) and the Group, the Directors, senior management or substantial shareholders of the Company that may impair its independence. Prism has also represented that it maintains policies and procedures for client acceptance, independence assessment, conflict checks, internal quality control, ongoing monitoring and continuing professional training.

The Board and the Audit Committee have noted the published disciplinary decisions of the AFRC involving Prism, including (i) the public reprimand and pecuniary penalties imposed by the AFRC on Prism and certain individuals, as set out in the AFRC's press release dated 11 September 2025 in relation to engagement-related incidents that took place during 2023 concerning the authorisation of individuals who were not registered as Prism's engagement partner or engagement quality control reviewer to act in such capacities in public interest entity engagements; and (ii) the public reprimand and pecuniary penalty imposed by the AFRC on

Prism, as set out in the AFRC's press release dated 5 March 2026 in relation to non-compliance with anti-money laundering and counter-terrorist financing requirements identified during inspections.

In respect of the reprimand on Prism as set out in AFRC's press release dated 11 September 2025, Prism has provided the following explanations and representations:

1. The core issue cited in the reprimand was Prism's registration process lapse in 2023, wherein one partner acted as the engagement partner and another partner as the engagement quality control reviewer in several PIE (public interest entity) engagements without the required registrations.

2. Prism has implemented remedial actions to address the identified deficiency, including enhanced registration workflows, tightened supervision and targeted training for core engagement members to ensure that the engagement partner and engagement quality control reviewer are qualified during the acceptance process. Following the AFRC's post-review in late 2025, the AFRC concluded that Prism's internal quality controls were satisfactory.

While the reprimand reflects a historical process deficiency, the Directors emphasise that Prism's remediation measures in recent years and the AFRC's favourable conclusion for the year of 2025 support continued confidence in Prism, subject to ongoing monitoring of the quality control environment and continued adherence to regulatory and professional standards.

The Board and the Audit Committee also note that, while the AFRC issued the disciplinary decision against Prism on 5 March 2026 (the "**AFRC Decision**"), the relevant breaches identified by the AFRC were historical in nature. The incidents occurred during the course of taking up engagements prior to or during the 2023 inspection, which was three years ago. Such historical oversights might not reflect the current operational standards and compliance framework of Prism.

As noted in the AFRC Decision, the frequency, duration and impact of the misconduct were relatively limited. Furthermore, the AFRC acknowledged Prism's prompt remedial actions, including engaging an external reviewer to conduct a comprehensive Anti-Money Laundering ("**AML**") compliance review. Prism had admitted the wrongdoing, cooperated with the AFRC, and demonstrated a commitment to rectifying the historical control weaknesses.

After the 2023 inspection, Prism has upgraded its internal controls and compliance measures to prevent recurrence. Prism represents that it now operates under an improved and structured framework including the following elements:

(i) Establishment of a dedicated Quality Assurance Department

Prism has established a quality assurance department and implemented acceptance procedures for onboarding new clients and sustaining existing client relationships.

(ii) Strict adherence to AML guidelines

Prism's current procedures are stated to be in accordance with applicable independence and risk assessment requirements, including the Hong Kong Institute of Certified Public Accountants' guidelines on Anti-Money Laundering and Counter-Terrorist Financing.

(iii) Enhanced risk assessment and SOQM approval

Before any engagement is initiated, Prism's engagement team must evaluate potential threats and the engagement must pass through standard risk and quality control processes, requiring final authorisation from the System of Quality Management partner.

(iv) Ongoing monitoring

Any changes in a client's circumstances or regulatory environment would prompt reassessment of independence and risk, with escalation to relevant governance bodies if necessary. Prism has further represented that, following an AFRC inspection review conducted in late 2025, the inspection results indicated that there were no longer any findings related to AML compliance, suggesting that Prism has rectified the historical control weaknesses that led to the AFRC Decision.

Based on the aforementioned, the Board and the Audit Committee conclude that Prism's updated governance and risk management processes, and the reported status of more recent inspection outcomes, indicate that Prism now possesses a structured monitoring framework to support ongoing compliance and quality. As the AFRC disciplinary decision relates to historical matters and Prism has implemented corrective measures, the Board and the Audit Committee are satisfied that the AFRC disciplinary decision does not impair Prism's suitability to act as the auditor of the Company. The Audit Committee has concluded that Prism remains competent and capable of being the Company's auditor.

Proposed timetable with expected dates

Subject to the approval of the Shareholders at the EGM, completion of Prism's client acceptance procedures, the timely provision of the required information and documents by the Group and the relevant parties, and the proper handling of the outstanding audit matters disclosed in the Previous Announcements, Prism has proposed to the Audit Committee an audit timetable under which the audit engagement is expected to be completed by mid-September 2026. Details of the proposed audit timetable are as follows:

Board to confirm the auditor candidate and convene the general meeting for the appointment of auditor	Mid-June 2026
Convening of the EGM to determine whether Prism shall be appointed as the new auditor based on the voting results at the EGM	10 July 2026
Commencement of audit planning and on-site/remote fieldwork	Mid-July to mid-August 2026
Audit reporting to the Audit Committee	Mid-August to late August 2026

The proposed timetable is indicative only and may be subject to change depending on, among other things, the progress of the EGM, the timely provision of audit evidence and supporting documents, the completion of follow-up work in respect of the outstanding audit matters and the review by the Audit Committee. The Company will make further announcement(s) in relation to the expected publication date(s) of the outstanding financial results and reports and other material developments as and when appropriate in accordance with the Listing Rules.

Proposed remuneration

The aggregate audit fee for the audits of the consolidated financial statements of the Group for the years ended 31 December 2024 and 31 December 2025 is expected to be not more than RMB6.0 million, exclusive of audit-related out-of-pocket expenses.

The proposed audit fee was determined after arm's length negotiations between the Company and Prism, taking into account, among other things, the actual circumstances of the Group, the scope of audit services required, the matters disclosed in the Previous Announcements, the expected level of professional responsibility, the degree of professional and technical expertise required, and the seniority, experience and time commitment of the personnel involved in the audit engagement. To facilitate the prompt commencement and progress of the audit work, the Board proposes to authorise the management of the Company to determine the specific audit service fee and other terms, sign the relevant engagement agreement(s), and proceed with the handover of information and the subsequent audit work, subject to the approval of the Shareholders at the EGM.

VIEW OF THE BOARD AND THE AUDIT COMMITTEE

Having considered the above factors, the Board and the Audit Committee are of the view that (i) the Proposed Appointment of Auditor will facilitate the completion of the outstanding audits and the publication of the outstanding financial results and reports of the Company; (ii) Prism possesses the independence, qualifications, experience, industry knowledge, manpower, expertise, time and other resources to perform the audit work for the Group; and (iii) the proposed audit fee is fair and reasonable and commensurate with the scope of audit work required by the Group. Accordingly, the Board and the Audit Committee consider that Prism is qualified and suitable to act as the auditor of the Company and that the Proposed Appointment of Auditor is in the interests of the Company and the Shareholders as a whole.

GENERAL

The Proposed Appointment of Auditor is subject to, among others, the completion of acceptance procedures from Prism and the passing of the ordinary resolution in respect of the Proposed Appointment of Auditor at the EGM. A circular containing, among other things, further information on the Proposed Appointment of Auditor, together with the notice convening the EGM, is expected to be despatched to the Shareholders in due course.

BOOK CLOSURE FOR REGISTRATION OF TRANSFERS OF H SHARES

The EGM will be held at Conference Room, 8th Floor, Building 2, 11 East Honghu Road, Yubei District, Chongqing, the People's Republic of China at 10:00 a.m. on Friday, 10 July 2026. According to the articles of association of the Company, in order to determine the list of Shareholders who are entitled to attend and vote at the EGM, the register of H shares of the Company will be closed from Tuesday, 7 July 2026 to Friday, 10 July 2026 (both days inclusive), during which no transfer of H shares of the Company will be effected. Holders of H shares of the Company who wish to be eligible to attend and vote at the EGM must deliver their transfer documents together with the relevant share certificates to Computershare Hong Kong Investor Services Limited, the share registrar of H shares of the Company, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on Monday, 6 July 2026.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on The Stock Exchange of Hong Kong Limited has been suspended with effect from 1:29 p.m. on 27 March 2025 and will remain suspended until further notice.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares or other securities of the Company.

By order of the Board
Hanhua Financial Holding Co., Ltd.
Cheng Juan
Chairman of the Board

Chongqing, the PRC, 18 June 2026

As at the date of this announcement, the executive Director is Ms. Cheng Juan; the non-executive Directors are Mr. Zhu Guangbo, Mr. Xi Yao and Mr. Liu Bolin; and the independent non-executive Directors are Ms. Zhan Ziqiong, Mr. Li Wei, Mr. Wang Zhifeng and Mr. Zhang Weihua; and the employee Director is Ms. Yang Guixiang.