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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 TRANSACTION ACQUISITION OF EQUITY INTEREST IN A SUBSIDIARY

ACQUISITION OF EQUITY INTEREST IN A SUBSIDIARY

The Board announces that, on 5 August 2022 (after trading hours), the Board considered and passed the resolution in relation to the acquisition of an aggregate of approximately 14.00% equity interest held by TaoRanJu, Huiyuan Investment, Mr. Wu Fanfan and Ms. Li QiuJun in Chongqing Micro-credit (a non-wholly-owned subsidiary of the Company) at a total consideration RMB90,837,990.58. The Company will enter into an Equity Transfer Agreement with each of the Transferors in respect of the Equity Transfer. Upon completion of the Equity Transfer, Chongqing Micro-credit will become a wholly-owned subsidiary of the Company and the financial results of Chongqing Micro-credit will continue to be consolidated into the Company's financial results.

LISTING RULES IMPLICATIONS

As the Equity Transfer and the Previous Equity Transfer are conducted within a 12-month period, the Equity Transfer and the Previous Equity Transfer are aggregated pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Equity Transfer in aggregate with the Previous Equity Transfer is more than 5% but less than 25%, the Equity Transfer and the Previous Equity Transfer, in aggregate, constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the reporting and announcement requirements under the Listing Rules.

INTRODUCTION

The Board announces that, on 5 August 2022 (after trading hours), the Board considered and passed the resolution in relation to the acquisition of an aggregate of approximately 14.00% equity interest held by TaoRanJu, Huiyuan Investment, Mr. Wu Fanfan and Ms. Li Qiujun in Chongqing Micro-credit (a non-wholly-owned subsidiary of the Company) at the total consideration RMB90,837,990.58. The Company will enter into an Equity Transfer Agreement with each the Transferors and the principal terms of the Equity Transfer Agreement are set out as follows:

EQUITY TRANSFER AGREEMENT

PARTIES

The Company, as transferee, shall enter into an Equity Transfer Agreement with each of TaoRanJu, Huiyuan Investment, Mr. Wu Fanfan, and Ms. Li Qiujun as transferor.

EQUITY INTEREST TO BE ACQUIRED

The Company will acquire approximately 6.00%, 5.00%, 2.00% and 1.00% equity interest of Chongqing Micro-credit held by TaoRanJu, Huiyuan Investment, Mr. Wu Fanfan and Ms. Li Qiujun, respectively, the total equity interest in Chongqing Micro-credit to be acquired by the Company is approximately 14.00% (the corresponding registered capital is RMB 500,000,000). which includes all rights related to such equity interest, and under the articles of association of Chongqing Micro-credit and relevant laws and regulations.

CONSIDERATION FOR THE EQUITY TRANSFER

The total consideration is RMB90,837,990.58, whereby the consideration to be paid to TaoRanJu shall be RMB 38,930,567.39, the consideration to be paid to Huiyuan Investment shall be RMB 32,442,139.49, the consideration to be paid to Mr. Wu Fanfan shall be RMB 12,976,855.80, and the consideration to be paid to Ms. Li Qiujun is RMB 6,488,427.90.

The consideration shall be paid to each of the Transferors in the following installments:

- (1) the Company will pay 30% of the consideration to the transferor after the completion of the industrial and commercial registration procedures;
- (2) the Company will pay 70% of the consideration to the transferor before 31 December 2022.

The consideration was determined based on arm's length negotiations between the Company and each of TaoRanJu, Huiyuan Investment, Mr. Wu Fanfan, Ms. Li Qiujun taking into account, among other factors, the estimated audited net asset value of Chongqing Micro-credit as of 31 December 2021, dividends paid to holders of equity interest for the year ended 31 December 2021. The Company intends to settle the consideration by internal resources.

CONDITIONS PRECEDENT

The parties to the Equity Transfer Agreement shall apply to the relevant financial regulatory authority for approval of the equity transfer within 30 working days from the date of execution of the Equity Transfer Agreement.

Upon obtaining the approval from the relevant financial regulatory authority, completion of the equity transfer shall take place before 30 September 2022.

Between the date of execution of the Equity Transfer Agreement and the date of completion of the equity transfer, if Chongqing Micro-credit is subject to property preservation measures,

enforcement measures, or any other circumstances that may cause the equity transfer to fail to complete, the Company has the right to request the transferor to immediately refund the amount paid by the Company to the transferor.

If changes are made to the principal terms of the Equity Transfer Agreement as disclosed in this announcement, the Company shall issue a supplementary announcement in accordance with relevant rules and regulations.

COMPLETION

Completion of the Equity Transfer will take place on the date when registration with relevant regulatory authorities has been completed and all the consideration has been paid to each of the Transferors.

REASONS FOR AND BENEFITS OF THE EQUITY TRANSFER

Upon completion of the Equity Transfer, the Company will become the sole shareholder of Chongqing Micro-credit, allowing the Company to have control over the management of Chongqing 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 each of the Equity Transfer Agreement are fair and reasonable and the entering into of each 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 TAORANJU

TaoRanJu is a company established in the PRC on 9 May 1997 with a registered capital of RMB39 million, mainly engaging in business in the catering industry. The shares of TaoRanJu are held by Ms. Yan Qi, as to approximately 53.47%, Mr. Du Kangwei, as to approximately 45.16% and other minority shareholders, as to approximately 1.37%.

INFORMATION ON HUIYUAN INVESTMENT

Huiyuan Investment is a company established in the PRC on 10 October 2008 with a registered capital of RMB5 million, mainly engaging in foreign investment business. The shares of Huiyuan Investment are held by Chongqing Outiancai Enterprise Management Co., Ltd.* (重慶歐田彩企業管理有限公司), as to 99%, and Mr. Lian Bangquan, as 1%.

To the best of the Directors' knowledge, due diligence and belief, after making all reasonable enquiries, each of TaoRanJu, Huiyuan Investment and its ultimate beneficial owners, Mr. Wu Fanfan and Ms. Li Qiujun are third parties independent of the Company and its connected persons.

INFORMATION ON CHONGQING MICRO-CREDIT

Chongqing Micro-credit is a company established in the PRC on 25 September 2008 with a registered capital of RMB500 million. As of the date of this announcement, it is a non wholly-owned subsidiary of the Company and is principally engaged in carrying out various businesses such as loans, bill discounting, asset transfer and equity investment with its own funds.

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

Shareholder	Capital contribution amount <i>(RMB)</i>	Shareholding <i>(approximate %)</i>
The Company	430,000,000	86.00
TaoRanJu	30,000,000	6.00
Huiyuan Investment	25,000,000	5.00
Mr. Wu Fanfan	10,000,000	2.00
Ms. Li QiuJun	5,000,000	1.00
Total	500,000,000	100.00

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

Shareholder	Capital contribution amount <i>(RMB)</i>	Shareholding <i>(approximate %)</i>
The Company	500,000,000	100%

Set out below is the audited consolidated financial information of Chongqing Micro-credit for the 2 financial years ended 31 December 2021:

	Net profit before taxation <i>(RMB)</i>	Net profit after taxation <i>(RMB)</i>	Net assets <i>(RMB)</i>
31 December 2021	77,444,238	65,607,165	717,566,373
31 December 2020	90,675,025	79,601,553	715,611,763

LISTING RULES IMPLICATIONS

Reference is made to the announcement of the Company dated 10 January 2022 in relation to the acquisition of approximately 14.29% equity interest in aggregate in Sichuan Micro-credit at a total consideration of RMB116,000,000 (the “**Previous Equity Transfer**”).

As the Equity Transfer and the Previous Equity Transfer are conducted within a 12-month period, the Equity Transfer and the Previous Equity Transfer are aggregated pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Equity Transfer in aggregate with the Previous Equity Transfer is more than 5% but less than 25%, the Equity Transfer and the Previous Equity Transfer, in aggregate, constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the reporting and announcement requirements under the Listing Rules.

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
“Chongqing Micro-credit”	Chongqing Hanhua Micro-credit Co., Ltd.* (重慶市瀚華小額貸款有限責任公司), a company established in the PRC and a direct non wholly-owned subsidiary of the Company as at the date of this announcement
“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)
“Director(s)”	the director(s) of the Company
“Equity Transfer”	the transfer of approximately 14.00% equity interest in aggregate in Chongqing Micro-credit to the Company by the Transferors pursuant to the Equity Transfer Agreement to be entered into between the Company and each of the Transferors
“Equity Transfer Agreement”	the agreement to be entered into between the Company and each of the Transferors in relation to the transfer of equity interest in Chongqing Micro-credit
“Group”	the Company and its subsidiaries
“Huiyuan Investment”	Chongqing Huiyuan Investment Co., Ltd.* (重慶惠遠投資有限公司)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Previous Equity Transfer”	has the meaning ascribed to it in the section headed “Listing Rules Implications” in this announcement
“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
“TaoRanJu”	Chongqing Taoranju Food Culture (Group) Co., Ltd.* (重慶陶然居飲食文化(集團)股份有限公司)
“Transferors”	TaoRanJu, Huiyuan Investment, Mr. Wu Fanfan and Ms. Li Qiujun
“%”	percent

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

Chongqing, the PRC, 5 August 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*