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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)

**UPDATE ON
DISCLOSEABLE TRANSACTION REGARDING
ESTABLISHMENT OF THE JV SECURITIES COMPANY**

References are made to the announcements of Hanhua Financial Holding Co., Ltd. (the “**Company**”) dated 1 December 2016, 6 December 2016 and 20 January 2017, respectively (collectively, the “**Announcements**”) in relation to the discloseable transaction regarding the establishment of the JV Securities Company. Unless the context otherwise requires, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements.

As disclosed in the Announcements, pursuant to the Joint Venture Contract, the Company and Chongqing Huiwei, a wholly-owned subsidiary of the Company, will hold an aggregate of 50% of the equity interests in the JV Securities Company proposed to be established. They will be deemed as controlling shareholders of the JV Securities Company. Pursuant to the requirements of the Guidelines on Administrative Approval for Securities Companies No.10 - Increase and Change in Equity Interest of Securities Companies* (《證券公司行政許可審核工作指引第 10 號—證券公司增資擴股和股權變更》) in the PRC, “if there is any controlling shareholder or *de facto* controller in a securities company, the controlling shareholders of the securities company and the shareholders controlled by the controlling shareholders or *de facto* controllers of the securities company are not allowed to transfer their equity interests in the securities company within 60 months from the date of acquisition of their shareholdings; other shareholders are not allowed to transfer their equity interests in the securities company within 36 months from the date of acquisition of their shareholding.” Therefore, on 12 January 2018 (after trading hours), the parties to the Joint Venture Contract agreed that the original lock-up arrangement of 48 months applicable to each shareholder (further details of which are set out the section headed “RESTRICTIONS ON TRANSFER” in the announcement of the Company dated 1 December 2016) shall be updated to reflect the above, and the relevant principal terms are summarised as follows: upon the expiry of the lock-up period of the equity interests of the shareholders of the JV Securities Company, such shareholder may transfer its equity interests, in whole or in part, between each other (including between shareholders and the related parties of other shareholders). In particular, the Company and Chongqing Huiwei will not transfer their equity interests therein within 60 months from the date of formal establishment of the JV Securities Company, and Jiangbeizui Group, Kingsway Financial and Prive Financial will not transfer their equity interests therein within 36 months from the date of formal establishment of the JV Securities Company.

Save as the aforesaid supplemental information in relation to the lock-up period, the major terms of the Joint Venture Contract remain unchanged and continue to be in full force. The Company believes that the change is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The JV Securities Company will continue to be accounted for as an associate based on equity method. The above accounting treatment is based on the current proposed transaction structure and facts available and preliminary discussion with the external auditors of the Company, which is subject to relevant audit or review procedure.

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

Beijing, the PRC, 12 January 2018

As at the date of this announcement, the executive Directors of the Company are Mr. ZHANG Guoxiang, Mr. WANG Dayong and Mr. CUI Weilan; the non-executive Directors of the Company are Mr. TU Jianhua, Mr. DUAN Xiaohua, 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*