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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)

**SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO
THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021**

Reference is made to the annual report of Hanhua Financial Holding Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2021 (the “**2021 Annual Report**”) dated 13 April 2022. Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the 2021 Annual Report.

In addition to the information as set out in the 2021 Annual Report, the Board hereby provides supplemental information in relation to the major terms of the micro and small loans granted under the Company’s SME lending business.

Interest rates of micro and small loans

The interest rate we charge on a micro and small loan depends on a number of factors, including the credit and type of the borrower, whether the loan is secured or unsecured, the quality of guarantee, and the term of the loan. The Company’s average interest and handling fee rate for micro and small loans granted in 2021 was approximately 14.8% per year.

Collaterals of micro and small loans

Depending on whether a guarantor or collateral is provided, the Company classify the Company’s micro and small loans into the following three categories:

- (1) Credit loan: neither secured by collateral nor backed by any guarantor;
- (2) Guaranteed loan: backed by guarantors but not secured by collateral; and
- (3) Secured loan: secured in whole or in part by collateral, primarily property, and which may or may not be backed by guarantors. Prior to funding a secured loan, the Company register its security interest in the collateral with the relevant government authority.

The following table sets forth the distribution of the Company's micro and small loan portfolio by collaterals as at 31 December 2021:

(Expressed in RMB million, unless otherwise stated)	As at 31 December			
	2021		2020	
	<i>Amount</i>	<i>% of total</i>	<i>Amount</i>	<i>% of total</i>
Credit loans	12.6	1.8	34.8	2.1
Guaranteed loans	200.4	29.5	383.0	23.1
— guaranteed by intra-group guarantors	155.6	22.9	311.6	18.8
— guaranteed by third-party counter-guarantors	44.8	6.6	71.4	4.3
Secured loans	466.9	68.7	1,238.4	74.8
— Property	466.9	68.7	1,238.4	74.8
Total	679.9	100.0	1,656.2	100.0

Exposure size of micro and small loans

The following table sets forth the distribution of the balances of the Company's outstanding loan exposure to borrowers by size as at 31 December 2021:

(Expressed in RMB million, unless otherwise stated)	As at 31 December			
	2021		2020	
	<i>Amount</i>	<i>% of total</i>	<i>Amount</i>	<i>% of total</i>
Up to RMB100,000	36.0	5.3	55.7	3.4
Over RMB100,000 to RMB500,000	254.6	37.4	633.4	38.3
Over RMB500,000 to RMB1 million	121.9	18.0	386.6	23.3
Over RMB1 million to RMB3 million	87.7	12.9	225.5	13.6
Over RMB3 million	179.7	26.4	355.0	21.4
Total	679.9	100.0	1,656.2	100.0

As at 31 December 2021, the outstanding balance of loan exposure to borrowers below RMB1 million was approximately RMB412.5 million, accounting for approximately 60.7% of the total amount of outstanding loan exposure to borrowers, as compared to approximately 65.0% for the previous year.

Maturity profile of micro and small loans

The Company's micro and small loans to customers typically have a maturity profile ranging from six months to 36 months. The following table sets forth the distribution of the remaining maturity of the Company's micro and small loans as at 31 December 2021:

(Expressed in RMB million, unless otherwise stated)	As at 31 December			
	2021		2020	
	<i>Amount</i>	<i>% of total</i>	Amount	<i>% of total</i>
Already due or due within three months	260.7	38.3	291.5	17.6
Due between three months and six months	114.0	16.8	346.2	20.9
Due between six months and one year	212.7	31.3	429.4	25.9
Due greater than a year	92.5	13.6	589.1	35.6
Total	679.9	100.0	1,656.2	100.0

As at 31 December 2021, micro and small loans that were already due or due within one year amounted to approximately RMB587.4 million, accounting for approximately 86.4% of the balance of the Company's micro and small loans, as compared to approximately 64.4% for the previous year.

The information contained in this supplemental announcement does not affect other information contained in the 2021 Annual Report. Save as disclosed above, all other information in the 2021 Annual Report remains unchanged.

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

Chongqing, the PRC, 19 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