

THE CONTENT OF THIS ANNOUNCEMENT HAS BEEN PUBLISHED USING EQUITY STOCK CODE (STOCK CODE: 196) ON 31 DECEMBER 2020 AND IS NOW REPUBLISHED USING DEBT STOCK CODE (STOCK CODE: 5622) FOR THE DEBT HOLDERS INFORMATION

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



宏华集团
HONGHUA GROUP

Honghua Group Limited

宏華集團有限公司

(a company incorporated in the Cayman Islands with limited liability)

(Stock Code: 196)

INSIDE INFORMATION LITIGATION PROGRESS

This announcement is made by Honghua Group Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Litigation Progress

Reference is made to the announcements of the Company dated 24 May 2018, 2 July 2018, 11 November 2019 and 25 November 2019 (“**Such Announcements**”), unless specified otherwise, capitalised terms used in this announcement shall have the same meanings as those used in Such Announcements.

As stated in Such Announcements, on 7 November 2019, the Company received the civil judgment ([2018] Hu 72 Minchu No.3249) (the “**Original Judgment**”) from Shanghai Maritime Court (the “**Court**”), Honghua China and Honghua Offshore have filed an appeal to the Shanghai Higher People’s Court against the Judgment made by the Court.

On 28 December 2020, the Company received the civil judgment ([2020] Hu MinZhong No.149) (the “**Judgment**”) from the Shanghai Higher People’s Court, which rejected the appeal from Honghua China and Honghua Offshore and maintained the Original Judgment.

The major details of the Original Judgment are as follows: (1) Honghua Offshore Oil

& Gas Equipment (Jiangsu) Co., Ltd. (“**Honghua Offshore**”) shall make the contract payment, pay the agency fee and loan interest in an aggregate amount of RMB 336,620,809.89 to Shanghai Shangshi International Trade (Group) Co., Ltd. (“**Shangshi**”) as plaintiff within 10 days from the effective date of the Judgment and the late payment penalty thereon from 15 February 2018 calculated at 1.3 times of the Renminbi benchmark loan interest rate for financial institutions of the same term published by the People’s Bank of China up to the date of actual payment; (2) Honghua (China) Investment Co, Ltd. (“**Honghua China**”) shall take joint and several liability for the payment obligations of Honghua Offshore as defendant stated under item (1) of the Judgment;(3) LNG Power Shipping Co., Ltd. shall take joint and several liability for the payment obligations of Honghua Offshore as defendant stated under item (1) of the Judgment; and (4) other appeal demands of Shangshi shall be declined.

Pursuant to the laws of the People’s Republic of China, the Judgment has become effective. Honghua China and Honghua Offshore will actively cooperate with the enforcement of the judgment.

Based on the current conditions of the Group, the Company considers that it will not have material impacts on the finance of the Group as a result of its liability for the payment obligations of Honghua Offshore.

Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

On behalf of the Board
Honghua Group Limited
Jin Liliang
Chairman

PRC, 31 December 2020

As at the date of this announcement, the executive directors of the Company are Mr. Jin Liliang (Chairman), Mr. Zhang Mi and Mr. Ren Jie, the non-executive directors of the Company are Mr. Han Guangrong and Mr. Chen Wenle, and the independent non-executive directors of the Company are Mr. Liu Xiaofeng, Mr. Chen Guoming, Ms. Su Mei, Mr. Poon Chiu Kwok, Mr. Chang Qing and Mr. Wei Bin.