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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)

DESPATCH OF CIRCULAR

IN RELATION TO

**(1) SUBSCRIPTION OF SHARES BY DONGFANG INVESTMENT AND
ISSUE OF SUBSCRIPTION SHARES UNDER SPECIFIC MANDATE**

**(2) SUBSCRIPTION OF SHARES BY CHENGTONG AND ISSUE OF
SUBSCRIPTION SHARES UNDER SPECIFIC MANDATE**

(3) APPLICATION FOR WHITEWASH WAIVER

(4) SPECIAL DEAL

AND

(5) RE-ELECTION OF A DIRECTOR

Reference is made to (a) the announcement issued by Honghua Group Limited (the “**Company**”) dated 18 January 2023 in relation to, among other things, the Dongfang Subscription, the Dongfang Specific Mandate, the Whitewash Waiver, the Chengtong Subscription, the Chengtong Specific Mandate and the Special Deal (the “**Announcement**”); and (b) the announcements issued by the Company dated 8 February 2023, 8 March 2023 and 22 March 2023 in relation to the delay in despatch of the Circular (the “**Delay in Despatch Announcements**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement and the Delay in Despatch Announcements.

The Company is pleased to announce that the circular (the “**Circular**”) containing, among other things, (i) details of the Dongfang Subscription, the Dongfang Specific Mandate, the Whitewash Waiver, the Chengtong Specific Mandate and the Special Deal; (ii) a letter of advice from the Connected Transaction IBC on the Dongfang Subscription; (iii) a letter of advice from the Whitewash Waiver IBC on the Dongfang Subscription, the Whitewash Waiver and the Special Deal; (iv) a letter of advice from Gram Capital to the Independent Board Committees and the Independent Shareholders on the Dongfang Subscription, the Whitewash Waiver and the Special Deal; (v) the Estimated Loss Announcement and the reports thereon; and (vi) the notice of EGM and proxy form, has been despatched to the Shareholders on 23 March 2023.

The EGM will be held at 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Monday, 17 April 2023 at 10 a.m. Details of the EGM are set out in the notice of the EGM.

Completion of the Dongfang Subscription and completion of the Chengtong Subscription are subject to the fulfilment of the conditions precedents under the Dongfang Subscription Agreement and the Chengtong Subscription Agreement, respectively, as set out in the relevant sections of the Circular. Accordingly, the Dongfang Subscription and/or the Chengtong Subscription may or may not proceed to completion.

The Executive may or may not grant the Whitewash Waiver. The Dongfang Subscription will not proceed if the Whitewash Waiver is not granted or approved. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the condition that the respective resolution(s) relating to the Whitewash Waiver on one hand, and the Dongfang Subscription Agreement on the other hand, being separately approved by at least 75% and more than 50%, respectively, of the votes cast by the Dongfang Independent Shareholders at the EGM by way of poll.

Shareholders and potential investors are advised to exercise caution when dealing in Shares, and are recommended to consult their stockbroker, company manager, solicitor or other professional adviser if they are in any doubt about their position and as to actions that they should take.

By order of the Board of
HONGHUA GROUP LIMITED
Wang Xu
Chairman

PRC, 23 March 2023

As at the date of this announcement, the executive Directors are Mr. Wang Xu (Chairman) and Mr. Zhu Hua; the non-executive Directors are Mr. Zhang Mi and Mr. Yang Yong; and the independent non-executive Directors are Mr. Chen Guoming, Ms. Su Mei, Mr. Chang Qing, Mr. Wei Bin and Mr. Zhang Shiju.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.