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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)

**EXTENSION OF TIME FOR FULFILMENT OF CONDITIONS PRECEDENT TO
COMPLETION OF DONGFANG SUBSCRIPTION AND UPDATE ON
COMPLETION OF DONGFANG SUBSCRIPTION**

UPDATE ON CHENGTONG SUBSCRIPTION

Reference is made to (i) the announcement of Honghua Group Limited (the “**Company**”) dated 18 January 2023 (the “**Announcement**”); (ii) the circular dated 23 March 2023 issued by the Company in respect of, among other things, the Dongfang Subscription and the Chengtong Subscription (the “**Circular**”); and (iii) the announcement of the Company dated 17 April 2023 in relation to the poll results of the EGM held on 17 April 2023 and the grant of the Whitewash Waiver. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

**EXTENSION OF TIME FOR FULFILMENT OF CONDITIONS PRECEDENT TO
COMPLETION OF DONGFANG SUBSCRIPTION AND UPDATE ON
COMPLETION OF DONGFANG SUBSCRIPTION**

As stated in the Announcement and the Circular, completion of the Dongfang Subscription is subject to certain conditions precedent (the “**Dongfang CPs**”). In respect of the only outstanding Dongfang CP as of the date of this announcement, being Dongfang Investment or its group companies having obtained in respect of the Dongfang Subscription all applicable approvals, filings, registrations, permits or authorisations of competent authorities of the PRC government in connection with the offshore investment and outbound funds transfer by PRC enterprises (the “**PRC Approvals**”) under paragraph (e) of the section entitled “2. SUBSCRIPTION OF SHARES BY DONGFANG INVESTMENT AND ISSUE OF SUBSCRIPTION SHARES UNDER SPECIFIC MANDATE” in the Letter from the Board of the Circular, the Company was informed by Dongfang Investment that more time would be required to obtain the PRC Approvals.

Due to this latest development, Dongfang Investment and the Company have agreed to

extend (1) the time for fulfilment of the Dongfang CPs to 4pm on 30 September 2023 (or such other date as agreed by both parties in writing) and (2) the date of completion of the Dongfang Subscription to the tenth business day after the fulfilment or waiver of the Dongfang CPs (or such other date as agreed by both parties in writing). Dongfang Investment has agreed to use its best endeavours to procure the fulfilment of any outstanding Dongfang CPs so as to procure that completion of the Dongfang Subscription will take place.

In addition, due to unforeseen fluctuations in the exchange rate between RMB and HK\$ since the signing of the Dongfang Subscription Agreement, the RMB amount of investment by Dongfang Investment as internally authorised would be slightly falling short of the HK\$ consideration for the completion of the Dongfang Subscription Agreement. Dongfang Investment and the Company have agreed to adjust the number of the Dongfang Subscription Shares from 4,000,000,000 Shares to 3,684,494,251 Shares (representing a reduction of approximately 7.89% of the original number of the Dongfang Subscription Shares as disclosed in the Announcement and the Circular, or a reduction of approximately 3.49% of the issued share capital of the Company as enlarged by the reduced number of Shares to be subscribed by Dongfang Investment), while the Dongfang Subscription Price per Share remains unchanged (the “**Adjusted Dongfang Subscription**”). The total amount of consideration to be paid for the Adjusted Dongfang Subscription will be HK\$890,910,710 (being a reduction of HK\$76,289,290 or approximately 7.89% of the original total consideration under the Dongfang Subscription).

UPDATE ON CHENGTONG SUBSCRIPTION

As stated in the Announcement and the Circular, completion of the Chengtong Subscription is subject to certain conditions precedent being fulfilled by 30 June 2023 (or such other date as agreed by both parties in writing), the outstanding condition as of the date of this announcement being completion of the Dongfang Subscription having taken place. Due to the latest development above, the Company was informed by Chengtong that, as the conditions precedent for the Chengtong Subscription have not been fulfilled by 30 June 2023 and no other date was agreed between the parties, it will not proceed with the Chengtong Subscription.

SHAREHOLDING STRUCTURE

As a result of the above developments, the shareholding structure of the Company (i) as at the date of this announcement and (ii) immediately after completion of the Adjusted Dongfang Subscription (assuming there is no change in the total issued share capital of the Company since the date of this announcement and up to completion of the Adjusted Dongfang Subscription save for the issue of the Dongfang Subscription Shares) are set out in the following table:

	As at the date of this announcement		Immediately after completion of the Adjusted Dongfang Subscription (assuming no other change in the Company’s issued share capital)	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Dongfang Investment (Note 1)	1,606,000,000	29.99	5,290,494,251	58.52

CCHG group				
- Chengtong (Note 2)	-	-	-	-
- Galactic Investment Limited (Note 3)	254,000,000	4.74	254,000,000	2.81
CCHG group	254,000,000	4.74	254,000,000	2.81
Tricor Equity Trustee Limited (Note 4)	733,545,441	13.70	733,545,441	8.11
Wealth Afflux Limited (Note 4)	318,202,548	5.94	318,202,548	3.52
Mr. Zhang Mi (Note 5)	3,050,000	0.057	3,050,000	0.034
Ms. Yi Langlin (Note 6)	2,156,000	0.040	2,156,000	0.024
Ms. Su Mei (Note 7)	150,000	0.003	150,000	0.002
Other Shareholders	2,438,890,911	45.54	2,438,890,911	26.98
Total	5,355,994,900	100.00	9,040,489,151	100.00

(1) Dongfang Investment is wholly-owned by Dongfang Electric Corporation.

(2) Chengtong is wholly-owned by CCHG.

(3) Galactic Investment Limited is wholly-owned by China Chengtong Development Group Limited, which is indirectly held by CCHG as to approximately 53.14%.

(4) Wealth Afflux Limited is held by Tricor Equity Trustee Limited (as the trustee of The ZYL Family Trust). The ZYL Family Trust is a discretionary trust established by Mr. Zhang Mi (as the settlor), with Tricor Equity Trustee Limited (as the trustee). The beneficiaries under The ZYL Family Trust are Mr. Zhang Mi and his family members. Tricor Equity Trustee Limited is the trustee of The ZYL Family Trust and the 5 other trusts.

(5) Mr. Zhang Mi is a non-executive Director of the Company and individually owns 3,050,000 Shares and holds 1,190,000 share options. Yi Langlin, spouse of Zhang Mi owns 2,156,000 Shares. Zhang Mi is the settlor of a discretionary trust, The ZYL Family Trust, whose trustee, through Wealth Afflux Limited, holds 318,202,548 Shares.

(6) Ms. Yi Langlin, spouse of Mr. Zhang Mi, individually owns 2,156,000 Shares and is deemed to be interested in 324,598,548 Shares in which Zhang Mi holds 1,190,000 share options.

(7) Ms. Su Mei is an independent non-executive Director of the Company.

The Company does not consider the above developments to have a material adverse impact on the financial position of the Group.

Further announcement(s) will be made as and when appropriate in compliance with

applicable laws and regulations.

Completion of the Dongfang Subscription is subject to the fulfilment of the conditions precedents under the Dongfang Subscription Agreement as disclosed in the Circular. Accordingly, the Dongfang Subscription may or may not proceed to completion.

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

PRC, 30 June 2023

As at the date of this announcement, the executive directors of the Company are Mr. Wang Xu (Chairman) and Mr. Zhu Hua; the non-executive directors of the Company are Mr. Zhang Mi and Mr. Yang Yong; and the independent non-executive directors of the Company 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.