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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)

COMPLETION OF SUBSCRIPTION OF SHARES BY DONGFANG INVESTMENT UNDER SPECIFIC MANDATE

Reference is made to (i) the announcement of Honghua Group Limited (the “**Company**”) dated 18 January 2023; (ii) the circular dated 23 March 2023 issued by the Company in respect of, among other things, the Dongfang Subscription (the “**Circular**”); (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; and (iv) the announcement of the Company dated 30 June 2023 in respect of, among other things, the extension of time for fulfilment of Dongfang CPs and update on completion of Dongfang Subscription (the “**Announcement**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular and the Announcement.

COMPLETION OF THE ADJUSTED DONGFANG SUBSCRIPTION

As stated in the Announcement, completion of the Adjusted Dongfang Subscription (“**Completion**”) is subject to the Dongfang CPs, including Dongfang Investment or its group companies having obtained the PRC Approvals in respect of the Adjusted Dongfang Subscription.

The Company is pleased to announce that all Dongfang CPs have been fulfilled, and, as agreed between the Company and Dongfang Investment, Completion had taken place on 18 July 2023.

Upon Completion, the Dongfang Subscription Shares, namely the 3,684,494,251 Shares, were duly allotted and issued by the Company to Dongfang Investment at the Dongfang Subscription Price of HK\$0.2418 per Dongfang Subscription Share pursuant to the Dongfang Specific Mandate sought from the Dongfang Independent Shareholders at the EGM. The Dongfang Subscription Shares represent approximately 40.76% of the issued share capital of the Company as at the date of this announcement as enlarged by the allotment and issue of the Dongfang Subscription Shares.

SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has a total of 9,040,489,151 Shares in issue (inclusive of the Dongfang Subscription Shares that were allotted and issued by the Company to Dongfang Investment).

Set out below is the shareholding structure of the Company immediately before and after Completion:

	Immediately before Completion		Immediately after Completion	
	<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

Notes:

(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.

(8) The percentage figures as set out above are subject to rounding adjustments and may not add up to 100%.

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

PRC, 18 July 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.