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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)

INSIDE INFORMATION

GRATUITOUS TRANSFER AGREEMENT SIGNED BY LARGEST SHAREHOLDER

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).

On 27 November 2021, the Company received a notice from its largest shareholder, Kehua Technology Co., Limited (“**Kehua Technology**”, a wholly-owned subsidiary of China Aerospace Science and Industry Corporation Limited), that Kehua Technology entered into a gratuitous transfer agreement with Dongfang Electric International Investment Co., Ltd. (“**Electric Investment Company**”) on 26 November 2021. According to the gratuitous transfer agreement, Kehua Technology intends to transfer its 1,606,000,000 shares of the Company (accounting for 29.98% of the total issued share capital of the Company) to Electric Investment Company for nil consideration (the “**Gratuitous Transfer**”). Upon completion of the Gratuitous Transfer, Kehua Technology will no longer hold any shares of the Company while Electric Investment Company will hold 29.98% of the total issued share capital of the Company and become the largest shareholder of the Company.

As informed by Kehua Technology, Electric Investment Company, a company incorporated in Hong Kong, is a wholly-owned subsidiary of Dongfang Electric Corporation (“**Dongfang Electric**”). Dongfang Electric, a large-scale state-owned enterprise established in China, is one of the largest general contracting enterprise groups for power generation equipment manufacturing and power plant engineering in the world.

The Company and Dongfang Electric are both energy equipment manufacturing and service enterprises, and are expected to achieve mutual synergy in industry, production, technology, market and other aspects in the future.

As informed by Kehua Technology, the Gratuitous Transfer is subject to, and has yet to be approved by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

Further announcement(s) will be made by the Company according to the progress of the event as and when appropriate.

There is uncertainty over the subsequent approval procedures. Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

By order of the Board
Honghua Group Limited
Jin Liliang
Chairman

PRC, 28 November 2021

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. Chen Wenle and Mr. Wang Xiuchang; and the independent non-executive directors of the Company are Mr. Chen Guoming, Ms. Su Mei, Mr. Poon Chiu Kwok, Mr. Chang Qing and Mr. Wei Bin.