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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)**

### **PROPOSED CHANGE OF AUDITORS**

The board of directors (the **“Board”**) of Honghua Group Limited (the **“Company”**) announces that KPMG (**“KPMG”**) will retire as the auditors of the Company upon the expiration of its current term of office with effect from the conclusion of the annual general meeting of the Company to be convened on 27 May 2015 (the **“AGM”**) and will not seek for re-appointment.

The Board proposes to appoint PricewaterhouseCoopers (**“PwC”**) as new auditors of the Company to fill a casual vacancy immediately following the retirement of KPMG and to hold its office until the conclusion of the next annual general meeting of the Company subject to the approval of the shareholders of the Company on the AGM.

KPMG served as the auditors of the Company since 2007. The Board takes the view that change of auditors will enhance the independence of auditors and improve the effectiveness of the audit services, which will lead to good corporate governance practice.

A circular that contains, inter alia, the details of proposing to appoint PwC as the auditors of the company together with the notice of the AGM is to be dispatched to the shareholders of the Company in late April 2015.

The Company has got confirmation from KPMG that there is nothing in relation to its retirement needs to be brought to the attention of the shareholders of the Company. In addition, the Board confirmed there is no disagreement between KPMG and the Company

and nothing needs to be brought to the attention of the shareholders of the Company in connection with the proposed appointment of auditors.

The Board would like to take this opportunity to express its gratitude for KPMG's professional and high quality services provided to the Company during the past years.

On behalf of the Board  
**Honghua Group Limited**  
**Zhang Mi**  
Chairman

The PRC, 17 April 2015

*As at the date of this announcement, the executive directors of the Company are Mr. Zhang Mi (Chairman), Mr. Ren Jie and Mr. Liu Zhi, the non-executive directors of the Company is Mr. Siegfried Meissner (Mr. Popin Su as his alternate) and the independent non-executive directors of the Company are Mr. Liu Xiaofeng, Mr. Qi Daqing, Mr. Chen Guoming, Mr. Shi Xingquan and Mr. Guo Yanjun.*