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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)**

**ENTERING INTO A HOA**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

The Board is pleased to announce that on 28 October 2016 (after trading hours of the Stock Exchange), Honghua Offshore and ARGO entered into a legally binding HOA. According to the terms and provisions of the HOA, ARGO plans to purchase from Honghua Offshore a set of PLNG for a total consideration of approximately US\$1.8 billion.

This announcement is made by Honghua Group Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

## **HEADS OF AGREEMENT**

The board of directors of the Company (the “**Board**”) is pleased to announce that on 28 October 2016 (after trading hours of the Stock Exchange), Shanghai Honghua Offshore Oil & Gas Equipment Co., Ltd. (“**Honghua Offshore**”), an indirect wholly-owned subsidiary of the Company, and Argo LNG Partners, LLC (“**ARGO**”) entered into a legally binding heads of agreement (the “**HOA**”). According to the terms and provisions of the HOA, ARGO plans to purchase from Honghua Offshore a set of offshore LNG platform (“**PLNG**”) for a total consideration of approximately US\$1.8 billion.

The HOA was determined after arms’ length negotiations between Honghua Offshore and ARGO. The directors of the Company (the “**Directors**”) are of the view that the terms of the HOA are on normal commercial terms, fair and reasonable and are in the interests of the Company and its shareholders as a whole.

The entering into the HOA not only represents the Sino-US breakthrough in the development and utilization of clean energy, but also a significant and innovative cooperation between Sino-US in manufacturing advanced equipment. The Company has always been adopting the concept of ‘creative manufacturing’. With the implementation of the construction concept of ‘Offshore Equipment Manufactured Onshore’ this time, the Company has successfully developed the new ‘super offshore’ model with integrated construction of offshore platform as well as expanded the global market in advance. The Company introduced a number of advanced technologies and solutions in the world into the PLNG’s design & construction, including the FSP patent technology of General Dynamics (the largest corporation of aerospace and national defence in the US) and the FSP-LNG storage tank technology jointly developed with Braemar and Shanghai Aerospace. Looking ahead, the Company will apart from continue to adhere to the concept of ‘creative manufacturing’ and to capture more opportunities from high-end LNG equipment manufacturing in the golden age of the industry, will also continue to consolidate the LNG industrial

chain in order to improve efficiency and seek diversified development.

The definitive PLNG contract under the HOA will be signed no later than three (3) months subsequent to the completion of the Front End Engineering Design study of the PLNG. The Company will disclose the details of the definitive PLNG contract under the HOA as and when appropriate in compliance with the Listing Rules.

### **Information of Honghua Offshore and ARGO**

Honghua Offshore is a limited liability company incorporated in the People's Republic of China and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in the research and development, design and sale of the offshore oil engineering equipment.

ARGO, a company organized and existing under the laws of State of Delaware, United States of America. It is principally engaged in producing and exporting LNG.

To the best of the knowledge, information and belief of the Directors and after having made all reasonable enquiries, ARGO and its ultimate beneficial owner(s) are independent third parties not connected with the Company and its connected persons (as defined in the Listing Rules).

The Board takes the view that the transaction contemplated under the HOA is of a revenue nature in the ordinary and usual course of business of the Company under Rule 14.04(1) (g) of the Listing Rules.

### **General**

The transaction contemplated under the HOA does not constitute any notifiable transaction of the Company under Chapter 14 of the Listing Rules nor any connected transaction under Chapter 14A of the Listing Rules.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

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

PRC, 28 October 2016

*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 director 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.*