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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)

REBUTTAL OF PRESUMPTION OF ACTING IN CONCERT RULING

Reference is made to the announcement made by Honghua Group Limited (the “**Company**”) on 19 December 2016 regarding the issue of new shares under specific mandates (the “**Announcement**”). The terms used in this announcement shall have the same meaning as defined in the Announcement unless defined otherwise.

As disclosed in the Announcement, pursuant to the CASIC Subscription Agreement, an application had been made by CASIC to the Executive Director of the Corporate Finance Division of the SFC (the “**Executive**”) to rebut the presumed concert party relationship between CASIC on the one hand and Ally Giant Limited (“**Ally Giant**”) on the other hand that may arise under the Takeovers Code as a result of the completion of the CASIC Subscription Agreement and the Jianhong Subscription Agreement (the “**Ruling**”).

On 17 January 2017, the Executive issued a letter to CASIC in respect of the Ruling. The Executive ruled that the class (1) presumption in the definition of “acting in concert” under the Takeovers Code that arises between CASIC on the one hand and Ally Giant on the other hand upon completion of the CASIC Subscription Agreement and the Jianhong Subscription Agreement is rebutted. Each of Ally Giant and CASIC has confirmed that they are independent of each other and are not acting in

concert with each other.

Since the Subscriptions are subject to the fulfilment of the conditions set out in the Announcement, the Subscriptions may or may not proceed to completion. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

On behalf of the Board
Honghua Group Limited
Zhang Mi
Chairman

PRC, 18 January 2017

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. GuoYanjun.

The directors of the Company are jointly and severally responsible 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