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HONGHUA GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 196)

**EXTENSION OF COMPLETION RELATING TO THE ISSUE OF NEW SHARES
UNDER SPECIFIC MANDATES**

Reference is made to the announcement of Honghua Group Limited (the “**Company**”) dated 19 December 2016 and the circular of the Company dated 24 January 2017 (the “**Circular**”), in relation to, among other things, the CASIC Subscription Agreement, the Jianhong Subscription Agreement and the issue of new Shares under Specific Mandates. Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as defined in the Circular.

Arrangement regarding completion of the Jianhong Subscription Agreement

As disclosed in the Circular, pursuant to the Jianhong Subscription Agreement, completion of the Jianhong Subscription Agreement will take place within five business days after the conditions of the Jianhong Subscription Agreement are fulfilled or waived unless the parties otherwise agree.

The conditions under the Jianhong Subscription Agreement have been fulfilled, however, the Company was informed by Jianhong that additional time is required to arrange the funding for the Jianhong Subscription Shares. Accordingly, the Company and Jianhong entered into a supplemental agreement (the “**Supplemental Agreement**”) to the Jianhong Subscription Agreement on 31 March 2017 (after trading hours), the key terms of which are as follows:

- The Company agrees not to exercise its right to terminate the Jianhong Subscription Agreement until 26 April 2017, provided that Jianhong provides the Company with satisfactory funding plans and does not commit any other breach of the terms of the Supplemental Agreement which would give rise to termination.
- Completion of the Jianhong Subscription Agreement will take place as soon as possible once Jianhong has obtained sufficient funding for the subscription. If completion does not take place by 26 April 2017, the Company may terminate the Supplemental Agreement and the Jianhong Subscription Agreement.

For the avoidance of doubt, both the Jianhong Subscription and the CASIC Subscription have not been completed and remain subject to compliance with all applicable laws and regulations.

By Order of the Board
Mr. Chen Yajun
Chairman

Hong Kong, 31 March 2017

As at the date of this announcement, the executive directors of the Company are Mr. Chen Yajun (Chairman), Mr. Zhang Mi, Mr. Ren Jie and Mr. Liu Zhi, the non-executive directors of the Company are Mr. Han Guangrong and Mr. Chen Wenle and the independent non-executive directors of the Company are Mr. Liu Xiaofeng, Mr. Qi Daqing, Mr. Chen Guoming and Ms. Su Mei.