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

**PARTIAL COMPLETION OF THE ISSUE OF NEW SHARES
UNDER SPECIFIC MANDATES**

Reference is made to the announcement of Honghua Group Limited (the “**Company**”) dated 29 March 2017 (the “**Announcement**”), in relation to, among other things, the CASIC 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 Announcement.

Partial completion of the CASIC Subscription Agreement

As disclosed in the Announcement, on 29 March 2017, Kehua paid to the Company the First Payment, being part of the total consideration to be paid by CASIC or its nominee under the CASIC Subscription Agreement and represents the consideration for 1,388,364,000 Shares. On 6 April 2017, having complied with all applicable laws and regulations in relation to this subscription, the Company completed the allotment and issuance of 1,388,364,000 Shares to Kehua. Subsequent to this allotment and issuance, Kehua has become the holder of 29.99% of the enlarged issued share capital of the Company.

For the avoidance of doubt, the total number of Shares to be subscribed by CASIC or its nominee (currently being Kehua) pursuant to the CASIC Subscription Agreement (being 1,606,000,000 Shares) remains unchanged. In accordance with the CASIC Subscription Agreement, the Company shall allot and issue the remaining Shares (being 217,636,000 Shares) to Kehua, and Kehua shall pay the remainder of the total consideration under the CASIC Subscription Agreement, subject to the satisfaction (or waiver, if applicable) of the conditions under the CASIC Subscription Agreement, no later than 18 May 2017. The Company will issue a further announcement with respect to the completion of the remaining Shares.

By Order of the Board
Mr. Chen Yajun
Chairman

PRC, 6 April 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.