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

VOLUNTARY ANNOUNCEMENT

ISSUE OF NEW SHARES UNDER GENERAL MANDATE

This is a voluntary announcement made by Honghua Group Limited (the “**Company**”).

Reference is made to the announcement of the Company dated 11 April 2017 (the “**Announcement**”) in relation to the issue of new Shares under general mandate. Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as defined in the Announcement.

As disclosed in the Announcement, the Company entered into the Placing Agreement with Shenwan on 11 April 2017, whereby Shenwan agreed to place up to 508,000,000 Shares at a price of HK\$0.77 per Share on a best effort basis.

The Company has been made aware by the announcement of China Chengtong Development Group Limited (“**China Chengtong**”) dated 25 April 2017 that Galactic Investment Limited (“**Galactic**”), a wholly-owned subsidiary of China Chengtong, applied for the subscription of 254,000,000 Shares through Shenwan at the price of HK\$0.77 per Share, resulting in a total subscription amount of HK\$195,580,000. Galactic’s subscription of the Company’s Shares is subject to the fulfilment of the conditions in the Placing Agreement.

China Chengtong and its subsidiaries (“**Chengtong Group**”) are principally engaged in property development, property investment, finance leasing, bulk commodity trade and hotel and marine travelling services. China Chengtong Holdings Group Limited (“**CCHG**”), the ultimate holding company of China Chengtong, is a pilot operating enterprise of state-owned capital. Chengtong Group, as the only overseas listed platform of CCHG, is exploring opportunities in foreign investment, mergers and acquisitions and cross-border asset management and related businesses. China Chengtong has indicated that it is optimistic about the business prospects of the Company and the potential growth in the price of the Company’s Shares. China Chengtong considers that the Subscription of the Company’s Share presents a good opportunity to expand and diversify its investment portfolio.

Application for subscription of the Company’s Shares by China Chengtong represents its recognition of the share subscription by CASIC (through its wholly owned subsidiary Kehua) and its sufficient

confidence on the Company's global business development and prospects. Taking China Chengtong as the Company's shareholder will help the Company expand shareholder base and improve corporate governance.

The Company will make further announcement on the progress and completion of the issue of new Shares as and when appropriate.

By Order of the Board
Mr. Chen Yajun
Chairman

PRC, 26 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.