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宏华集团
HONGHUA GROUP

HONGHUA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 196)

COMPLETION OF THE PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



申萬宏源證券(香港)有限公司
SHENWAN HONGYUAN SECURITIES (H.K.) LIMITED

Reference is made to the announcement of Honghua Group Limited (the “**Company**”) dated 11 April 2017 and 26 April 2017 (the “**Announcements**”) in relation to the issue of new Shares under general mandate by way of placing. Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as defined in the Announcements.

Completion of the placing of new Shares under general mandate

Pursuant to the Placing Agreement between the Company and Shenwan Hongyuan Securities (H.K.) Limited, on 2 May 2017, an aggregate of 508,000,000 placing Shares have been successfully placed to not less than six Placees, including China Chengtong, which subscribed for 254,000,000 Shares.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Placees and their respective ultimate beneficial owners are independent of and not connected with the Company (as defined under the Listing Rules).

The net proceeds from the Placing are approximately HK\$385,262,480.68, of which 50 percent are intended to be used for general working capital of the Group and the remaining 50 percent for repayment of loans.

The shareholding structure of the Company after completion of the Placing

	Before Placing		After Placing	
	Number of Shares	%	Number of Shares	%
Ally Giant Limited and Concert Group	1,510,258,620	32.62	1,510,258,620	29.40

(Note 1)

Kehua	1,388,364,000	29.99	1,388,364,000	27.02
The Places	—	—	508,000,000	9.89
Public (excluding the Places)	1,730,798,280	37.39	1,730,798,280	33.69
Total	<u>4,629,420,900</u>	<u>100</u>	<u>5,137,420,900</u>	<u>100</u>

Note 1 – “Concert Group” is defined in the prospectus of the Company dated 25 February 2008.

By Order of the Board
Mr. Chen Yajun
Chairman

PRC, 2 May 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.