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宏华集团
HONGHUA GROUP

HONGHUA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 196)

**INSIDE INFORMATION
UPDATE ON THE POTENTIAL DISPOSAL**

This announcement is made by Honghua Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions of Part XIVA of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong).

References are made to the announcements of the Company dated 19 October 2017, 27 December 2017, 26 January 2018 and 28 March 2018 (the “**Announcements**”) in relation to, among other things, (i) the disposal of Offshore Segment through the Public Tender to be conducted on the SUAEEEx; (ii) the update on the said Disposal; (iii) extension of tender period for potential disposal of equity interest through public tender; and (iv) conclusion of the Public Tender regarding the Potential Disposal. Unless specified otherwise, capitalised terms used in this announcement shall have the same meanings as those used in the Announcements.

UPDATE ON THE POTENTIAL DISPOSAL

As disclosed in the Announcements, the Public Tender conducted by the Company on the SUAEEEx had commenced from 28 December 2017, and was concluded on 27 March 2018. During the tender period, there is one interested potential buyer which meets the tender eligibility requirements, namely, Jiangsu Honghai Energy Equipment Company Limited* (江蘇宏海能源裝備有限公司).

As at the date of the Announcement, the Company is still in the process of further discussion and negotiation with Jiangsu Honghai Energy Equipment Company Limited on the transaction terms of the Potential Disposal.

In order to push forward the disposal of the Offshore Segment, the Company is also considering new disposal plan.

GENERAL

The Board wishes to emphasize that as at the date of this announcement, no binding agreement with respect to the Potential Disposal has been entered into by the Company and there is no assurance that any definitive transaction will materialize. The Company will make further announcement(s) in compliance with the Listing Rules and/or Part XIVA of the Securities and Futures Ordinance as and when appropriate or required.

As the Company may or may not enter into a binding agreement with respect to the Potential Disposal, and even if it decides to do so, the Potential Disposal may or may not proceed to completion for various reasons and accordingly, shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Honghua Group Limited
Chen Yajun
Chairman

The PRC, 15 June 2018

As at the date of this announcement, the executive directors of the Company are Mr. Chen Yajun (Chairman), Mr. Zhang Mi and Mr. Ren Jie, 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. Chen Guoming, Ms. Su Mei, Mr. Poon Chiu Kwok, Mr. Chang Qing and Mr. Wu Yuwu.