

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and does not constitute an invitation or solicitation of an offer to acquire, purchase or subscribe for securities or an invitation to enter into an agreement to do any such things, nor is it calculated to invite any offer to acquire, purchase or subscribe for any securities.

This announcement and the information contained herein does not constitute or form part of an offer to sell securities in the United States. Securities may not be offered or sold in the United States unless registered pursuant to the U.S. Securities Act of 1933, as amended (the “Securities Act”), or pursuant to an applicable exemption from such registration requirement. Any public offering of securities to be made in the United States will be made by means of a prospectus that will contain detailed information about our company and management, as well as financial statements. The securities referred to herein have not been and will not be registered under the Securities Act and no public offering of securities will be made in the United States. No money, securities or other consideration is being solicited by this announcement or the information contained herein and, if sent in response to this announcement or the information contained herein, will not be accepted.



宏华集团
HONGHUA GROUP

HONGHUA GROUP LIMITED

宏華集團有限公司

(a company incorporated in the Cayman Islands with limited liability)

(Stock Code: 196)

**ANNOUNCEMENT
CONSENT SOLICITATION
IN RELATION TO
US\$200,000,000 7.45% SENIOR NOTES DUE 2019**

**(CUSIP 43858E AA0, ISIN US43858EAA01, Common Code 111395837 (Rule 144A))
(CUSIP G4584R AA7, ISIN USG4584RAA70, Common Code 111395888 (Regulation S))**

The Board announces that the Company is soliciting the Requisite Consents from the Holders to amend the Indenture in the manner more fully described in the Consent Solicitation Statement sent to the Holders at the Launch Date, which is summarized under the section headed “Consent Solicitation” in this announcement.

As more fully described in the Consent Solicitation Statement, the principal purposes of this Consent Solicitation is to seek amendments to certain provisions of the Indenture to give the Group the ability to (a) pursue and consummate the Disposal of Offshore Segment, (b) retain the Group's holding of minority interests in Jiangsu Offshore and Shanghai Offshore immediately following the Disposal of Offshore Segment, (c) retain the existing indebtedness owed to the Group by Jiangsu Offshore and Tank Tek immediately following the Disposal of Offshore Segment and (d) continue the Group's Guarantee of certain Indebtedness of Jiangsu Offshore following the Disposal of Offshore Segment.

As there is no assurance that the Requisite Consents will be obtained, Shareholders, Holders and potential investors are advised to exercise caution when dealing in the securities of the Company.

References are made to the announcements of the Company dated 28 October 2018, 10 September 2014, 19 September 2014 and 26 September 2014 (the "Announcements") in relation to, among other things, (i) the disposal of equity interest in Offshore Segment and debt arrangement for Offshore Segment; and (ii) the issuance of the Notes. Unless specified otherwise, capitalised terms used in this announcement shall have the same meanings as those used in the Announcements.

The Board announces that the Company is soliciting the Requisite Consents from the Holders to amend the Indenture in the manner more fully described in the Consent Solicitation Statement to be sent to the Holders at the Launch Date, which is summarized under the section headed "Consent Solicitation" in this announcement.

CONSENT SOLICITATION

The principal purpose of the Consent Solicitation is to seek amendments to certain provisions of the Indenture to give the Group the ability to (a) pursue and consummate the Disposal of Offshore Segment, (b) retain the Group's holding of minority interests in Jiangsu Offshore and Shanghai Offshore immediately following the Disposal of Offshore Segment, (c) retain the existing indebtedness owed to the Group by Jiangsu Offshore and Tank Tek immediately following the Disposal of Offshore Segment and (d) continue the Group's Guarantee of certain Indebtedness of Jiangsu Offshore following the Disposal of Offshore Segment.

The Company is seeking the Requisite Consents from the Holders as of the record date in relation to proposed amendments to the terms of the Indenture which include, among others, the following (capitalized terms below have the same meanings as defined in the Indenture): (i) Limitation on Indebtedness; (ii) Limitation on Restricted Payments; (iii) Limitation on Transactions with Shareholders and Affiliates; and (iv) relevant definitions.

The record date for the determination of registered holders entitled to give consents pursuant to the Consent Solicitation Statement is 5:00 p.m., New York City time, on 30 October 2018. The Consent Solicitation will expire at 5:00 p.m., New York City time, on 15 November 2018, unless extended or terminated by the Company.

These proposed amendments together constitute a single proposal and a consenting Holder must consent to the proposed amendments as an entirety and may not consent selectively with respect to certain proposed amendments.

Subject to the Consent Solicitation Statement, the Company will make a cash payment of the Consent Fee of US\$4.00 to each Holder for each US\$1,000 in principal amount of Notes in respect of which such Holder has validly delivered (and not validly revoked) a consent on or prior to the Expiration Date. Any Consent Fee due is currently expected to be paid on the Payment Date (as defined in the Consent Solicitation Statement) to such Holders.

The acceptance of the consents from the Holders by the Company and the payment of Consent Fee is conditional upon, among other things, (i) there being validly delivered (and not validly revoked) consents from the Holders of not less than a majority in aggregate principal amount of the outstanding Notes pursuant to the terms of the Consent Solicitation Statement on or prior to the Expiration Date, (ii) no law, statute, ordinance, directive, rule or regulation shall have been proposed or enacted by any governmental or regulatory authority that could reasonably be expected to have a material adverse effect on our business, properties, assets, liabilities, financial condition, operations, or results of operations and (iii) there being no breach of any of the obligations of Jiangsu Hongjieding under (A) the Jiangsu Offshore Agreement, (B) the Shanghai Offshore Agreement, (C) the Debt Security Agreement, (D) the Borrowing Agreement and (E) the Shareholders Agreement, relating to the Disposal of Offshore Segment.

If the Requisite Consents are not received on or prior to the Expiration Date or if the Company has not accepted any consents in respect of the Notes, (i) the proposed amendments to the terms of the Indenture will not be effected, and (ii) no Consent Fee will be paid to any Holder.

If the Requisite Consents are received on or prior to the Expiration Date and the proposed amendments to the terms of the Indenture become effective, the proposed amendments will be binding on all Holders, including non-consenting Holders. However, non-consenting Holders will not receive any Consent Fee.

The results of the Consent Solicitation will be published on the Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Information and Tabulation Agent at <https://sites.dfkingltd.com/honghua>.

FURTHER DETAILS

For a detailed statement of the terms and conditions of the Consent Solicitation, Holders should refer to the Consent Solicitation Statement.

The Consent Solicitation Statement will be distributed in electronic format to the Holders. The Company has engaged Morgan Stanley & Co. International plc as the Solicitation Agent. A Holder (or a beneficial owner that is not a Holder) may also contact the Information and Tabulation Agent for the Consent Solicitation and all documentation relating to the Consent Solicitation and any updates will be available from the Information and Tabulation Agent (email: honghua@dfkingltd.com or at the following website: <https://sites.dfkingltd.com/honghua> or telephone: +44 20 7920 9700 (London), +852 3953 7231 (Hong Kong), +1 (877) 297-1744 (New York) or his/her/its broker, dealer, bank, trust company or other nominee for assistance concerning the Consent Solicitation.

INFORMATION ABOUT THE GROUP

The Group is primarily engaged in the development, manufacture and sales of gas drilling equipment and components as well as the provision of after-sales services.

GENERAL

This announcement is not a solicitation of consent with respect to the Notes. The Consent Solicitation is being made solely pursuant to the Consent Solicitation Statement and related documents dated 31 October 2018, which set forth in detail the terms of the Consent Solicitation. Holders should not contact the Company with respect to the Consent Solicitation and should not rely solely on this announcement. All statements contained herein are qualified by the Consent Solicitation Statement.

The distribution of this announcement in certain jurisdictions may be restricted by law. Persons into whose possession of this announcement comes are required to inform themselves about, and to observe, any such restrictions.

Forward-looking statements in this announcement, including, among others, statements relating to the Consent Solicitation are based on current expectations. These statements are not guarantees of future events or results. Future events and results involve risks, uncertainties and assumptions and are difficult to predict with any precision. Actual events and results could vary materially from the description contained herein due to many factors including changes in the market and price for the Notes, changes in the business and financial condition of the Group, changes in the real estate or infrastructure industries and changes in the financial and capital markets in general.

As there is no assurance that the Requisite Consents will be obtained, Shareholders, Holders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Board”	the board of directors of the Company
“Company”	Honghua Group Limited, a company incorporated in the Cayman Islands with limited liability whose Shares are listed on the Stock Exchange
“Consent Fee”	a cash payment of US\$4.00 to each Holder per US\$1,000 in principal amount of Notes in respect of which such Holder has validly delivered (and not validly revoked) a consent on or prior to the Expiration Date
“Consent Solicitation”	soliciting consents from Holders to certain proposed amendments to the Indenture

“Consent Solicitation Statement”	the consent solicitation statement dated 31 October 2018 in relation to the seeking of consents for certain amendments to the Indenture
“Directors”	the directors of the Company
“Expiration Date”	5:00 p.m., New York City time on 15 November 2018, unless terminated or extended by the Company from time to time in its sole discretion
“Group”	the Company and its subsidiaries
“Holders”	the registered holders of the Notes
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Indenture”	the indenture dated as of 25 September 2014 (as supplemented from time to time) specifying the terms of Notes
“Information and Tabulation Agent”	D.F. King
“Launch Date”	means 31 October 2018
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Notes”	US\$200,000,000 7.45% senior notes due 2019 issued by the Company in September 2014
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong and Macao Special Administrative Region of the People’s Republic of China
“Requisite Consents”	means there being validly delivered (and not validly revoked) consents from the Holders of not less than a majority in aggregate principal amount of the outstanding Notes on the record date pursuant to the terms set out in the Consent Solicitation Statement on or prior to the Expiration Date
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	the registered holder(s) of the Share(s)
“Solicitation Agent”	Morgan Stanley & Co. International plc
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“US\$” United States dollar, the lawful currency of the United States of America

“%” per cent

By Order of the Board
Honghua Group Limited
Jin Liliang
Chairman

PRC, 31 October 2018

As at the date of this announcement, the executive directors of the Company are Mr. Jin Liliang (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.