Honghua Group Limited

宏華集團有限公司

(a company incorporated in the Cayman Islands with limited liability)
(Stock Code: 0196)

GRANT OF SHARE OPTIONS

This announcement is made pursuant to Rule 17.06A of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The board of directors (the **"Board**") of Honghua Group Limited (the **"Company"**) hereby announces that on 11 October 2010, share options (the "**Share Options**") to subscribe for a total of 2,200,000 ordinary shares of HK$0.10 each in the capital of the Company (the "**Shares**") were granted to the grantees, subject to acceptance of the grantees, under the share option scheme adopted by resolutions in writing of all the shareholders of the Company on 21 January 2008.

The Share Options shall entitle the grantees to subscribe for an aggregate of 2,200,000 new Shares to be issued upon the exercise of the Share Options in full at exercise price of HK$1.05 per Share, which represents the highest of (ⅰ) the closing price of HK$1.05 per Share as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant of the Share Options, i.e., 11 October 2010 (the "Date of Grant"); (ⅱ) the average closing price of HK$0.934 per Share as stated in the daily quotations sheet issued by the Stock Exchange for the five business days immediately preceding the Date of Grant; and (ⅲ) the nominal value of Share, which is HK$0.10. The valid period of the Share Options is up to10 October 2020.

The Share Options are exercisable on or after 25 October 2010 by the grantees with details as follows:

1. up to 40% of the Share Options granted to each grantee from 25 October 2010 to

10 October 2011;
2. up to 70% of the Share Options granted to each grantee on or before 10 October 2012;
3. all the remaining Share Options granted to each grantee on or after 11 October 2012.

and in each case, not later than 10 October 2020.

Under this Share Options, none of the grantees is a director, chief executive or substantial shareholder of the Company, or their respective associates (as defined in the Listing Rules).

By order of the Board of
HONGHUA GROUP LIMITED
Zhang Mi
Chairman

People's Republic of China, 11 October 2010

As at the date of this announcement, the executive directors of the Company are Mr. Zhang Mi, Mr. Ren Jie and Mr. Liu Zhi; the non-executive directors of the Company are Mr. Huang Dongyang and Mr. Siegfried Meissner; and the independent non-executive directors of the Company are Mr. Liu Xiaofeng, Mr. Qi Daqing, Mr. Tai Kwok Leung, Alexander, Mr. Shi Xingquan, Mr. Chen Guoming and Mr. Wang Li.