宏华集团
HONGHUA GROUP

HONGHUA GROUP LIMITED

(*Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 196)

VOLUNTARY ANNOUNCEMENT

EQUIPMENT SALES AND FINANCIAL LEASING AGREEMENTS WITH ASFIL

Reference is made to the announcement by Honghua Group Limited (the ‘‘**Company**’’) made on 29 November 2017 on the poll results of the extraordinary general meeting held on the same day in relation to the Framework Agreement, and the notice of extraordinary general meeting and the circular of the Company (the ‘‘**Circular**’’) dated 13 November 2017. Unless otherwise stated, capitalised terms used herein shall bear the same meanings as defined in the Circular.

The board of directors of the Company is pleased to announce that on 30 November 2017, Sichuan Honghua Petroleum Equipment Co., Ltd (“**Sichuan Honghua**”), a wholly owned subsidiary of Honghua Investment, and ASFIL entered into an equipment sales agreement (the “**Sales Agreement**”) and Honghua Shenzhen and ASFIL entered into a financial leasing agreement (the “**Leasing Agreement**”), both in relation to a set of 6,000-horse power electrical fracturing pumps for a total consideration of RMB120 million. The Sales Agreement and the Leasing Agreement were entered into pursuant to the Framework Agreement between the Group and ASFIL.

The Sales Agreement is the second set of new electric fracturing pumps to be sold by the Group within the year. With the support of ASIFL, the Group developed the innovative financial leasing business during the year. The cooperation mode provides oil companies with cost-effective financial leasing service and facilitates the Group to tap into new markets worldwide

By order of the Board
Honghua Group Limited
Chen Yajun
Chairman

PRC, 1 December 2017

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. Qi Daqing, Mr. Chen Guoming, Ms. Su Mei, Mr. Poon Chiu Kwok and Mr. Chang Qing.