宏华集团
HONGHUA GROUP

HONGHUA GROUP LIMITED
宏華集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 196)

SUPPLEMENTAL ANNOUNCEMENT TO ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Reference is made to the annual report of Honghua Group Limited (the "**Company**") for the year ended 31 December 2017 (the "**2017 Annual Report**") and the announcements of the Company dated 2 May 2017 and 16 May 2017 (the "**Announcements**") in relation to the completion of the placing of new shares under general mandate and the completion of the issue of new shares under specific mandate. Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as defined in the Announcements.

The Board of Directors (the "**Board**") of the Company hereby provides the shareholders of the Company and potential investors with additional information of the Group for the year ended 31 December 2017 as follows:

USE OF PROCEEDS FROM THE ISSUE OF NEW SHARES

On 2 May 2017, the Company completed the placing of new shares under general mandate to the placing agent, Shenwan Hongyuan Securities (H.K.) Limited. The net proceeds raised from the aforementioned share issue are approximately HK$385 million. As at 31 December 2017, approximately HK$190 million of the net proceeds had been allocated to general working capital, and approximately HK$195 million had been allocated for repayment of loans due. As at 31 December 2017, the aforementioned net proceeds had been utilised in accordance with the purposes disclosed in the Announcements.

On 16 May 2017, the Company completed the issue of new shares under specific mandate to Kehua (being CASIC's nominee). The net proceeds raised from the aforementioned share issue are approximately HK$1,237 million. As at 31 December 2017, approximately HK$621 million of the net proceeds had been allocated to general working capital, and approximately HK$616 million had been allocated for repayment of debts due. As at 31 December 2017, the aforementioned net proceeds had been utilised in accordance with the purposes disclosed in the Announcements.

The Board confirmed that the above additional information does not affect other information contained in the 2017 Annual Report.

By order of the Board
Honghua Group Limited
Chen Yajun
Chairman

PRC, 6 July 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.