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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)

(股份代號：196)

DEVELOPMENT OF INVESTMENT IN AN ENERGY-RELATED FUND

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

Reference is made to the announcement of investment in an energy-related fund dated 13 November 2014 (the “**Former Announcement**”). Unless defined as otherwise, the terms used in this announcement have the same meaning as those used in the Former Announcement.

As stated in the Former Announcement, the Company became a limited partner of Sino-Mex Energy Fund by way of subscription for interests in the Fund with an investment amounted to USD 150 million on 13 November 2014.

The Board decides the Company to withdraw from Sino-Mex Energy Fund based on the consideration that the significant decrease of crude oil price in the international markets since the middle 2014 led to a shrink in capital expenditure of many state and large-cap international oil companies including PEMEX, and in this connection, the Company is of the view that investment in the Sino-Mex Energy Fund is hard to further promote the Group's products to expand the layouts and sales scale in the Mexican market in the foreseeable future. In addition, the Company will execute a more cautious capital expenditure policy to cope with the new situation of the current international and domestic oil industry.

The Company takes the view that the withdrawal from Sino-Mex Energy Fund has no significant effect on the financial condition and operation situation of the Company.

On behalf of the Board
Honghua Group Limited
Zhang Mi
Chairman

PRC, 26 March 2015

As at the date of this announcement, the executive directors of the Company are Mr. Zhang Mi (Chairman), Mr. Ren Jie and Mr. Liu Zhi, the non-executive director of the Company is Mr. Siegfried Meissner (Mr. Popin Su as his alternate) and the independent non-executive directors of the Company are Mr. Liu Xiaofeng, Mr. Qi Daqing, Mr. Chen Guoming, Mr. Shi Xingquan and Mr. Guo Yanjun.