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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)
(Stock Code: 196)

**INSIDE INFORMATION
SUCCESSFUL TENDER**

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 (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of the directors (the “**Directors**”) of the Company is pleased to announce that on 17 August 2017, Sichuan Honghua Petroleum Equipment Co., Ltd. (“**Sichuan Honghua**”) successfully won a bid (the “**Tender**”) issued by PUBLIC JOINT STOCK COMPANY “UKRGASVYDOBUVANNIA” (“**UGV**”) for sale of ten 70DBS land drilling rigs (the “**Proposed Transaction**”). According to the Tender, the total value of the land drilling rigs is approximately US\$120 million.

The total consideration in relation to the Proposed Transaction under the Tender amounted to approximately US\$120 million, represents around 35% of the annual revenue of the Company for the year ended 31 December 2016.

Sichuan Honghua and UGV will further discuss details on sale of the land drilling rigs, determine the final contract price and enter into sales contract with legal binding.

Sichuan Honghua, a limited liability company established in the Peoples’ Republic of China, is an indirect wholly-owned subsidiary of the Company. It is a large-scale equipment manufacturing enterprise and is principally engaged in research, design, manufacturing and general assembly of oil drilling rig and equipment for oil exploration and development.

UGV is mainly engaged in the development of oil, natural gas, natural gas distillate field and is the largest natural gas production company in Ukraine. In 2015, UGV extracted 14,528 billion cubic meters natural gas, representing 75% natural gas production in Ukraine.

The Proposed Transaction may or may not lead to the entering into of any formal agreement(s). The Company will make further announcement when the formal agreement(s) is entered into. Shareholders and potential investors are advised to exercise caution when trading in the Company’s securities.

On behalf of the Board
Honghua Group Limited
Chen Yajun
Chairman

PRC, 18 August 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.