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HUAZHONG HOLDINGS COMPANY LIMITED

華眾控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 6830)

PROFIT WARNING

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

The Board wishes to inform the Shareholders and potential investors that, the unaudited interim results of the Group for the six months ended 30 June 2012 is expected to record a significant decline as compared to the corresponding period in 2011.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Huazhong Holdings Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders (the “**Shareholders**”) of the Company and potential investors that, the unaudited interim results of the Group for the six months ended 30 June 2012 is expected to record a significant decline as compared to the corresponding period in 2011. Such decline is mainly due to the following reasons:

- (i) the commencement of production and launch of new products and suspension of production of certain old products during the six months ended 30 June 2012 resulted in the decline of gross profit margin of the Group;
- (ii) a one-off gain from a bargain purchase was recorded by the Group during the six months ended 30 June 2011, while no such gain was recognized in the six months ended 30 June 2012;
- (iii) the Group recorded share of loss of its jointly controlled entities during the six months ended 30 June 2012, as compare to a share of profit during the same period last year; and
- (iv) the expenses recorded by the Group during the six months ended 30 June 2012 in connection with the grant of pre-IPO share options to the management and employees of the Company prior to the listing of the Company’s shares on The Stock Exchange of Hong Kong Limited on 12 January 2012.

The Company is still in the process of finalizing its interim results for the six months ended 30 June 2012. The information contained in this announcement is only a preliminary assessment by the management of the Company based on the unaudited consolidated management accounts of the Group. Further details of the Company's performance for the six months ended 30 June 2012 will be disclosed when the interim results of the Company for the six months ended 30 June 2012 are announced.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Huazhong Holdings Company Limited
Zhou Minfeng
Chairman

Hong Kong, 19 August 2012

As at the date of this announcement, the executive Directors are Mr. Zhou Minfeng and Mr. Chang Jingzhou; the non-executive Directors are Ms. Lai Cairong, Mr. Wang Yuming and Ms. Kuang Min; and the independent non-executive Directors are Mr. Su Xijia, Mr. Yu Shuli and Mr. Tian Yushi.