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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)**

### **PROFIT WARNING**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and Inside Information Provisions under Part XIVA of SFO.

The Board would like to inform the shareholders of the Company and potential investors that based on the unaudited consolidated management accounts of the Group for the year ended 31 December 2016 and the information currently available to the Company, the Group's loss for the year ended 31 December 2016 is expected to increase substantially as compared to the Group's loss for the year ended 31 December 2015.

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

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 Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("**SFO**").

The board of directors of the Company (the "**Board**") would like to inform the shareholders of the Company and potential investors that based on the unaudited consolidated management accounts of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2016 and the information currently available to the Company, the Group's loss for the year ended 31 December 2016 is expected to increase substantially as compared to the Group's loss for the year ended 31 December 2015.

The expected loss is primarily attributable to the fact that the international oil and gas market has not improved significantly, which resulted in a substantial decrease of the Group's sales revenue, especially a substantial loss recorded from the Group's oil and gas engineering services sector and offshore engineering equipment sector for lacking of business.

The Company is in the process of finalizing the annual results of the Group for the year ended 31 December 2016. The information contained in this announcement is only based on a preliminary assessment by the Board of the unaudited consolidated management accounts of the Group for the year ended 31 December 2016 and the information currently available to the Company and is not based on any figures or information that have been audited or reviewed by the auditors of the Company. Details of the annual results of the Group for the year ended 31 December 2016 will be disclosed as and when the annual results of the Group for the year ended 31 December 2016 is announced.

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

On behalf of the Board  
**Honghua Group Limited**  
**Zhang Mi**  
Chairman

The PRC, 10 January 2017

*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 directors 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.*