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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 the Inside Information Provisions under Part XIVA of the SFO.

The Board would like to inform the shareholders and potential investors of the Company that based on the unaudited consolidated management accounts of the Group for the eleven months ended 30 November 2017 and the information currently available to the Company, the Group's loss for the year ended 31 December 2017 is expected to increase by approximately 100% as compared to the Group's loss for the year ended 31 December 2016.

Shareholders and potential investors of the Company 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 the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the “**SFO**”).

The board of directors of the Company (the “**Board**”) would like to inform the shareholders and potential investors of the Company that based on the unaudited consolidated management accounts of the Company and its subsidiaries (the “**Group**”) for the eleven months ended 30 November 2017 and the information currently available to the Company, the Group's loss for the year ended 31 December 2017 is expected to increase by approximately 100% as compared to the Group's loss for the year ended 31 December 2016.

The expected loss is primarily due to the continuous loss in the offshore segment, and a substantial amount of impairment provision made for the assets with a significant risk of impairment in the offshore segment. Meanwhile, as the oil and gas industry was still in the early stage of recovery, the sales revenue of the Group for the year was yet to be improved significantly, and the Group made impairment provisions for certain assets and corresponding litigation provisions for relevant legal proceedings, resulting in a significant loss to the Group.

The Company will finalize the results of the Group for the year ended 31 December 2017. The information contained in this announcement is only a preliminary assessment by the Company based on the unaudited consolidated management accounts of the Group for the eleven months ended 30 November 2017 and the information currently available to the Company and such preliminary assessment has not been audited or reviewed by the Company's auditors. Details of the Group's results for the year ended 31 December 2017 will be disclosed as and when the annual results announcement of the Group for the year ended 31 December 2017 is published.

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

By order of the Board
Honghua Group Limited
Chen Yajun
Chairman

PRC, 8 December 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.