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宏华集团
HONGHUA GROUP

HONGHUA GROUP LIMITED

宏華集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 196)

POSITIVE PROFIT ALERT

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

The Board would like to inform the shareholders of the Company and potential investors that based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2019 and the information currently available to the Company, the Group is expected to record an increase not less than 20% in the profit for the year ended 31 December 2019 as compared to that for the year ended 31 December 2018.

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) (the “**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 preliminary assessment of the unaudited consolidated management accounts of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2019 and the information currently available to the Company, the Group is expected to record an increase not less than 20% in the profit for the year ended 31 December 2019 as compared to that for the year ended 31 December 2018.

The expected profit was mainly attributed to the fact that (1) There has been a year-on-year increase in the Group's sales revenue amid the steady recovery of global oil and gas industry. Benefiting from the PRC's ongoing growth in shale gas and natural gas exploration activities, the businesses, such as the Group's oil and gas engineering services, 6,000 horsepower electric fracturing equipment and pumping services, maintained a momentum of growth, while the business in the conventional drilling rigs and parts rose steadily; (2) The Group put in vigorous efforts in cost reduction and efficiency improvement measures, which brought about constant improvement in operating standards.

The Company is in the process of finalizing the annual results of the Group for the year ended 31 December 2019. The information contained in this announcement is only based on the Board's preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2019 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 Company's auditors. Details of the Group's annual results for the year ended 31 December 2019 will be disclosed as and when the annual results of the Group for the year 31 December 2019 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
Jin Liliang
Chairman

PRC, 21 January 2020

As at the date of this announcement, the executive directors of the Company are Mr. Jin Liliang (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. Chen Guoming, Ms. Su Mei, Mr. Poon Chiu Kwok, Mr. Chang Qing and Mr. Wei Bin.