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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 the 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 six months ended 30 June 2021 and the information currently available to the Company, the Group is expected to record net loss attributable to the shareholders of the Company ranging from RMB30.00 million to RMB70.00 million for the six months ended 30 June 2021, as compared to profit attributable to the shareholders of RMB31.16 million for the six months ended 30 June 2020.

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 unaudited consolidated management accounts of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2021 and the information currently available to the Company, the Group is expected to record net loss attributable to the shareholders of the Company ranging from RMB30.00 million to RMB70.00 million for the six months ended 30 June 2021, as compared to profit attributable to the shareholders of RMB31.16 million for the six months ended 30 June 2020.

The expected net loss for the six months ended 30 June 2021 is primarily due to the combined impact of the COVID-19 pandemic and the fluctuation in the international oil price. Major international oil companies made huge cuts in their capital expenditure. The exports of petroleum equipment (especially drilling rigs) of the Group which had advantages traditionally bore the brunt in terms of number of orders, and thus the operating revenue still recorded a year-on-year decrease despite our proactive adjustment to the business structure during the year.

The Company is in the process of finalising the interim results of the Group for the six months ended 30 June 2021. 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 six months ended 30 June 2021 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 interim results for the six months ended 30 June 2021 will be disclosed as

and when the interim results of the Group for the six months ended 30 June 2021 are announced.

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By order of the Board
Honghua Group Limited
Jin Liliang
Chairman

PRC, 14 July 2021

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.