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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 2017 and the information currently available to the Company, the Group's loss for the six months ended 30 June 2017 is expected to increase substantially as compared to the Group's loss for the six months ended 30 June 2016.

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 2017 and the information currently available to the Company, the Group's loss for the six months ended 30 June 2017 is expected to increase substantially as compared to the Group's loss for the six months ended 30 June 2016.

The expected loss is primarily due to the fact that the international oil price is still staying at low price and the needs for oil exploration equipment recovered at a slow pace, which together cause the revenue of the Group for the six months ended 30 June 2017 declined significantly as compared to the same period of last year and each business sector of the Group records a huge loss for the six months ended 30 June 2017.

The Company is in the process of finalizing the interim results of the Group for the six months ended 30 June 2017. 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 2017 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 2017 will be disclosed as and when the interim results of the Group for the six months ended 30 June 2017 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
Chen Yajun
Chairman

PRC, 24 July 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.