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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 Company and its subsidiaries for the six months ended 30 June 2022 and the information currently available to the Company, the Group is expected to record a loss for the shareholders of the Company for the six months ended 30 June 2022, significantly increasing as compared to the loss for the shareholders of RMB72.966 million for the six months ended 30 June 2021, with expected net loss not exceeding RMB550 million.

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 (“**the Board**”) of the Company 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 2022 and the information currently available to the Company, the Group is expected to record a loss for the shareholders of the Company for the six months ended 30 June 2022, significantly increasing as compared to the loss for the shareholders of RMB72.966 million for the six months ended 30 June 2021, with expected net loss not exceeding RMB550 million.

The expected net loss for the six months ended 30 June 2022 was mainly due to: (1) the newly signed orders failed to make a significant contribution to the current revenue, and the operating revenue decreased year-on-year; (2) the loss of the Offshore Segment has not been significantly improved. Out of the principle of prudence, impairment provisions have been made for certain assets. At the same time, due to the prudent capital expenditure of customers and the impact of customers' price reduction settlement, the oil and gas services segment has made a large amount of impairment provisions for assets with impairment risks.

The Company is in the process of finalising the interim results of the Group for the six months ended 30 June 2022. 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 2022 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 2022 will be disclosed as and when the interim results of the Group for the six months ended 30 June 2022 are announced.

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

By order of the Board
Honghua Group Limited
Jin Liliang
Chairman

PRC, 5 August 2022

As at the date of this announcement, the executive directors of the Company are Mr. Jin Liliang (Chairman) and Mr. Zhu Hua; the non-executive directors of the Company are Mr. Zhang Mi and Mr. Yang Yong; and the independent non-executive directors of the Company are Mr. Chen Guoming, Ms. Su Mei, Mr. Chang Qing, Mr. Wei Bin and Mr. Zhang Shiju .

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