宏华集团
HONGHUA GROUP

Honghua Group Limited

(a company incorporated in the Cayman Islands with limited liability)
(Stock code: 196)

VOLUNTARY ANNOUNCEMENT IN RELATION TO ENTERING INTO A SALES AGREEMENT

This is a voluntary announcement made by Honghua Group Limited (the "**Company**").

The board of directors of the Company (the "**Board**") is pleased to announce that Sichuan Honghua Petroleum Equipment Co., Ltd. ("**Sichuan Honghua**"), a subsidiary of the Company, entered into a sales agreement for intelligent drilling rigs with a Middle East client (the "**Client**") for an aggregate amount of over RMB 1.5 billion on 16 July 2024 (the "**Sales Agreement**"). Pursuant to the Sales Agreement, Sichuan Honghua shall provide the Client with several sets of global advanced artificial island drilling rigs equipped with AI intelligent drilling software.

The Sales Agreement was determined after arm's length negotiations between Sichuan Honghua and the Client. The Sales Agreement was entered into on normal commercial terms, which are fair and reasonable.

The Client is a global leading oil enterprise and one of the largest drilling contractors in the Middle East region, which is mainly engaged in conventional and unconventional oil and gas resources exploitation services. The Company and the Client have established a long-term and friendly cooperation relationship for many years. The Company considers that the signing of the Sales Agreement demonstrates that the Company's high-end intelligent oil drilling rigs are highly recognised by the world's top drilling service contractors, further consolidating the Company's leading position in the global high-end and intelligent oil drilling rig market.

Having made all reasonable enquiries, the Client and its ultimate beneficial owners are independent third parties not connected with the Company and its connected persons (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")). The Sales Agreement does not constitute a transaction under Chapter 14 or Chapter 14A of the Listing Rules.

By order of the Board
Honghua Group Limited
Wang Xu
Chairman

PRC, 17 July 2024

As at the date of this announcement, the executive directors of the Company are Mr. Wang Xu (Chairman), Mr. Zhu Hua and Mr. Yang Qiang; the non-executive directors of the Company are Mr. Yang Yangzhuang and Mr. Liu Xinggui; and the independent non-executive directors of the Company are Mr. Zhang Shiju and Ms.Li Yuedong.