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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)

VOLUNTARY ANNOUNCEMENT

ENTERING INTO A SERVICE 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 recently Honghua Oil & Gas Engineering Services Ltd. (宏華油氣工程服務有限公司) (“**Honghua Oil & Gas Engineering Services**”), a subsidiary of the Company, and Schlumberger Middle East S.A., (“**Schlumberger Middle East**”) entered into a RIG UNIT Service Agreement (the “**Service Agreement**”), pursuant to which Honghua Oil & Gas Engineering Services will provide Schlumberger Middle East with Rig Unit Services in the Middle East for an estimated operation period of 54 months. The exact amount under the Service Agreement will be determined and settled upon the actual working volume.

In 2020, Honghua Oil & Gas Engineering Services broke the drilling records in terms of speed in several blocks in the Middle East. With its operation ability, Honghua Oil & Gas Engineering Services signed the agreement with Schlumberger Middle East again. The Service Agreement represents the service contract with the maximum terms signed by Honghua Oil & Gas Engineering Services in its history. Honghua Oil & Gas Engineering Services will use the 2000HP drilling rigs independently developed and manufactured by the Company, which is equipped with large components such as self-developed top drives, mud pumps and dynamic catwalks. By virtue of the Company's advantage as an equipment manufacturing enterprise, Honghua Oil & Gas Engineering Services can realize timely repair and maintenance of drilling rigs to ensure the quality of its operation equipment.

After having made all reasonable enquiries by the Company, Schlumberger Middle East and its ultimate beneficial owner(s) 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 transaction contemplated under the Service Agreement does not constitute any notifiable transaction of the Company under Chapter 14 or Chapter 14A of the Listing Rules.

By order of the Board
Honghua Group Limited
Jin Liliang
Chairman

PRC, 5 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.