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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 SALE 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, Honghua Golden Coast Equipment FZE (“**Honghua Golden Coast**”), a subsidiary of the Company, has entered into a sale agreement (the “**Sale Agreement**”) amounts about RMB500 million with a Mideast client (“**The Client**”) recently. Pursuant to the Sale Agreement, Honghua Golden Coast will provide several sets of land drilling /workover rigs with certain specifications to the Client.

The Sale Agreement was determined after arms length negotiations between Honghua Golden Coast and the Client. The terms of the Sale Agreement are fair and reasonable under normal commercial terms.

The Client is a well-known drilling provider in the Middle East and has established stable cooperation with the Company since several years ago.

The Company is of the view that the entering into the Sale Agreement demonstrates that the products of the Company has gained great recognition from its clients for high quality and sound services which lay a solid basis for further international market expansion of the Company.

After having made all reasonable enquiries by the Company, the Client 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 Sale Agreement does not constitute any notifiable transaction of the Company under Chapter 14 or Chapter 14A of the Listing Rules.

On behalf of the Board  
**Honghua Group Limited**  
**Wang Xu**  
*Chairman*

PRC, 5 June 2023

*As at the date of this announcement, the executive directors of the Company are Mr. Wang Xu (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.*