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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 SALE AND PURCHASE 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, has entered into a sale and purchase agreement (the “**Sale and Purchase Agreement**”) amounts about RMB180 million with a China new client (**the “Client**”) recently. Pursuant to the Sale and Purchase Agreement, Sichuan Honghua will provide land drilling rigs with certain specifications and related services to the Client.

The Sale and Purchase Agreement was determined after arms length negotiations between Sichuan Honghua and the Client. The terms of Sale and Purchase Agreement are fair and reasonable and in normal commercial terms.

The parent company of the Client occupies over 10 thousand square kilometers’ oilfield block in China, where the Client mainly undertakes the oil and gas exploration work.

The Sale and Purchase Agreement is the first time for the Client to purchase high-end land drilling rigs and related services from the Company. The Company takes the view that the entering into the Sale and Purchase Agreement further shows that the reliable quality of the Company's products and the quality service have been recognized by more customers, which has laid a solid foundation for the Company to further expand in the domestic market.

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 transactions contemplated under the Sale and Purchase 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, 13 July 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.