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 ALERT

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 the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

The board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company and potential investors that based on a preliminary assessment on unaudited consolidated management accounts of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2026 (the "**Reporting Period**") and the information currently available to the Company, the Group is expected to record a loss attributable to the shareholders of the Company of between approximately RMB20 million and RMB40 million for the six months ended 30 June 2026, as compared with a profit attributable to the shareholders of the Company of approximately RMB37.095 million for the six months ended 30 June 2025.

The expected loss is primarily attributable to the following factors: (i) impact of geopolitical developments and macroeconomic operating environments. During the Reporting Period, affected by the continued geopolitical instability in the Middle East, the Group's market development for drilling equipment, shipbuilding and drilling engineering services in the region came under short-term pressure, resulting in revenue contribution and profit generated from the region being significantly lower than expected. Meanwhile, disruptions to international trade logistics and rising supply chain costs further squeezed the Group’s overall gross profit margin; and (ii) exchange losses arising from currency fluctuations. During the Reporting Period, the Renminbi continued to appreciate against the US dollar, resulting in substantial exchange losses on the Group’s US dollar-denominated assets and foreign currency receivables, which further reduced the Group’s profit for the period. Although the Group actively managed its exchange rate risk through timely adjustments to its foreign exchange settlement strategy, forward foreign exchange contracts and foreign exchange hedging activities, such measures were unable to fully offset the adverse impact of exchange rate fluctuations.

The Company is in the process of finalising the interim results of the Group for the six months ended 30 June 2026. The information contained in this announcement is prepared based solely on the Board’s preliminary assessment of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2026 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 2026 will be disclosed in the announcement of the Company’s relevant interim results.

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
Wang Xu
Chairman

PRC, 7 July, 2026

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 director of the Company is Mr. Liu Hui; and the independent non-executive directors of the Company are Mr. Zhang Shiju, Ms. Li Yuedong and Mr. Wang Junren.