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宏华集团
HONGHUA GROUP

Honghua Group Limited

(a company incorporated in the Cayman Islands with limited liability)

(Stock code: 196)

ANNOUNCEMENT IN RELATION TO ENTERING INTO A SALES AGREEMENT FOR DRILLING RIGS

This announcement is made to the shareholders and potential investors of Honghua Group Limited (the "**Company**", together with its subsidiaries, collectively the "**Group**") for the purpose of providing the latest information regarding the Group's business.

The board of directors of the Company (the "**Board**") is pleased to announce that Honghua International Co., Ltd. ("**Honghua International**"), a subsidiary of the Company, has recently signed a sales agreement for drilling rigs (the "**Sales Agreement**") with a customer in Central Asia (the "**Customer**"). Under the Sales Agreement, Honghua International will supply several sets of automated drilling rigs of specific configurations to the Customer, with a total contract amount of approximately US$59 million.

The Customer is primarily engaged in drilling operations within Central Asia. The Group previously contracted to sell several sets of drilling rigs to the group to which the Customer belongs (the "**Phase I Project**"). Building on the technical strengths,

customized solutions and high-quality full-process services demonstrated by the Group in the Phase I Project, the Group was highly recognized by customers in the region and successfully signed the Sales Agreement within six months. The aggregate contract amount of the Phase I Project and the Sales Agreement exceeds US$110 million.

The Group has continuously increased its efforts to develop the oil and gas equipment market in regions outside the Middle East and successively made breakthroughs in orders. The signing of the Sales Agreement marks the Group's first breakthrough in the market for automated drilling rigs of specific configurations within Central Asia. Once put into operation, the drilling rigs under this project are expected to have a demonstration effect, while helping customers reduce operating costs and improve the standards of operational safety. This is expected to provide Central Asian customers with a wider range of efficient and intelligent oil and gas equipment options, thereby supporting the automation upgrade of oil and gas equipment in the region.

The terms of the Sales Agreement were determined after arm's length negotiations between Honghua International and the Customer. The Sales Agreement is on normal commercial terms, and its terms are fair and reasonable and in the interests of the Company and its shareholders as a whole.

To the best of the knowledge, information and belief of the directors of the Company, who have made all reasonable enquiries, the Customer and its ultimate beneficial owners are all 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 sale of drilling rigs under the Sales Agreement constitutes a transaction of a revenue nature in the ordinary and usual course of business of the Group. Therefore, pursuant to Rule 14.04(1)(g) of the Listing Rules, it does not constitute a notifiable transaction under Chapter 14 of the Listing Rules. Also, the transaction does not constitute a connected

transaction under Chapter 14A of the Listing Rules.

The above contract amounts do not represent revenue already recognised by the Group; the related revenue must be recognised in accordance with the applicable accounting standards and actual performance of the contracts. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Honghua Group Limited
Zhu Hua
Chairman

PRC, 4 November 2026

As at the date of this announcement, the executive directors of the Company are Mr. Zhu Hua (Chairman), Mr. Zhang Xiaodong 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.