宏华集团
HONGHUA GROUP

HONGHUA GROUP LIMITED

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

(Stock code: 0196)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

FINANCIAL HIGHLIGHT

	Six months ended 30 June		
	2026	2025	Changes
	RMB'000	*RMB'000*	
	(Unaudited)	(Unaudited)	
Turnover *(RMB'000)*	**2,509,557**	2,601,073	-3.5%
Gross profit *(RMB'000)*	**264,577**	338,585	-21.9%
Gross profit margin	**10.5%**	13.0%	A decrease of 2.5 percentage points
Operating Profit *(RMB'000)*	**8,568**	81,311	-89.5%
(Loss)/Profit attributable to equity shareholders of the Company *(RMB'000)*	**(28,922)**	37,095	-178.0%
(Loss)/Profit per share			
– Basic *(RMB cents)*	**(0.32)**	0.41	Earnings per share decreased by 0.73 cents
– Diluted *(RMB cents)*	**(0.32)**	0.41	Earnings per share decreased by 0.73 cents

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2026 (for the six months ended 30 June 2025: nil).

INTERIM RESULTS

The Board of the Company hereby announces the unaudited consolidated financial interim results of the Group for the six months ended 30 June 2026, together with the comparative figures for the corresponding period in 2025. These interim results have not been reviewed or audited by the Company's auditors but have been reviewed by the Company's Audit Committee.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

		Unaudited	
		Six months ended 30 June	
		2026	2025
	Notes	***RMB'000***	*RMB'000*
Revenue	*4*	**2,509,557**	2,601,073
Cost of sales		**(2,244,980)**	(2,262,488)
Gross profit		**264,577**	338,585
Distribution costs		**(74,077)**	(74,582)
Administrative expenses		**(136,529)**	(143,047)
Research and development expenses		**(77,692)**	(76,745)
Net impairment reversal on financial assets and contract assets		**9,010**	8,836
Other income		**30,670**	21,386
Other gains or losses, net		**(7,391)**	6,878
Operating profit	*5*	**8,568**	81,311
Finance income		**8,658**	15,501
Finance expenses		**(58,447)**	(56,478)
Finance expenses – net		**(49,789)**	(40,977)
Share of results of an associate and a joint venture accounted for using the equity method		**(2,927)**	(2,790)
(Loss)/profit before income tax		**(44,148)**	37,544
Income tax credit/(expenses)	*6*	**4,053**	(997)
(Loss)/profit for the period		**(40,095)**	36,547
(Loss)/profit for the period attributable to:			
– Owners of the Company		**(28,922)**	37,095
– Non-controlling interests		**(11,173)**	(548)
		(40,095)	36,547
(Loss)/earnings per share attributable to the owners of the Company (expressed in RMB cents per share)			
Basic and diluted	*7*	**(0.32)**	0.41

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Unaudited	
	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
(Loss)/profit for the period	**(40,095)**	36,547
Other comprehensive income/(loss) for the period		
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	**66,219**	19,596
Fair value gain/(loss) on hedging instruments designated as cash flow hedges	**5,111**	(721)
Income tax relating to items that will be reclassified subsequently to profit or loss	**(767)**	108
Items that will not be reclassified subsequently to profit or loss		
Currency translation differences	**(159,548)**	(64,679)
Change in the fair value of equity investments at fair value through other comprehensive income ("**FVTOCI**")	**(1,622)**	–
Income tax relating to items that will not be reclassified subsequently to profit or loss	**2,090**	–
Other comprehensive loss for the period, net of tax	**(88,517)**	(45,696)
Total comprehensive loss for the period	**(128,612)**	(9,149)
Total comprehensive loss for the period attributable to:		
Owners of the Company	**(117,439)**	(8,601)
Non-controlling interests	**(11,173)**	(548)
	(128,612)	(9,149)

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2026

	Notes	**Unaudited 30 June 2026** *RMB'000*	Audited 31 December 2025 *RMB'000*
Non-current assets			
Property, plant and equipment	*9*	**2,365,754**	2,497,882
Right-of-use assets		**532,985**	586,440
Intangible assets		**442,989**	441,299
Investments accounted for using the equity method		**27,357**	44,401
Deferred tax assets		**273,334**	261,693
Financial assets at FVTOCI		**–**	95,329
Trade and other receivables	*10*	**165,426**	202,182
Contract assets		**62,833**	71,276
Other non-current assets		**43,153**	46,042
		3,913,831	4,246,544
Current assets			
Inventories		**1,521,089**	1,495,792
Contract costs		**344,580**	239,591
Contract assets		**2,350,390**	1,884,378
Trade and other receivables	*10*	**3,456,803**	3,635,164
Current tax recoverable		**15,241**	15,154
Financial assets at fair value through profit or loss		**678**	678
Financial assets at FVTOCI		**26,955**	37,027
Pledged bank deposits		**46,180**	45,175
Cash and cash equivalents		**885,516**	999,972
		8,647,432	8,352,931
Assets classified as held for sale		**12,617**	12,617
		8,660,049	8,365,548
Total assets		**12,573,880**	12,612,092

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – Continued

AT 30 JUNE 2026

	Notes	Unaudited 30 June 2026 RMB'000	Audited 31 December 2025 RMB'000
EQUITY			
Share capital		**823,804**	823,804
Other reserves		**4,615,462**	4,713,629
Accumulated losses		**(2,111,113)**	(2,091,841)
Equity attributable to owners of the Company		**3,328,153**	3,445,592
Non-controlling interests		**184,502**	195,675
		3,512,655	3,641,267
Non-current liabilities			
Borrowings	*11*	**3,005,975**	2,193,522
Deferred income		**22,700**	13,121
Lease liabilities		**145,897**	175,425
		3,174,572	2,382,068
Current liabilities			
Contract liabilities		**652,478**	486,226
Trade and other payables	*12*	**3,267,032**	3,437,815
Income tax payable		**10,920**	30,951
Borrowings	*11*	**1,850,608**	2,492,155
Other financial liabilities		**74**	5,184
Provisions for other liabilities and charges		**14,242**	26,023
Deferred income		**23,418**	34,482
Lease liabilities		**67,881**	75,921
		5,886,653	6,588,757
Total liabilities		**9,061,225**	8,970,825
Total equity and liabilities		**12,573,880**	12,612,092

1 General information

The Group is principally engaged in manufacturing of oil and gas exploration equipment, providing drilling services, fracturing and offshore engineering equipment manufacturing.

The Company was incorporated in the Cayman Islands on 15 June 2007 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Its parent is Dongfang Electric International Investment Co., Limited (東方電氣集團國際投資有限公司, "Dongfang Investment", incorporated in Hong Kong) and its ultimate parent is Dongfang Electric Corporation (中國東方電氣集團有限公司, "DEC", incorporated in People's Republic of China (the "PRC")). The address of its registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The principal place of business of the Group is 99 East Road, Information Park, Jinniu District, Chengdu, Sichuan, PRC.

The Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited on 7 March 2008.

This interim condensed consolidated financial information is presented in Chinese Renminbi ("RMB"), unless otherwise stated, and was approved for issue by the Board of Directors of the Company on 28 August 2026.

This interim condensed consolidated financial information has not been audited.

2 Basis of preparation

This interim condensed consolidated financial information have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim financial reporting" issued by the International Accounting Standards Board ("IASB") as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

3 Principal accounting policies

The accounting policies and basis of preparation adopted in these interim condensed consolidated financial information are consistent with those adopted in the Group's annual consolidated financial statements for the year ended 31 December 2025 except as described below.

In the current period, the Group has adopted, for the first time, the amended IFRS Accounting Standards, which includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by IASB, that are effective for accounting periods beginning on 1 January 2026 and which are relevant to its operations. The amended IFRS Accounting Standards adopted by the Group in the interim condensed consolidated financial information are set out below:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11

The adoption of the amended IFRS Accounting Standards had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

4 Segment and revenue information

(i) Description of segments

The senior executive management is the Group's chief operating decision maker ("CODM"). Management has determined the operating segments based on the information reviewed by the senior executive management for the purposes of allocating resources and assessing performance.

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's CODM for the purposes of resource allocation and performance assessment, the Group has identified five reportable segments. No operating segments have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's operating and reportable segments under IFRS 8 are as follows:

(a) land drilling rigs;

(b) parts and components and others;

(c) drilling engineering services;

(d) fracturing services; and

(e) offshore engineering.

The senior executive management assesses the performance of the operating segments based on a measure of segment profit or loss. This measurement basis excludes the share of losses of the associate and joint venture, other gains or losses, net and other income and unallocated head office and corporate expenses. Finance income and expenses are also not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group. Other information provided, except as noted below, to the CODM is measured in a manner consistent with that in the interim condensed consolidated financial statements.

Sales between segments are carried out in the ordinary course of business and in accordance with the terms of the underlying agreements. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the interim condensed consolidated statement of profit or loss.

(ii) Segment information

The table below shows the segment information and the basis on which revenue is recognised regarding the Group's reportable segments for the six months ended 30 June 2026 and 2025 respectively:

	Land drilling rigs		Parts and components and others		Drilling engineering services		Fracturing services		Offshore engineering		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2026	2025	**2026**	2025	**2026**	2025	**2026**	2025	**2026**	2025	**2026**	2025
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers	**1,156,720**	801,453	**441,390**	574,751	**131,794**	174,505	**203,038**	433,421	**576,615**	616,943	**2,509,557**	2,601,073
Timing of revenue recognition												
At a point in time	**269,260**	97,143	**411,798**	549,960	**–**	–	**9,384**	5,859	**35,283**	185,446	**725,725**	838,408
Over time	**887,460**	704,310	**165**	–	**131,794**	174,505	**193,654**	427,562	**541,332**	431,497	**1,754,405**	1,737,874
Lease income	**–**	–	**29,427**	24,791	**–**	–	**–**	–	**–**	–	**29,427**	24,791
Reportable segment (loss)/profit	**(8,466)**	44,758	**11,113**	32,987	**25,764**	11,598	**(29,967)**	(31,913)	**6,962**	10,506	**5,406**	67,936

Given the manufacturing processes of the Group's businesses are in a form of vertical integration, the Group's CODM considered segment assets and liabilities information was not relevant in assessing performance of and allocating resources to the operations segments. During the six months ended 30 June 2026, such information was not reviewed by the Group's CODM. Accordingly, no segment assets and liabilities are presented.

During the current interim period, the CODM began assessing the performance of the Group's operating segments based on revised segment information that focuses on revenue from external customers and excludes inter-segment revenue. Accordingly, inter-segment revenue is no longer included in the segment revenue measure regularly reviewed by the CODM. This change reflects management's revised internal reporting approach, under which the CODM focuses on revenue from external customers when evaluating segment performance and allocating resources. This represents a change in the presentation of segment revenue only, rather than a change in the composition of the Group's operating or reportable segments.

As inter-segment revenue is no longer included in the segment revenue measure regularly provided to the CODM, it is not separately disclosed in the segment information for the current interim period. Comparative segment revenue information for the six months ended 30 June 2025 has been re-presented on the same basis to enhance comparability with the current interim period.

A reconciliation of segment profit to (loss)/profit before income tax is provided as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Segment profit		
Segment profit derived from Group's external customers	**5,406**	67,936
Share of results of an associate and a joint venture	**(2,927)**	(2,790)
Other income	**30,670**	21,386
Other gains or losses, net	**(7,391)**	6,878
Finance income	**8,658**	15,501
Finance expenses	**(58,447)**	(56,478)
Unallocated head office and corporate expenses	**(20,117)**	(14,889)
(Loss)/profit before income tax	**(44,148)**	37,544

The following table sets out revenue from external customers by geographical location, based on the destination of the customer:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Middle East	**1,312,397**	1,029,806
Including: United Arab Emirates	***758,349***	*721,801*
Oman	***440,538***	*73,930*
Iraq	***81,886***	*153,323*
Saudi Arabia	***19,046***	*31,994*
Kuwait	***11,403***	*47,722*
The PRC (country of domicile)	**810,351**	1,295,528
Europe	**206,657**	191,541
South Asia and South East Asia	**104,507**	25,277
Americas	**57,984**	42,140
Africa	**17,661**	16,781
Including: Egypt	***10,427***	*3,864*
Algeria	***7,234***	*12,870*
	2,509,557	2,601,073

The following table sets out non-current assets, other than financial instruments and deferred income tax assets, by geographical location:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
The PRC (country of domicile)	**2,969,209**	3,139,115
Middle East	**476,963**	501,971
Including: Iraq	***450,238***	*472,815*
Africa	**22,396**	37,757
Americas	**5,932**	6,806
Europe	**571**	1,691
	3,475,071	3,687,340

The following table sets out the external customers of the corresponding periods contributing over 10% of the total revenue of the Group:

	30 June 2026	30 June 2025
	RMB'000	*RMB'000*
Customer A[1]	**605,598**	569,620
Customer B[1]	**343,901**	N/A[2]
	949,499	569,620

1 Revenue from "Land drilling rigs" and "Parts and components and others".

2 The corresponding revenue did not contribute over 10% of the revenue of the Group.

5 Operating profit

The following items have been charged/(credited) to the operating profit during the period:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Write down of inventories	**8,003**	27,508
Reversal of impairment of financial assets	**(12,104)**	(8,351)
Provision for/(reversal of) impairment of contract assets	**3,094**	(485)
Provision for impairment of property, plant and equipment	**6,941**	–
Gains on disposal of property, plant and equipment and other intangible assets	**(262)**	(6,669)

6 Income tax (credit)/expense

Taxation in the interim condensed consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Current income tax		
– Hong Kong (i)	**–**	–
– The PRC (ii)	**637**	1,265
– Other jurisdictions (iii)	**5,553**	7,500
Deferred tax	**(10,243)**	(7,768)
	(4,053)	997

(i) Hong Kong

The provision for Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits of the subsidiaries of the Group incorporated in Hong Kong during the six months ended 30 June 2026 and 2025.

(ii) The PRC

Pursuant to the income tax rules and regulations of the PRC, the subsidiaries of the Group in the PRC are subject to PRC Enterprise Income Tax at a rate of 25% during the six months ended 30 June 2026 and 2025, except for the following companies:

(a) Sichuan Honghua Petroleum Equipment Co., Ltd. ("Honghua Company"), Gansu Hongteng Oil & Gas Equipment Co., Ltd. ("Gansu Hongteng"), Honghua Offshore Oil and Gas Equipment (Jiangsu) Co., Ltd. ("Honghua (Jiangsu)") and Han Zheng Testing Technology Co., Ltd. ("Han Zheng Testing")

Corporate Income Tax ("CIT") of Honghua Company, Gansu Hongteng, Honghua (Jiangsu) and Han Zheng Testing is accrued at a tax rate of 15% applicable for Hi-tech enterprises pursuant to the relevant PRC tax rules and regulations during the six months ended 30 June 2026 and 2025.

(b) Sichuan Honghua Electric Co., Ltd. ("Honghua Electric") and Honghua Oil & Gas Engineering Technology Services Limited ("Sichuan Oil & Gas Services")

On 23 April 2020, State Taxation Administration issued Notice 23(2020) in respect of favourable CIT policy applicable to qualified enterprises located in western China. Honghua Electric and Sichuan Oil & Gas Services applied and obtained an approval from in-charge tax authority under the policy for the 15% preferential CIT rate and is qualified for the 15% preferential CIT rate from 2021 to 2030.

(iii) Others jurisdictions

Taxation for other entities is charged at their respective applicable tax rates ruling in the relevant jurisdictions.

(iv) Withholding tax

Under the PRC tax law and its implementation rules, dividends receivable by non-PRC resident enterprises from PRC enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. Pursuant to a tax arrangement between the PRC and Hong Kong, a qualified Hong Kong tax resident will be liable for withholding tax at a reduced rate of 5% for dividend income derived from the PRC.

The Company's directors revisited the dividend policy of the Group during the six months ended 30 June 2026 and 2025. In order to retain the fundings for operations and future development, it was resolved that the Group's PRC subsidiaries will not distribute dividend to the offshore holding companies in the foreseeable future. Any dividends to be declared by the Company will be distributed from the share premium account.

7 (Loss)/earnings per share

The calculation of basic (loss)/earnings and diluted (loss)/earnings per share attributable to owners of the Company is based on the following data.

	Six months ended 30 June	
	2026	2025
(Loss)/profit for the period attributable to owners of the Company *(RMB'000)*	**(28,922)**	37,095
Weighted average number of ordinary shares in issue *(thousands)*	**9,040,489**	9,040,489
Effect of the share award scheme *(thousands)*	**(61,089)**	(61,089)
Adjusted weighted average number of ordinary shares in issue *(thousands)*	**8,979,400**	8,979,400
Basic and diluted (loss)/earnings per share *(RMB cents per share)*	**(0.32)**	0.41

For the six months ended 30 June 2026, the effect of the exercise of outstanding share options was anti-dilutive and diluted loss per share during the period is therefore equal to basic loss per share. For the six months ended 30 June 2025, the computation of diluted earnings per share does not assume the exercise of the outstanding share options as the exercise prices of those options are higher than the average market price of the ordinary shares during the period.

8 Dividends

No dividend was approved or paid in respect of the previous financial years during the six months ended 30 June 2026 (six months ended 30 June 2025: no approved or paid).

The board of directors of the Company does not recommend the payment of interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: not recommend).

9 Property, plant and equipment

	Buildings held for own use *RMB'000*	Plant and machinery *RMB'000*	Furniture, fittings and equipment *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
At 1 January 2026						
Cost	1,720,420	1,938,984	743,202	60,880	139,054	4,602,540
Accumulated depreciation and impairment	(690,315)	(766,840)	(587,043)	(24,410)	(36,050)	(2,104,658)
Net book amount	1,030,105	1,172,144	156,159	36,470	103,004	2,497,882
Six months ended 30 June 2026						
Opening net book amount	1,030,105	1,172,144	156,159	36,470	103,004	2,497,882
Additions	317	23,441	6,458	608	6,386	37,210
Transfer from construction in progress	2,317	1,399	686	–	(4,402)	–
Transfer from inventories	–	6,904	–	–	–	6,904
Transfer to right-of-use assets	–	–	–	–	(8,745)	(8,745)
Transfer to inventories	–	(18,356)	–	–	–	(18,356)
Disposals	(27)	(1,843)	(831)	(34)	–	(2,735)
Depreciation charges	(51,126)	(55,993)	(16,533)	(1,102)	–	(124,754)
Impairment provision	–	(6,941)	–	–	–	(6,941)
Currency translation difference	(73)	(12,530)	(2,096)	(12)	–	(14,711)
Closing net amount	981,513	1,108,225	143,843	35,930	96,243	2,365,754
At 30 June 2026						
Cost	1,721,294	1,879,060	733,105	60,370	132,293	4,526,122
Accumulated depreciation and impairment	(739,781)	(770,835)	(589,262)	(24,440)	(36,050)	(2,160,368)
Net book amount	981,513	1,108,225	143,843	35,930	96,243	2,365,754

10 Trade and other receivables

	30 June 2026 *RMB'000*	31 December 2025 *RMB'000*
Trade receivables (i)	**2,042,956**	2,305,411
Bills receivables	**199,336**	91,439
Less: provision for impairment of trade receivables and bills receivables	**(255,307)**	(270,889)
	1,986,985	2,125,961
Amounts due from related parties		
Trade	**173,692**	179,911
Non-trade	**211,901**	216,385
Less: provision for impairment for amounts due from related parties	**(142,382)**	(143,520)
	243,211	252,776
Finance lease receivables	**148,130**	158,966
Less: provision for impairment of finance lease receivables	**(50,310)**	(52,860)
Value-added tax recoverable	**253,840**	275,980
Prepayments to related parties	**225,118**	211,700
Prepayments to non-related parties	**661,260**	727,480
Less: provision for impairment of prepayments	**(13,863)**	(13,868)
Other receivables	**292,283**	277,573
Less: provision for impairment of other receivables	**(124,425)**	(126,362)
	3,622,229	3,837,346
Representing by:		
Current portion	**3,456,803**	3,635,164
Non-current portion	**165,426**	202,182
	3,622,229	3,837,346

(i) As at 30 June 2026 and 31 December 2025, the ageing analysis of the net amount of trade receivables and bills receivables (including amounts due from related parties of trading in nature), based on the invoice date (trade receivables) or receipt date (bills receivables) is as follows:

	30 June 2026 *RMB'000*	31 December 2025 *RMB'000*
Within 1 year	**1,825,980**	1,969,912
Over 1 year	**325,746**	327,611
	2,151,726	2,297,523

The Group maintains different billing policies for different customers based on the negotiated terms with each of the customers. The Group issues progress billing at different stages such as upon the signing of contracts and upon the delivery of products. The exact percentage of each part of payment varies from contract to contract. Trade receivables are generally due for payment within 90 days from the date of billing.

11 Borrowings

	30 June 2026 *RMB'000*	31 December 2025 *RMB'000*
Bank loans		
Unsecured		
– Current portion	**718,477**	1,208,112
– Non-current portion	**2,577,520**	1,237,870
	3,295,997	2,445,982
Unsecured loan from related party (i)		
– Current portion	**1,097,000**	1,248,760
– Non-current portion	**382,400**	892,500
	1,479,400	2,141,260
Other borrowing (ii)		
– Current portion	**35,131**	35,283
– Non-current portion	**46,055**	63,152
	81,186	98,435
Total borrowings	**4,856,583**	4,685,677
Analysed as:		
– Current portion	**1,850,608**	2,492,155
– Non-current portion	**3,005,975**	2,193,522

(i) On 3 March 2023, Honghua (China) Investment Co., Ltd. ("Honghua China"), a subsidiary of the Company, obtained a syndicated bank facility from Dongfang Electric Finance Co., Ltd (東方電氣集團財務有限公司, "Dongfang Electric Finance"), Sichuan Bank Co., Ltd (四川銀行股份有限公司, "Sichuan Bank" and Industrial Bank Co., Ltd. ("Industrial Bank"), of which each party agreed to provide RMB490,000,000 credit facility to Honghua China, totalling to RMB1,470,000,000. The facility was guaranteed by the Company and Honghua Holdings Limited, a subsidiary of the Company. The loan carries interest at a variable market rates of Loan Prime Rate ("LPR") plus a fixed interest of 0.35% and is repayable after three years since the date of drawdown.

On 21 May 2024, Honghua China entered into a supplementary agreement with Dongfang Electric Finance, Sichuan Bank and Industrial Bank, to amend the interest rate of such syndicated bank facility to LPR minus a fixed interest of 0.65%.

On 10 December 2024, the Group entered into a Financial Services Framework Agreement with Dongfang Electric Finance, effective from 1 January 2025 to 31 December 2027. Under the agreement, Dongfang Electric Finance provides deposit, lending and settlement services on commercial terms.

Borrower	Drawdown Date	Repayment Date	Interest Rate	As at 31 December 2025	Drawdowns in the Period	Repayments in the Period	As at 30 June 2026
			%	*RMB'000*	***RMB'000***	***RMB'000***	***RMB'000***
Honghua China	13/3/2023	6/3/2026	2.45%	464,860	**–**	**464,860**	**–**
	22/1/2026	22/1/2029	2.34%	–	**139,400**	**–**	**139,400**
Honghua Company	14/6/2024	14/6/2027	1.00%	150,000	**–**	**–**	**150,000**
	6/3/2025	6/3/2026	2.30%	94,900	**–**	**94,900**	**–**
	28/5/2025	21/5/2028	2.38%	79,000	**–**	**1,000**	**78,000**
	29/8/2025	21/8/2027	2.32%	90,000	**–**	**1,000**	**89,000**
	29/8/2025	29/8/2026	2.28%	100,000	**–**	**–**	**100,000**
	2/9/2025	2/9/2028	1.50%	80,000	**–**	**–**	**80,000**
	31/10/2025	31/10/2026	2.28%	54,000	**–**	**–**	**54,000**
	28/11/2025	28/11/2026	2.28%	70,000	**–**	**–**	**70,000**
	22/12/2025	21/12/2027	2.32%	200,000	**–**	**200,000**	**–**
	22/12/2025	22/12/2026	2.28%	296,000	**–**	**–**	**296,000**
	23/12/2025	21/12/2028	2.34%	317,500	**–**	**317,500**	**–**
	10/2/2026	10/2/2027	2.28%	–	**42,000**	**–**	**42,000**
	18/3/2026	17/3/2027	2.11%	–	**32,000**	**–**	**32,000**
	30/3/2026	30/3/2027	2.11%	–	**18,000**	**–**	**18,000**
	29/4/2026	29/4/2027	2.11%	–	**40,000**	**–**	**40,000**
	8/5/2026	29/4/2027	2.11%	–	**7,113**	**–**	**7,113**
	14/5/2026	29/4/2027	2.11%	–	**43,553**	**–**	**43,553**
	21/5/2026	29/4/2027	2.11%	–	**9,334**	**–**	**9,334**
	30/6/2026	29/6/2027	2.11%	–	**22,000**	**–**	**22,000**
Honghua (Jiangsu)	24/7/2025	24/7/2026	2.28%	40,000	**–**	**–**	**40,000**
	16/9/2025	16/9/2026	2.28%	20,000	**–**	**–**	**20,000**
	27/12/2025	27/12/2026	2.28%	20,000	**–**	**–**	**20,000**
	22/12/2025	22/12/2026	2.28%	30,000	**–**	**30,000**	**–**
	10/2/2026	10/2/2027	2.28%	–	**10,000**	**–**	**10,000**
	16/6/2026	16/6/2027	2.11%	–	**20,000**	**–**	**20,000**
	16/6/2026	16/6/2027	2.11%	–	**15,000**	**–**	**15,000**
Honghua Electric	10/7/2025	10/7/2026	2.28%	15,000	**–**	**–**	**15,000**
	19/8/2025	19/8/2026	2.11%	20,000	**–**	**–**	**20,000**
	12/5/2026	12/5/2027	2.11%	–	**49,000**	**–**	**49,000**
				2,141,260	**447,400**	**1,109,260**	**1,479,400**

(ii) The amount of approximately RMB81,186,000 as at 30 June 2026 (31 December 2025: RMB98,435,000) represents transfer of equipment to an independent third party that does not satisfy the requirements as a sale in accordance with IFRS 15. Hence, the Group continues to recognise the assets and accounts for the transfer proceeds as other borrowings within the scope of IFRS 9.

As at 30 June 2026, the Group's total borrowings amounted to approximately RMB4,856,583,000 (31 December 2025: RMB4,685,677,000), all of which were denominated in RMB. Of these, fixed-rate borrowings amounted to approximately RMB1,560,900,000 (31 December 2025: RMB2,564,700,000), with annual interest rates ranging from 1.00% to 2.40% (31 December 2025: 1.00% to 2.80%); floating-rate borrowings amounted to approximately RMB3,295,683,000 (31 December 2025: RMB2,120,977,000), which are priced by reference to the Loan Prime Rate ("LPR") published by the People's Bank of China, with interest calculated at agreed margins.

At each statement of financial position date, the Group had the following undrawn borrowing facilities:

	30 June 2026 *RMB'000*	31 December 2025 *RMB'000*
Expiring within one year	**4,817,000**	3,960,000

12 Trade and other payables

	30 June 2026 *RMB'000*	31 December 2025 *RMB'000*
Trade payables	**2,516,173**	2,573,298
Amounts due to related parties		
Trade	**275,340**	494,115
Non-trade	**4,262**	4,274
Bills payable	**163,322**	159,510
Other payables	**307,935**	206,618
	3,267,032	3,437,815
Representing:		
Current portion	**3,267,032**	3,437,815

As at 30 June 2026 and 31 December 2025, the ageing analysis of the trade payables and bills payables (including amounts due to related parties of trading in nature) is as follows:

	30 June 2026 *RMB'000*	31 December 2025 *RMB'000*
Within 1 year	**2,605,809**	2,803,975
Over 1 year	**349,026**	422,948
	2,954,835	3,226,923

13 Events occurring after reporting period

The Group had no material events for disclosure subsequent to 30 June 2026 and up to the date of approval of these condensed consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company is a leading global oil and gas exploration and development equipment manufacturing and drilling engineering services company. Over almost three decades of development, the Group's business has spanned the major oil and gas production regions worldwide, forming a comprehensive product portfolio including land drilling rigs, electric fracturing equipment, core parts and components of drilling and completion equipment, offshore engineering equipment manufacturing, engineering technical services, digital products for drilling and completion, as well as new energy equipment and comprehensive services, providing customers with a full range of products and services for energy development.

BUSINESS REVIEW

In the first half of 2026, the military conflicts among the United States, Israel and Iran continued to escalate, under which severe disruptions to shipping through the Strait of Hormuz were caused. As a result, the projects of the Group in the Middle East region faced delays in order fulfilment, rising project costs and other issues. As affected by the turbulent international situation, the exchange rate between Renminbi and US dollars became increasingly volatile, thus resulting in significant foreign exchange losses for the Group. Coupled with multiple factors, including increased production by OPEC+, mounting downward pressure on the global economy, and substantial short-term fluctuations in international oil prices, the Group faced severe challenges in overseas market expansion, project execution and supply chain stability. Driven by dual considerations in terms of energy security and economic viability, large-scale oil and gas enterprises generally maintained the stable development of upstream capital expenditure, whereas they became more demanding towards the efficiency, stability and safety of equipment and services.

Meanwhile, the overall trend of global energy transition remained unchanged, with geopolitical conflicts further driving countries to accelerate the process of energy diversification and achieving independence and controllability. The oil and gas industry is continuously maximizing the application of intelligent equipment and green extraction technologies in traditional energy development, and the development of unconventional oil and gas and deep-earth and deep-sea energy has become the new core drivers of growth for the sector. In light of these changes in the industry environment, the Group proactively adapted to the development trend of industry, while confronting a complex and dynamic external environment, focusing on enhancing its core competitiveness, and continuously driving breakthroughs in its layout of offshore energy industry, thereby striving to achieve steady development amid a fluctuating market environment.

I. Short-term Pressure on Performance: Stabilising Fundamentals and Building Momentum with Diligent Steps Forward

As at 30 June 2026, the Group recorded operating revenue of RMB2,509.56 million, representing a decrease of RMB91.51 million or 3.5% as compared to RMB2,601.07 million in the same period last year. During the reporting period, the Group recorded a gross profit of RMB264.58 million, representing a decrease of 21.9% as compared to the same period last year; the overall gross margin was 10.5%, down 2.5 percentage points as compared to the same period last year. The Group's net profit attributable to shareholders of the parent company was RMB-28.92 million, representing a decrease of 178.0% as compared to the same period last year.

During the reporting period, all the Group's revenue, gross profit and net profit declined year-on-year, mainly due to the followings: first, the US-Israel-Iran military conflict had a direct impact on the market footprints of the Group in Middle East, which resulted in the phased suspension of drilling engineering services and a direct impact on the land drilling rig business (accounting for nearly half of the Group's revenue), thus leading to delays in project payments and increased supply chain costs; second, with the increased volatility in the exchange rate of US dollars, as a high proportion of the Group's overseas projects were settled in US dollars, a foreign exchange loss was incurred during the reporting period; third, the fracturing business was affected by cyclical adjustments in the domestic market, thus leading to a substantial year-on-year decline in revenue.

II. Achievements on Market Expansion Across Multiple Fronts: Breakthroughs Through a Balanced Focus on Onshore and Offshore Operations

As of 30 June 2026, the Group recorded revenue of RMB810.35 million in the China market, representing a year-on-year decrease of 37.5% and accounting for 32.3% of total revenue for the first half of 2026. The significant decline in revenue from the domestic market was primarily due to a substantial year-on-year decrease in revenue from the fracturing business and the ongoing streamlining of the parts and components business to reduce the proportion of low-margin businesses. In respect of the overseas markets, the Group recorded revenue of RMB1,699.21 million, representing a year-on-year increase of 30.2% and accounting for 67.7% of total revenue for the first half of 2026. In particular, revenue from the Middle East market amounted to RMB1,312.40 million, representing an increase of 27.4% as compared to the same period last year, and accounting for 52.3% of revenue for the first half of 2026 and 77.2% of revenue from overseas markets; revenue from other overseas markets amounted to RMB386.8 million, representing an increase of 40.3% as compared to the same period last year and accounting for 15.4% of revenue for the first half of 2026. The robust growth in overseas revenue was primarily driven by the following factors: first, the gradual delivery of land drilling rig orders in the Middle East market, which boosted the improvement of revenue in this segment; second, the continued expansion of overseas operations in the offshore segment, especially a 75.0% year-on-year revenue growth from offshore engineering equipment manufacturing.

The table below sets forth the breakdown of the total revenue of the Group by market region during the reporting periods indicated:

	As at 30 June 2026		As at 30 June 2025			
Regions	**Revenue** *(RMB million)*	**Percentage** *(%)*	Revenue *(RMB million)*	Percentage *(%)*	Change in revenue *(%)*	Percentage Change *(%)*
China	**810.35**	**32.29**	1,295.52	49.81	-37.45	-17.52
Overseas	**1,699.21**	**67.71**	1,305.55	50.19	30.15	17.52
The Middle East	**1,312.40**	**52.30**	1,029.81	39.59	27.44	12.70
Others (1)	**386.81**	**15.41**	275.74	10.60	40.28	4.81
Total	**2,509.56**	**100.00**	2,601.07	100.00	-3.52	–

Note: (1) Other regions include Africa, Europe, the Americas, South Asia and Southeast Asia, etc.; due to rounding, there may be slight discrepancies between the sum of the individual figures and the total.

In respect of the order backlog, during the reporting period, the Group recorded new orders totalling RMB4,281.72 million, representing a year-on-year decrease of 6.5%, primarily due to the postponement of certain projects in the Middle East market resulting from the US-Israel-Iran conflicts. Despite the headwinds in the Middle East market, the Group's order structure demonstrated two key structural highlights:

For the overseas markets, the Group recorded new orders totalling RMB2,310 million, representing a year-on-year decrease of 9.6%. Against the backdrop of the US-Israel-Iran conflicts hampering the Middle East market, the Group proactively expanded into markets outside the Middle East and achieved significant breakthroughs: it successfully secured contracts for projects such as the 70DBS drilling rigs in Uzbekistan and the 750HP workover rigs in Algeria, while acquiring 10 new overseas customers; in the European market, it secured marine shipbuilding orders totalling approximately RMB700 million, which marked a significant breakthrough in the region.

The Group continued to make inroads into the offshore industry, while recording new orders totalling RMB2,519 million, representing a year-on-year increase of 27.6% and accounting for 58.8% of total new orders of the Group; the business of offshore segment has become the "second growth curve" for industrial development of the Group. Specifically, the updates included: securing orders for four specialized offshore engineering vessels, wind power operation and maintenance vessels, SCV vessels and others, which marked a breakthrough in the specialized vessels sector across the high-end markets in Europe; successfully entering the high-end research vessel construction segment; in respect of the offshore oil and gas equipment sector, signing orders for offshore workover rigs and core parts and components while proactively advancing the research and manufacturing of electrical systems for vessels, under which outstanding results were recorded in the market of direct-drive pump units, with a total of 16 contracts signed during the reporting period; and in the offshore wind power sector, signing orders for 50 sets of large-scale jackets, thereby maintaining the Group's leading position in the large-scale jackets segment. The rapid growth in orders for the offshore industry and the continuous increase in its share of revenue fully demonstrated the strategic effectiveness of the Group in cultivating new growth drivers beyond its conventional onshore equipment business.

III. Emergence of Successive Technological Innovations: Breakthroughs Empowering Development

During the reporting period, the Group filed 55 patent applications, of which 40 were for invention patents. As at the end of the reporting period, the Group held a total of 906 valid patents, including 430 invention patents. Centred on the "two deep and one unconventional" strategic direction, the Group has proactively expanded its presence in strategic emerging industries: in the deep-sea sector, the country's first 1,500-metre-class electric-driven active heave compensation LARS system independently developed by the Group completed its maiden offshore operation, while key technological research on deep-sea floating drilling systems secured AIP certification from the China Classification Society (CCS); in the deep-earth sector, the 12,000-metre-class deep-earth intelligent drilling rig independently developed by the Group achieved a drilling depth exceeding 10,000 metres, thereby serving China's fifth 10,000-metre vertical deep well; the fully-electric-driven coiled tubing operation system assisted the 42nd Antarctic Expedition of China in successfully completing the country's first hot water drilling test in the Antarctic ice sheet; the first set of fully flanged, direct-connect 175MPa high-pressure manifold equipment successfully completed fracturing operations across 20 stratigraphic sections; in the digitalisation sector, basing on the artificial island intelligent drilling rig project in the Middle East, the Group established the "OPERA+" cooperation model with Baker Hughes, thereby completing technical collaboration and interface testing, achieving the first domestic substitution of a drilling rig control system, as well as marking the first deployment of the UNISON system on a non-Honghua drilling rig.

BUSINESS MODELS OF THE GROUP

During the reporting period, the Group's revenue from land drilling rigs amounted to RMB1,156.72 million, representing a year-on-year increase of 44.3% and accounting for 46.1% of revenue for the first half of 2026. Revenue from parts and components and others amounted to RMB441.39 million, representing a decrease of 23.2% as compared to the same period last year and accounting for 17.6% of revenue for the first half of 2026. Revenue from drilling engineering services amounted to RMB131.79 million, representing a decrease of 24.5% as compared to the same period last year and accounting for 5.3% of revenue for the first half of 2026. Revenue from the offshore segment amounted to RMB576.61 million, representing a decrease of 6.5% as compared to the same period last year and accounting for 23.0% of revenue for the first half of 2026. Revenue from the fracturing business amounted to RMB203.04 million, representing a decrease of 53.2% as compared to the same period last year and accounting for 8.1% of revenue for the first half of 2026.

The table below sets forth the breakdown of the total revenue of the Group by businesses during the reporting periods indicated:

	As at 30 June 2026		As at 30 June 2025			
Types of Business	**Revenue** *(RMB million)*	**Percentage** *(%)*	Revenue *(RMB million)*	Percentage *(%)*	Change in revenue *(%)*	Percentage Change *(%)*
Land drilling rigs	**1,156.72**	**46.09**	801.45	30.81	44.33	15.28
Parts and components and others	**441.39**	**17.59**	574.75	22.10	-23.20	-4.51
Drilling engineering services	**131.79**	**5.25**	174.51	6.71	-24.48	-1.46
Offshore segment	**576.61**	**22.98**	616.94	23.72	-6.54	-0.74
Fracturing business	**203.04**	**8.09**	433.42	16.66	-53.15	-8.57
Total	**2,509.56**	**100.00**	2,601.07	100.00	-3.52	0.00

Note: Due to rounding, there may be slight discrepancies between the sum of the individual figures and the total.

I. Land Drilling Rigs

In the first half of 2026, the military conflicts among the United States, Israel and Iran had a profound impact on the global landscape of oil and gas exploration and development. As one of the most important regions on oil and gas production in the world, the Middle East saw a surge in geopolitical risks; the Strait of Hormuz was temporarily closed, thus causing significant short-term volatility in international oil prices, which posed severe challenges to energy equipment enterprises in terms of overseas market expansion and supply chain stability. Meanwhile, as the domestic oil and gas equipment market became increasingly saturated, industry competition gradually tended to extend to overseas markets. Domestic peers accelerated their international layouts, thus leading to intensifying competition in the Group's traditional strongholds, such as the Middle East, Southeast Asia and others, where it has long established a strong presence. In the first half of 2026, the Group sold a total of 9 sets of complete land drilling rigs, representing a year-on-year increase of 50%. As at 30 June 2026, revenue from the land drilling rigs business of the Group amounted to RMB1,156.72 million, accounting for 46.1% of total revenue and representing an increase of 44.3% as compared to the revenue of RMB801.45 million for the same period last year.

During the reporting period, all revenue from the land drilling rigs business of the Group was derived from overseas markets, of which 84.5% and 14.8% were contributed by the Middle East and Europe, respectively. Despite the impact of the US-Israel-Iran military conflict on project execution and supply chain stability in the Middle East, through its excellent project management, the Group achieved notable results, including the delivery of the ABRAJ 3000HP project 32 days ahead of schedule and the commencement of drilling for the ADNOC-1 project 71 days ahead of schedule under the severe conflict situation.

The table below sets forth the breakdown of the total revenue from the land drilling rigs by regions during the reporting periods indicated:

	As at 30 June 2026		As at 30 June 2025			
Regions	**Revenue** *(RMB million)*	**Percentage** *(%)*	Revenue *(RMB million)*	Percentage *(%)*	Changes in revenue *(%)*	Percentage change *(%)*
China	**0.00**	**0.00**	61.73	7.70	-100.00	-7.70
Overseas	**1,156.72**	**100.00**	739.72	92.30	56.37	7.70
The Middle East	**977.70**	**84.52**	682.67	85.18	43.22	-0.66
Europe	**170.81**	**14.77**	43.98	5.49	288.38	9.28
Other regions [1]	**8.21**	**0.71**	13.07	1.63	-37.18	-0.92
Total	**1,156.72**	**100.00**	801.45	100.00	44.33	0.00

Note: (1) Other regions include the Americas, Africa, South Asia and Southehcast Asia.

II. Parts and Components and Others

As of 30 June 2026, revenue from parts and components and other businesses of the Group amounted to RMB441.39 million, accounting for 17.6% of total revenue and representing a decrease of 23.2% as compared to revenue of RMB574.75 million for the same period of 2025. The decrease was primarily due to the Group's continuous efforts in the advancement of optimised and adjusted non-core business lines, such as bridge steel structures, in order to further focus on its core business segments.During the reporting period, the Group steadily advanced its "strengthening components" strategy, while focusing on the three core product lines of top drives, mud pumps and automated tools, thereby achieving the strategic effectiveness of "strengthening complete units with components and expanding markets with components".

During the reporting period, the Group's top drive product line continued to advance the deployment of a full product range and tackle key technological challenges; the product portfolio was gradually refined, thereby injecting new momentum into the subsequent development. The top drive for 500-tonne deceleration box completed industrial trials and a one-year durability test, with favourable effects as reflected from the tests; new breakthroughs were achieved in the research and development (R&D) of the technology for 750-tonne geared top drive, with in-house validation of the prototype expected to be completed within the year; the design of 15,000-metre high-load top drive has been finalised, which enabled the proceeding to the production stage; R&D of the 200T permanent-magnetic top drive was completed, and two sets of permanent-magnetic top drives destined for Algeria have entered the production stage.

During the reporting period, the Group's mud pump product line maintained its internationally leading technical standards, while securing bulk orders for 49 units of high-pressure mud pumps both domestically and internationally. The five-cylinder pumps and three-cylinder pumps separately ranked first in Sinopec's framework tender; the 3200HP five-cylinder pump was recognised as the first of its kind in China due to its ultra-high operating pressure and ultra-high displacement, with its overall technology remaining at the international forefront. The dual-motor offshore direct-drive five-cylinder pump unit obtained certification from the China Classification Society (CCS), while achieving bulk sales and being rolled out to the onshore market; a breakthrough was made in the design of the 10,000psi ultra-high-pressure hydraulic end for conventional pumps, thereby further enhancing component reliability.

During the reporting period, the Group's automated tool product line achieved significant breakthroughs by successfully securing orders for intelligent drilling systems for drilling rigs and equipment retrofitting (including power catwalks and iron roughnecks), and completing the first domestic substitution of a drilling rig control system. On the one hand, the "one-key linkage" automated tool system was recognised as the first of its kind in China; it completed commissioning and handover inspections on high-end PDO series drilling rigs such as the ABRAJ 2000HP and Hailong 1000HP, which were well received by customers, while the artificial island offline lifting system was deployed for the first time in the United Arab Emirates and was successfully delivered; on the other hand, new progress was made in the field of offshore tools: the offshore iron roughnecks, high-position back-clamps and vertical transportation systems have proceeded to the production stage, while the upgraded automation and serialised retrofitting of offshore drilling rigs continued to advance; the TP160 and TP80 iron roughnecks completed industrial trials and were rolled out for application.

III. Drilling Engineering Services

As at 30 June 2026, the Group had 8 drilling teams for providing drilling engineering services to renowned domestic and international customers. During the reporting period, this business recorded revenue of RMB131.79 million, accounting for 5.3% of total revenue, and representing a decrease of 24.5% as compared to revenue of RMB174.51 million for the same period of 2025.

In terms of international projects, operations of a number of drilling teams in the Middle East were suspended due to the US-Israel-Iran warfare and conflict; the Group organised the orderly evacuation of on-site personnel, thus resulting in a year-on-year decrease of 48.1% in revenue from overseas drilling engineering services. In terms of domestic projects, the Group recorded revenue from drilling engineering services in the China market of RMB52.17 million, representing a year-on-year increase of 146.3%; driven by the enhanced operational efficiency and strengthened cost control, the profitability of the business improved.

The table below sets forth the breakdown of revenue from the drilling engineering service by regions during the reporting periods indicated:

	As at 30 June 2026		As at 30 June 2025			
Regions	**Revenue** *(RMB million)*	**Percentage** *(%)*	Revenue *(RMB million)*	Percentage *(%)*	Change in revenue *(%)*	Percentage Change *(%)*
China	**52.17**	**39.59**	21.18	12.14	146.34	27.45
Overseas	**79.62**	**60.41**	153.32	87.86	-48.07	-27.45
Total	**131.79**	**100.00**	174.50	100.00	-24.47	0.00

IV. Offshore Segment

The Group's Offshore Segment primarily includes the manufacture of offshore oil and gas equipment and offshore engineering equipment, as well as offshore wind power businesses. During the reporting period, the offshore segment secured new orders totalling RMB2,519 million, representing a year-on-year increase of 27.6% and accounting for 58.8% of the Group's total new orders. This segment has currently become one of the primary sources of revenue for industrial development of the Group, thereby effectively offsetting the decline in the land equipment industry and consolidating the foundation for the Group's overall development.

As at 30 June 2026, revenue from the offshore segment of the Group amounted to RMB576.61 million, accounting for 23.0% of the Group's total revenue and representing a decrease of 6.5% as compared to the same period of the previous year. The decline in revenue from the offshore segment was primarily due to the year-on-year decrease of 72.7% in revenue from the offshore wind power business as affected by cyclical adjustments in the domestic wind power market. The offshore engineering equipment business recorded revenue of RMB460.62 million, representing a significant year-on-year increase of 75.0%, with its share of the offshore segment's revenue rising from 42.7% in the same period of 2025 to 79.9%. The robust growth in the offshore oil and gas and offshore engineering equipment manufacturing businesses fully demonstrated the Group's continuous breakthroughs and the effectiveness of its strategic layout in the offshore industry.

The table below sets forth the breakdown of revenue from the offshore segment by business types during the reporting periods indicated:

Type of business	**As at 30 June 2026**		As at 30 June 2025			
	Revenue	**Percentage**	Revenue	Percentage	Changes in revenue	Percentage change
	(RMB million)	***(%)***	*(RMB million)*	*(%)*	*(%)*	*(%)*
Offshore wind power	**96.69**	**16.77**	353.75	57.34	-72.67	-40.57
Offshore engineering equipment manufacturing	**460.62**	**79.88**	263.19	42.66	75.01	37.22
Offshore oil and gas	**19.31**	**3.35**	–	–	–	3.35
Total	**576.61**	**100.00**	616.94	100.00	-6.54	0.00

Offshore Wind Power

As at 30 June 2026, revenue from the offshore wind power business of the Group amounted to RMB96.69 million, accounting for 16.8% of revenue from the offshore segment and representing a decrease of 72.7% as compared to revenue of RMB353.75 million for the same period of 2025. The significant decline in revenue from the offshore wind power business was primarily due to cyclical adjustments in the domestic wind power market and a slowdown in the pace of project delivery. During the reporting period, the Group secured new orders for its offshore wind power business totalling RMB800 million. It secured orders for 50 sets of large-scale offshore wind jackets, thereby maintaining its leading position in the large-scale jacket segment. Furthermore, the Group successfully secured new customers such as Zhejiang Provincial Energy Group Co., Ltd., China Energy Engineering Group Zhejiang Thermal Power Construction Co., Ltd.* (中國能源建設集團浙江火電建設有限公司), etc., while participating in and delivering the CNOOC offshore wind power project for the first time, which has laid a favourable foundation for future collaborations.

Offshore Engineering Equipment Manufacturing

As technical bottlenecks in offshore engineering continue to be overcome, oil and gas development is gradually expanding from the continental shelf into deep-sea areas. As one of the world's leading manufacturers of land drilling rigs in terms of scale, the Group possesses extensive experience in the manufacture of oil and gas exploration and development equipment. The offshore engineering equipment manufacturing business is the core business within the Group's offshore segment, accounting for the highest proportion of revenue. During the reporting period, the business generated revenue of RMB460.62 million, accounting for 79.9% of revenue from the offshore segment and representing a significant increase of 75.0% as compared to revenue of RMB263.19 million for the same period of 2025. In particular, revenue from the China market amounted to RMB214.87 million, while revenue from overseas markets amounted to RMB245.75 million, thereby establishing a development landscape driven by both domestic and overseas markets.

In terms of offshore engineering equipment manufacturing, the Group secured orders for specialized offshore engineering vessels, wind power operation and maintenance vessels, SCV vessels and others during the reporting period, which marked a breakthrough across the high-end markets in Europe; we completed the delivery of 63 segments of COSCO vessels and 7 liquid tanks for CIMC Pacific, while achieving a contract fulfilment rate of 100%; we successfully entered the high-end research vessel construction segment; we proactively advanced our ship electrical research and manufacturing business, while gradually building our core competitiveness in segmented fields by leveraging marine equipment and electrical empowerment. The Group established an offshore Value Engineering (VE) team comprising multidisciplinary professionals in design, procurement, construction and cost management, who were deeply involved throughout all stages of project planning, design, procurement and construction, thereby continuously driving cost reduction and efficiency enhancement in the offshore industry.

Offshore Oil and Gas

As at 30 June 2026, revenue from the offshore oil and gas business of the Group amounted to RMB19.31 million, accounting for 3.3% of revenue from the business of offshore segment. During the reporting period, the Group's efforts in domestic substitution and technological innovation were implemented in an orderly manner, thus enabling the successful signing of an order for offshore workover rigs with a domestic customer; the practical application of key innovative equipment on actual vessels progressed steadily, with the first set of independently developed active and passive drill string compensators for a water depth of 1,500 metres expected to be delivered to the customer for use by the end of 2026; breakthroughs were made in key technologies for deep-sea floating drilling systems; the detailed design of the overhead drill string heave compensation system was completed, along with AIP certification from the China Classification Society (CCS); the detailed design of the wire-rope-type riser tensioning system has been finalised, and the overall design of the riser tensioner has been completed. As the business unit within the Group's offshore segment that receives the most concentrated investment in resources and boasts the most cutting-edge technological layout, the offshore oil and gas business has achieved key breakthroughs in cutting-edge technological fields such as deep-sea floating drilling systems and LARS systems, which is expected to become the fastest-growing business segment of the Group in the future and serves as the core pillar of the Group for deepening the deep-sea strategy and fostering medium- to long-term growth momentum.

V. Fracturing Business

As at 30 June 2026, operating revenue from the fracturing business of the Group amounted to RMB203.04 million, accounting for 8.1% of the total revenue of the Group and representing a significant decrease of 53.2% as compared to RMB433.42 million for the same period of 2025. The decline in revenue from the fracturing business was primarily due to cyclical adjustments in the domestic unconventional oil and gas development market, thus resulting in a substantial reduction in the volume of fracturing service operations. During the reporting period, revenue from the sales of fracturing equipment and fracturing services amounted to RMB147.47 million, representing a year-on-year decrease of 55.1%; revenue from the special power business amounted to RMB55.56 million, representing a year-on-year decrease of 47.1%. Revenue from the business was insufficient to pay the fixed cost and expense, such that the business remained a loss-making unit within the Group.

During the reporting period, the Group had a total of 16 pumping teams, which completed approximately 681 fracturing operation stages. During the reporting period, the Group steadfastly promoted the development of integrated drilling and fracturing technology in terms of equipment and technological innovation, while proactively expanding into overseas fracturing markets, seizing opportunities for equipment trials, targeting partnerships with leading international companies, and striving to achieve a breakthrough in its overseas fracturing business. During the reporting period, the research and manufacturing as well as application of the Group's 6000HP intelligent complete electric-driven fracturing equipment were selected for inclusion in the 2026 Catalogue of Scientific and Technological Innovation Achievements issued by the China Petroleum and Petrochemical Equipment Industry Association (CPEIA).

The table below sets forth the breakdown of the total revenue from the fracturing business by businesses during the reporting periods indicated:

	As at 30 June 2026		As at 30 June 2025			
Type of business	**Revenue** ***(RMB million)***	**Percentage** ***(%)***	Revenue *(RMB million)*	Percentage *(%)*	Change in revenue *(%)*	Percentage change *(%)*
Sales of fracturing equipment and fracturing services	**147.47**	**72.63**	328.30	75.75	-55.08	-3.12
Special Power	**55.56**	**27.37**	105.12	24.25	-47.14	3.12
Total	**203.04**	**100.00**	433.42	100.00	-53.15	0.00

HUMAN RESOURCES MANAGEMENT

As at 30 June 2026, the Group had a total of 2,783 employees. In terms of talent development, the Group have prioritised supporting the development of strategic emerging industries, specifically introducing talents on high-end technology in these sectors, refining on-the-job training and cross-functional experience mechanisms, and establishing technical talent pool in areas such as intelligent equipment, digital management, and offshore engineering equipment. Meanwhile, the Group has recruited professionals from the offshore industry with backgrounds in vessels design, construction processes and cost engineering, thereby establishing a "recruitment plus nurturing" dual-drive mechanism for talent team building. In terms of training, a total of 233 training sessions were conducted during the reporting period, covering topics such as R&D of technology, skills enhancement, legal risks and compliance, quality and safety, financial literacy, and employee management. In terms of talent motivation, the Group adheres to the principle of "efficiency comes first, with fairness of no less importance" and employee compensation is linked with the Group's performance. A new round of term-based performance appraisal schemes has been finalised, and a performance indicator system featuring "five dimensions and ten lines" has been established by centering around the strategic objectives under the "15th Five-Year Plan". The system comprehensively breaks down the Group's operational performance targets and tasks across five dimensions: finance, customers, core capabilities, synergistic empowerment and closed-loop iteration. Details of the Company's share schemes are set out in the sections entitled "Share Option Scheme" and "Restricted Share Award Scheme" of the 2026 interim report.

FUTURE OUTLOOK

Looking back to 2019, international crude oil prices were also in the range of US$60 per barrel; at that time, the Group's full-year revenue stood at just RMB3,600 million. Over six years, against the backdrop of comparable oil prices and even more severe geopolitical impacts, the Group's full-year operating revenue for 2025 increased by nearly RMB2,000 million as compared to 2019. Operational stability has been significantly strengthened, while the Group's overall strength and confidence in its development have been improved substantially, which represents the Group's most fundamental source of confidence in its development and its most valuable operational achievement. Adhering to the development principle of "understanding what to pursue and what to avoid", the Group has resolutely advanced the divestment of non-core businesses, systematically phased out non-core production lines such as steel structures, and gradually shut down non-core production capacity such as casting and forging. It has vigorously implemented the "strengthening components" strategy and the "three offshores" (offshore oil, offshore wind power, and offshore engineering) strategy, while focusing on its core responsibilities and main business to achieve steady development. Although the Group's overall operations are currently facing certain pressure, the operational data structure reveals that total volumes have not shown a significant increase, but the business structure has become more robust and the foundation for development has become more solid. In the second half of the year, the Group will focus its efforts on key tasks such as overcoming challenges in core technologies, optimising market structure, expanding its layout into emerging industries, controlling exchange rate risks, as well as reducing costs and enhancing efficiency.

In response to the significant negative impacts of the US-Israel-Iran conflict on the core market of the Group in the Middle East, the Group has taken a number of measures to proactively address the situation: first, the Group manages risks at the contract level by formulating systematic and comprehensive solutions for risks in the Middle East and incorporating the new situation into routine operational considerations; second, the Group closely monitors developments in the Middle East while adhering to the principle of "not entering dangerous or unstable areas, nor investing in high-risk businesses", thereby continuously ensuring the safety of personnel on site; third, the Group optimises the development of overseas institutions by implementing a "single region managing the entire business" operational model across ten major regions in overseas markets, with a focus on enhancing the market promotion capabilities of the "ten product lines"; fourth, the Group advances market cultivation in a phased manner to gradually reduce its reliance on traditional Middle Eastern markets such as the United Arab Emirates and Iraq, while prioritising the development of regional markets in Africa, Southeast Asia and Central Asia, in order to enhance the balanced development of the market structure; fifth, the Group strengthens foreign exchange risk management by adjusting foreign exchange settlement strategies as appropriate and conducting hedging operations such as forward settlement and sales of foreign exchange, thereby effectively mitigating external risks and striving to achieve steady development in a volatile market environment.

The Group will continue to foster the cultivation and development of its offshore segment, consolidating the strategic position of the offshore industry as the "second growth curve" of the Group. First, we will deepen the "three offshores" strategy, while integrating internal and external resources to secure offshore oil and offshore wind power orders with full commitment. We will deeply cultivate the markets of Southeast Asia, the Persian Gulf, the Mediterranean and Europe, thereby driving order growth in the offshore engineering segment while ensuring risks to remain under control, and promoting the installation and application of more in-house manufactured deck equipment. Second, we will increase investment in the R&D of offshore equipment to develop a series of products suitable for the marine environment, such as top drives, mud pumps and automated tools. We will continue to achieve breakthroughs in key technologies, including deep-sea floating drilling systems, active compensation equipment and deep-sea mining equipment, and apply for national-level projects, while implementing the relevant requirements for the domestic equipment. Third, we will establish an enterprise-level cost database and standard cost system, in order to continuously drive cost reduction and efficiency enhancement in the offshore industry.

FINANCIAL REVIEW

As at 30 June 2026, the Group's gross profit and loss attributable to equity shareholders of the Company amounted to approximately RMB265 million and RMB29 million, respectively, and the gross profit margin and net profit margin stood at 10.5% and –1.2%, respectively. In the same period of the previous year, the Group's gross profit and profit attributable to equity shareholders of the Company amounted to approximately RMB339 million and RMB37 million, respectively, with the gross profit margin and net profit margin standing at 13.0% and 1.4%, respectively.

Against the backdrop of pressure on performance, the Group continued to advance its efforts in the cost reduction and efficiency enhancement, in order to consolidate its operational fundamentals. During the reporting period, the Group's finance cost decreased by 0.21 percentage point to 2.24%. As at 30 June 2026, the Group's balance of trade and other receivables amounted to approximately RMB3,622 million, representing a decrease of 5.61% as compared to the end of 2025; the average turnover days for trade receivables and bills receivable were 149.65 days, representing a decrease of 6.35 days as compared to the same period of the previous year; the average turnover days of inventory were 146.47 days. As affected by the delayed project payments resulting from the US-Israel-Iran military conflict and the suspended operations of the drilling service teams in the Middle East, cash flow from operating activities demonstrated a net outflow of RMB194 million, representing a year-on-year decrease of 306.9%.

Turnover

During the period, the Group's revenue amounted to approximately RMB2,510 million, representing a decrease of RMB91 million or 3.5% from RMB2,601 million in the same period of the previous year. The decline in revenue was primarily due to two factors: first, the geopolitical tensions persisted in the Middle East, which caused short-term pressure on the market expansion for land drilling rigs, marine shipbuilding and drilling engineering services in the region; second, the exchange rate between Renminbi and US dollars became increasingly volatile, coupled with the fact that a significant proportion of the overseas projects of the Group were settled in US dollars, thus resulting in lower-than-expected revenue contributions from the region.

Cost of Sales

During the Period, the Group's cost of sales amounted to approximately RMB2,245 million, representing a decrease of RMB17 million or around 0.8% from RMB2,262 million in the same period of the previous year, primarily due to the decrease in revenue, which led to a decrease in corresponding costs.

Gross Profit and Gross Margin

During the Period, the Group's gross profit amounted to approximately RMB265 million, representing a decrease of RMB74 million or approximately 21.9% from RMB339 million in the same period of the previous year.

During the Period, the Group's overall gross profit margin was 10.5%, representing a decrease of 2.5 percentage points from 13.0% in the same period of the previous year. This was primarily due to the ongoing geopolitical turmoil in the Middle East and the increasingly volatile exchange rate between Renminbi and US dollars, which resulted in operating revenue contributions and profitability from that region falling significantly short of expectations. Meanwhile, disruptions to international trade logistics and rising supply chain costs further eroded the consolidated gross profit margin of the Group.

Expenses during the Period

During the Period, the Group's distribution expenses amounted to approximately RMB74 million, representing a decrease of RMB1 million or 0.7% as compared to RMB75 million in the same period of the previous year. This was primarily due to the ongoing geopolitical instability in the Middle East, which led to a year-on-year decrease in overseas staff expenses and business expenses.

During the Period, the Group's administrative expenses amounted to approximately RMB137 million, representing a decrease of RMB6 million or 4.6% from RMB143 million in the same period of the previous year. This was primarily due to the effective control of expenses through the continued advancement of cost reduction and efficiency enhancement, the optimisation of the management structure and the streamlining of non-essential expenditure.

During the Period, the Group's R&D expenses amounted to approximately RMB78 million, representing an increase of RMB1 million or 1.2% from RMB77 million in the same period of the previous year. To meet the development needs of automated, digital and intelligent drilling and production equipment, the Group has continued to strengthen its R&D investment. During the Period, the R&D expenditure amounted to RMB168 million, representing an increase of RMB22 million or 15.1% as compared to the same period of the previous year.

During the Period, the Group's net finance expenses amounted to approximately RMB50 million, representing an increase of RMB9 million or 21.5% from RMB41 million in the same period of the previous year. This was primarily due to the expansion of business scale, rising working capital requirements and a corresponding increase in borrowing needs, which led to higher interest expenses.

Loss/Profit before Income Tax

During the Period, the Group's loss before income tax amounted to approximately RMB44 million, representing a decrease of RMB82 million as compared to the profit of RMB38 million in the same period of the previous year.

Income Tax Credit/Expense

During the Period, the Group's income tax credit amounted to approximately RMB4 million, representing a change of RMB5 million compared with the income tax expense of RMB1 million in the same period of the previous year.

Loss/Profit for the Period

During the Period, the loss of the Group amounted to approximately RMB40 million, as compared to the profit of approximately RMB37 million in the same period of the previous year. Specifically, the loss attributable to equity shareholders of the Company amounted to approximately RMB29 million, and the loss attributable to non-controlling interests amounted to approximately RMB11 million. During the Period, the net profit margin was –1.2%, as compared to the net profit margin of 1.4% in the same period of the previous year.

Non-IFRS Measures

During the period, the Group's loss before tax amounted to approximately RMB44 million. EBITDA amounted to approximately RMB217 million, as compared with approximately RMB260 million in the same period of the previous year, primarily due to short-term pressure on the Group's profitability arising from the impact of the geopolitical and macroeconomic operating environment. The EBITDA margin was 8.6%, as compared to 10.0% in the same period of the previous year.

EBITDA is not a measure prescribed by the International Financial Reporting Standards ("IFRS"). The Group defines EBITDA as (loss)/profit before income tax, plus net finance costs and depreciation of property, plant and equipment, investment properties and right-of-use assets, as well as amortisation of intangible assets and land use rights. The EBITDA margin is calculated by dividing EBITDA by revenue. The table below sets out the quantitative reconciliation between (loss)/profit before income tax and EBITDA as presented by the Group in accordance with the IFRS:

	For the six months ended 30 June	
	2026	2025
	(RMB100 million)	*(RMB100 million)*
(Loss)/profit before income tax	**(0.44)**	0.38
Plus:		
Depreciation and amortisation	**2.11**	1.81
Finance cost – net	**0.50**	0.41
EBITDA (unaudited)	**2.17**	2.60

The Group uses EBITDA as a supplementary financial measure to assist management and investors in assessing and comparing the operating performance of the Group across different periods, free from the effects of the Group's capital structure, financing arrangements and non-cash charges such as depreciation and amortisation. EBITDA should not be considered separately, nor should it be regarded as a substitute for (loss)/profit before income tax or other financial performance indicators presented in accordance with the IFRS. As other companies may adopt different calculation methods, the EBITDA presented by the Group may not be directly comparable with similar indicators presented by other companies.

Dividends

As at 30 June 2026, the Board of the Company does not recommend the payment of interim dividend (for the six months ended 30 June 2025: nil).

Source of Capital and Borrowings

The Group's principal sources of capital include cash from operations and bank borrowings.

As at 30 June 2026, the Group's borrowings amounted to approximately RMB4,857 million, representing an increase of RMB171 million as compared to the amount as at 31 December 2025. Specifically, borrowings repayable within one year amounted to approximately RMB1,851 million, representing a decrease of RMB641 million or 25.7% as compared to 31 December 2025.

Details of borrowings are set out in Note 11 to the financial statements.

Deposits and Cash Flow

As at 30 June 2026, the Group's cash and cash equivalents amounted to approximately RMB886 million, representing a decrease of approximately RMB114 million as compared to 31 December 2025.

During the Period, the Group's net cash outflow from operating activities amounted to approximately RMB194 million; net cash inflow from investing activities amounted to approximately RMB35 million; and net cash inflow from financing activities amounted to RMB65 million.

Asset Structure and Changes

As at 30 June 2026, the Group's total assets amounted to approximately RMB12,574 million. Specifically, current assets amounted to approximately RMB8,660 million, accounting for approximately 68.9% of total assets, representing an increase of RMB294 million as compared to the amount as at 31 December 2025. This was mainly due to the increase in contract assets. Non-current assets amounted to approximately RMB3,914 million, accounting for approximately 31.1% of total assets, representing a decrease of RMB333 million as compared to the amount as at 31 December 2025. This was mainly due to the decreases in property, plant & equipment and financial assets at FVTOCI.

Liabilities

As at 30 June 2026, the Group's total liabilities amounted to approximately RMB9,061 million. Specifically, current liabilities amounted to approximately RMB5,887 million, accounting for approximately 65.0% of total liabilities, representing a decrease of RMB702 million as compared to 31 December 2025. Non-current liabilities amounted to approximately RMB3,175 million, accounting for approximately 35.0% of total liabilities, representing an increase of RMB793 million as compared to 31 December 2025. As at 30 June 2026, the Group's gearing ratio was 72.1%, representing an increase of 1 percentage point as compared to 31 December 2025. The gearing ratio is still calculated by dividing total liabilities by total assets.

Equity

As at 30 June 2026, the total equity amounted to approximately RMB3,513 million, representing a decrease of RMB128 million as compared to 31 December 2025. The total equity attributable to equity shareholders of the Company amounted to approximately RMB3,328 million, representing a decrease of RMB118 million as compared to 31 December 2025. Non-controlling interests amounted to approximately RMB185 million, representing a decrease of RMB10 million as compared to 31 December 2025. During the Period, the Group's basic loss per share was RMB0.32 cents, and diluted loss per share was RMB0.32 cents.

Capital Expenditure, Material Investment and Capital Commitments

As at 30 June 2026, capital expenditure of the Group on infrastructure and technical improvements amounted to approximately RMB76 million, representing an increase of approximately RMB24 million compared to the same period of the previous year, primarily for infrastructure and technical alteration. The aforementioned capital expenditure was primarily funded through operating cash flows.

As at 30 June 2026, the capital commitment of the Group amounted to approximately RMB58 million, which mainly comprised the purchase of property, plant and equipment and was used to optimize and adjust the Group's business and production capacity.

Save as disclosed, the Group had no other significant investment or capital expenditure plans for the coming year as at the date of this announcement.

As at 30 June 2026, the Group did not hold any material investments.

Material Acquisitions and/or Disposals of Subsidiaries, Associates and Joint Ventures

During the six months ended 30 June 2026, the Group did not carry out any material acquisitions or disposals of subsidiaries, associates or joint ventures.

Foreign Exchange Risks

The Group is exposed to various foreign exchange risks arising from different currencies, primarily involving US dollars, Hong Kong dollars, Dirham, and Renminbi. Foreign exchange risks arise when future commercial transactions, or recognised assets and liabilities, are denominated in any currency other than the functional currency of the entity. To avoid the impact of significant exchange rate fluctuations on operating results, enhance the efficiency in capital utilisation of foreign currencies and strengthen its financial robustness, the Group adheres to the principle of "risk neutrality". For different categories of assets and transactions in foreign currencies, the Group implements tiered and categorised strategies on exchange rate risk management, thereby making reasonable use of financial derivatives to hedge against risks: first, for existing foreign currency funds, the Group considers expected returns against expected exchange rates to optimally choose between making deposits or spot settlements; second, for assets and liabilities in foreign currencies, the Group prioritises achieving natural hedging through structural adjustments; third, when executing contracts, the Group dynamically aligns the due dates of project receipts and payments, and flexibly allocates derivatives such as forward foreign exchange settlements and foreign currency swaps to smooth out fluctuations in exchange gains and losses. During the reporting period, the forward foreign exchange contracts of the Group amounted to US$8 million.

Contingencies

As at 30 June 2026, the Group had no material contingent liabilities.

Mortgages and Guarantees

Details of mortgages and guarantees of the Group are set out in Note 11 to the financial statements.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

As at 30 June 2026, the Company did not hold any treasury shares (including any treasury shares held or deposited with the Central Clearing and Settlement System).

During the Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's Shares listed.

EVENT AFTER THE END OF THE REPORTING PERIOD

There were no important events affecting the Group that have occurred after 30 June 2026 and up to the date of this announcement.

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with Rules 3.21 and 3.22 of the Listing Rules. The primary duties of the Audit Committee are to review and supervise the adequacy and effectiveness of the Company's financial reporting process, internal control and risk management system and associated procedures and provide advices and comments to the Board. The Audit Committee is also responsible for reviewing the compliance of the corporate governance issues, the corporate governance report and the corporate governance policy.

The Audit Committee comprises three members of the Board, among of two independent non-executive Directors, namely Ms. Li Yuedong (Chairman of Audit Committee) and Mr. Zhang Shiju, and one non-executive Director, namely Mr. Liu Hui. One of independent non-executive Directors possesses the appropriate professional qualifications or accounting or related financial management expertise.

The Audit Committee shall hold at least two meetings a year and review opinions of internal auditors, internal control, risk management and financial reporting. The Audit Committee has reviewed the unaudited financial interim reports for the six months ended 30 June 2026 of the Company and the Group.

COMPLIANCE WITH THE CG CODE

The Company has adopted and complied with the principles and code provisions as set out in the CG Code as contained in Part 2 of Appendix C1 to the Listing Rules as the standard of the Company's corporate governance practices.

With effect from 12 August 2026, Mr. Wang Xu resigned as the chairman of the Board, an executive director, a chairman of the Nomination Committee and a chairman of the Strategic Investment Committee of the Company due to changes in his work arrangements. Since then until the date of this announcement, the positions of chairman of the Board, chairman of both the Strategic Investment Committee and the Nomination Committee have been temporarily vacant. As no new chairman of the Nomination Committee appointment has been made, the Company is unable to comply with Rule 3.27A of the Listing Rules, which stipulates that an issuer must establish a nomination committee chaired by the chairman of the board or an independent non-executive director. In order to comply with the requirements of the Listing Rules and maintain a high level of corporate governance, the Board is actively seeking suitable candidates to fill the above vacancies. It will make the appointments as soon as practicable and will issue a separate announcement regarding the appointments at an appropriate time. For details, please refer to the announcement published on 12 August 2026.

Except as disclosed above, the Company has complied with all the code provisions of the CG Code from 1 January 2026 to the date of this announcement.

The Board will continue to review and monitor the corporate governance practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a set of Code for Securities Trading regarding Directors' dealings in the Company's securities with terms no less exacting than the Model Code as set out in Appendix C3 to the Listing Rules.

After the specific enquiry made by the Company, all the Directors have confirmed that they have complied with the standards specified in both the Code for Securities Trading and the Model Code throughout the six months ended 30 June 2026.

The Company has also established written guidelines (the "**Employees Written Guidelines**") no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company.

During the reporting period, no incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2026

This interim results announcement will be published on both the websites of the Company (www.hh-gltd.com) and the Stock Exchange (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2026 will be dispatched to shareholders of the Company and published on the aforesaid websites in due course.

DEFINITION

"Audit Committee"	the audit committee of the Company
"Board"	the Board of Directors of the Company
"CG Code"	Corporate Governance Code set out in Appendix C1 to the Listing Rules
"Code for Securities Trading"	code for securities trading revised by the Company on 14 September 2024
"Company"	Honghua Group Limited
"Directors"	directors of the Company
"Group" or "Honghua"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
"Period" or "reporting period"	the six months ended 30 June 2026
"PRC" or "China"	the People's Republic of China, unless the context requires otherwise, reference in this announcement of the PRC or China excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC

"same period last year" or "same period of previous year"	the six months ended 30 June 2025
"Share(s)"	ordinary shares issued by the Company, with a nominal value of HK$0.10 each
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US$"	United States of America dollars, the lawful currency of the United States of America

On behalf of the Board
Honghua Group Limited
Zhu Hua
Executive Director

PRC, 28 August 2026

As at the date of this announcement, the executive directors of the Company are 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.