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HONGHUA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 196)

CHANGE OF AUDITOR

This announcement is made by Honghua Group Limited (the “**Company**”), together with its subsidiaries, the “**Group**”) under Rule 13.51(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

RETIREMENT OF AUDITOR

The board (the “**Board**”) of directors (the “**Directors**”) of the Company hereby announces that the Company’s incumbent auditor, Deloitte Touche Tohmatsu (“**Deloitte**”) has provided audit services to the Group for four consecutive financial years (up to and including the year ended 31 December 2025). Deloitte will retire upon expiry of its term at the conclusion of the Company’s Annual General Meeting to be held on 30 June 2026 (“**AGM**”).

In accordance with the principles of good corporate governance and the need to maintain the independence and objectivity of the external auditor, the Board and the Company’s Audit Committee (the “**Audit Committee**”) believe that the change of the external auditor is in the best interests of the Company and its shareholders as a whole, and have therefore decided not to reappoint Deloitte upon the expiry of its term.

The Company has communicated with Deloitte in this regard, and Deloitte has issued a confirmation letter stating that there are no disagreements or outstanding matters between it and the Company, nor are there any other matters related to its retirement that need to be brought to the attention of shareholders.

As at the date of this announcement, Deloitte has not yet commenced any audit work on the Group's consolidated financial statements for the financial year ending 31 December 2026. The Board believes that Deloitte's retirement will not have any material impact on the annual audit and the publication of the Group's annual results for the financial year ending 31 December 2026.

The Board would like to take this opportunity to express its sincere gratitude to Deloitte for the professional services provided to the Company during its tenure.

PROPOSED APPOINTMENT OF AUDITOR

Upon the recommendation of the Audit Committee, the Board has resolved to propose a resolution at the AGM to approve the appointment of BDO Limited ("**BDO**") as the Company's new auditor, for a term commencing from the conclusion of the AGM and ending upon the conclusion of the Company's next AGM. The proposed appointment is subject to approval by the Company's shareholders at the AGM and the completion of BDO's client acceptance procedures.

ASSESSMENT BY THE AUDIT COMMITTEE

The Audit Committee has, in accordance with its terms of reference, considered a number of factors in assessing the proposed appointment of BDO as the auditor of the Company, including but not limited to: (i) its governance and leadership; (ii) its experience in providing audit services to companies listed on the Stock Exchange, industry knowledge and professional capabilities; (iii) its independence and objectivity in relation to the Group; (iv) its resources and capability; (v) its audit proposal and fee proposal having regard to the scope of audit services required by the Group and the Group's current business scale; (vi) the relevant guidelines issued by the Accounting and Financial Reporting Council ("**AFRC**"), including the Guidelines for Effective Audit Committees—Selection, Appointment and Reappointment of Auditors issued by the AFRC ("**Guidelines**").

Details regarding the suitability assessment of BDO are summarized below:

(i) Governance and Leadership

BDO is registered with the AFRC as an auditor of public interest entities and has established and maintained a quality management system in accordance with Hong Kong Standard on Quality Management (HKSQM) 1 ("**HKSQM 1**"). This system covers key areas, including governance and leadership, relevant ethical requirements, the acceptance and continuation of client relationships, and monitoring and remedial procedures. Based on public searches conducted on the websites of the relevant regulatory authorities, the Audit Committee has not identified any public disciplinary records involving the key audit engagement partner.

The Audit Committee has reviewed BDO's leadership profile, organizational structure, and quality management policy reports regarding governance and leadership, and is satisfied that BDO is committed to conducting audit work in a manner that is aligned with the interests of the Company's stakeholders and the broader public interest.

(ii) Experience, Industry Knowledge, and Technical Competence

In terms of experience, industry knowledge, and technical competence, BDO is a Public Interests Entity Auditor registered with the AFRC, and is the Hong Kong member firm of BDO International Limited. It provides audit services to over 180 Hong Kong-listed companies and has extensive experience in auditing Hong Kong-listed companies. BDO also possesses audit expertise relevant to the Group's business and has demonstrated in its audit service proposal its understanding of the Group's business development, scale, complexity and key risk areas. The Audit Committee is satisfied that BDO has the capability to perform high-quality audits.

(iii) Its independence and objectivity in relation to the Group

According to information provided by BDO, it maintains strict independence and objectivity in accordance with the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants. BDO is currently conducting comprehensive client acceptance procedures, including applicable independence and conflict checks, to confirm that there are no financial, business, employment or personal relationships between BDO (including its partners and audit team members) and the Company, the Directors or the substantial shareholders of the Company that may impair BDO's independence.

The Audit Committee notes that BDO has established stringent internal quality control procedures, including mandatory rotation of audit engagement partners, to ensure that the audit work remains objective and impartial and to avoid conflicts of interest. Based on the information currently available, the Audit Committee has not identified any circumstances that may affect BDO's independence and considers that BDO meets the relevant regulatory requirements in terms of professional qualifications, professional competence, independence, and integrity, subject to the final completion of its acceptance procedures.

(iv) Resources and Capabilities Possessed

The overall audit methodology of BDO establishes a clear scope and targeted approach for the audit engagement. In accordance with the audit proposal submitted by BDO, the audit team will be led by an experienced engagement

partner and will be staffed with appropriate personnel, time and professional support resources having regard to the business needs of the Group. BDO may also deploy relevant professionals and technical experts, where necessary, to provide support for the audit engagement.

Having reviewed the audit plan and information regarding the audit engagement team, the Audit Committee is satisfied that the audit engagement team will have sufficient resources (including professional expertise and time) to deliver a high-quality audit.

(v) Audit Proposal and Audit Fee

In respect of the audit of the consolidated financial statements of the Company and its subsidiaries for the financial year ending 31 December 2026, the estimated audit fee payable is RMB2.985 million. This estimated fee was determined after careful arm's length negotiations between the Company and BDO and is considered fair and reasonable. The fee was determined primarily with reference to the proposed audit scope, the current size, business complexity and risk profile of the Company, as well as the anticipated level of effort and timetable required for the audit work. Furthermore, this estimated fee assumes that there will be no material changes in the Group's business and operations, accounting policies, or regulatory environment, and that the Company will provide timely, adequate assistance and the necessary information for the audit work.

(vi) "Guidelines on the Effective Operation of Audit Committees – Selection, Appointment, and Reappointment of Auditors" issued by the AFRC

The relevant sections of the AFRC's guidelines provide specific and practical guidance for audit committees to establish robust procedures for the selection, appointment, and reappointment of auditors, and such procedures are regarded as an important foundation for maintaining high-quality audits. Accordingly, in assessing the qualifications of BDO and its suitability to serve as the Company's auditor, the Audit Committee, in addition to taking into account the various factors described above, including its governance and leadership, compliance with relevant ethical requirements, industry knowledge and technical competence, as well as its audit execution capabilities and resource allocation, also considered the following factors:

- (a) Regarding communication and interaction with the Audit Committee, the Audit Committee also considered the communication plan and interaction arrangements between BDO and the Audit Committee. The Audit Committee is satisfied that such arrangements will facilitate timely and effective two-way communication on significant financial reporting and

audit matters and comply with the relevant requirements of the Corporate Governance Code.

- (b) Regarding monitoring and quality management, the Audit Committee notes that BDO has complied with the provisions of Hong Kong Standard on Quality Management (HKSQM) 1 (“**HKSQM 1**”) issued by the Hong Kong Institute of Certified Public Accountants and has established annual monitoring and quality management procedures, including evaluations of its quality management system, annual quality risk assessments, and related compliance reviews. The Audit Committee has also reviewed publicly available information on the websites of relevant regulatory authorities and has not identified any disciplinary actions involving the audit engagement partner or key members of the audit team at BDO. To the best of the Audit Committee’s knowledge, it is not aware of any matters that may affect BDO’s integrity, objectivity, independence, or audit quality.

Having considered the above factors, the Board and the Audit Committee are of the view that (i) the change of auditor will maintain the independence and objectivity of the audit and is in the best interests of the Company and the shareholders as a whole; (ii) the audit fee agreed with BDO is commensurate with the scope of audit work required by the Group; and (iii) BDO possesses the independence, qualifications, and capabilities (including manpower, professional expertise, time and other resources) to perform high-quality audit work for the Company. Therefore, the Audit Committee and the Board consider that BDO is qualified and suitable to serve as the auditor of the Company.

A circular containing, among other things, details regarding the proposed change of auditor and a notice convening the AGM will be sent to shareholders in due course.

By Order of the Board

Honghua Group Limited

Wang Xu

Chairman

PRC, 26 May 2026

As at the date of this announcement, the executive directors of the Company are Mr. Wang Xu (Chairman), Mr. Zhu Hua and Mr. Yang Qiang; the non-executive director of the Company is Mr. Liu Hui; and the independent non-executive directors of the Company are Mr. Zhang Shiju, Ms. Li Yuedong and Mr. Wang Junren.