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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** about this circular or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Honghua Group Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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**宏华集团**  
HONGHUA GROUP

**Honghua Group Limited**  
**宏華集團有限公司**

*(a company incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 196)**

**PROPOSED RE-ELECTION OF RETIRING DIRECTORS;  
PROPOSED CHANGE OF AUDITOR;  
PROPOSED GRANTING OF GENERAL MANDATES  
TO BUY BACK SHARES AND TO ISSUE SHARES; AND  
NOTICE OF THE ANNUAL GENERAL MEETING**

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A notice convening the annual general meeting of Honghua Group Limited to be held at Conference Room 353, 99 East Road, Information Park, Jinniu District, Chengdu, Sichuan, PRC on Tuesday, 30 June 2026 at 9:30 a.m. is set out on pages 24 to 27 of this circular. A form of proxy for use at the annual general meeting is also enclosed. This circular together with the form of proxy are also published on the websites of the Company ([www.hh-gltd.com](http://www.hh-gltd.com)) and The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)).

Whether or not you are able to attend the annual general meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's Branch Share Registrar and Transfer Office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the annual general meeting (i.e. not later than 9:30 a.m. on Sunday, 28 June 2026) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting should they so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

For the avoidance of doubt, holders of Treasury Shares (if any) shall abstain from voting at the Company's general meeting in connection to such Treasury Shares.

\* *References to time and dates in this circular are to Hong Kong time and dates.*

8 June 2026



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## DEFINITIONS

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In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“%”	per cent
“Articles of Association” or “Memorandum and Articles”	the memorandum of association of the Company and the Articles of Association, as amended from time to time
“Annual General Meeting”	an annual general meeting of the Company to be held at Conference Room 353, 99 East Road, Information Park, Jinniu District, Chengdu, Sichuan, PRC on Tuesday, 30 June 2026 at 9:30 a.m. to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 24 to 27 of this circular or any adjournment thereof
“Audit Committee”	Audit Committee of the Board
“Board”	the Board of Directors of the Company
“CCASS”	the Central Clearing and Settlement System operated by Hong Kong Securities Clearing Company Limited
“China” or “PRC”	the People’s Republic of China, except where the context requires otherwise and for the purpose of this circular only, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Company”	Honghua Group Limited (Stock code: 196), an exempted company incorporated under the Cayman Islands laws with limited liability on 15 June 2007, the Shares of which are listed on the Main Board of the Stock Exchange on 7 March 2008
“Company Law”	the Company Law of the Cayman Islands for the time being in force
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code in Appendix C1 to the Listing Rules, as amended, supplemented or otherwise modified from time to time
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries (as defined under the Listing Rules)
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

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## DEFINITIONS

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“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	8 June 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Nomination Committee”	Nomination Committee of the Board
“Remuneration Committee”	Remuneration Committee of the Board
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.1 each in the capital of the Company, or, if there has been any subsequent sub-division, consolidation, reclassification, or reconstruction of the Company’s share capital, shares forming part of the ordinary equity share capital of the Company
“Share Buy-back Mandate”	a general and unconditional mandate to be granted to the Directors to buy back Shares up to a maximum of 10% of the total number of issued Shares of the Company (excluding any Treasury Shares) as at the date of passing of the relevant ordinary resolution to grant such mandate
“Share Issuance Mandate”	a general and unconditional mandate to be granted to the Directors to allot, issue and deal with the Shares (including any sale or transfer of treasury shares) up to a maximum of 20% of the total number of issued Shares of the Company (excluding any Treasury Shares) as at the date of passing of the relevant ordinary resolution to grant such mandate
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic Investment Committee”	Strategic Investment Committee of the Board
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs (as amended from time to time), issued by the Securities and Futures Commission of Hong Kong
“Treasury Shares”	has the meaning ascribed to it under the Listing Rules

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## LETTER FROM THE BOARD

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宏华集团  
HONGHUA GROUP

**Honghua Group Limited**

**宏華集團有限公司**

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

**(Stock Code: 196)**

*Executive Directors:*

Mr. Wang Xu (*Chairman*)

Mr. Zhu Hua

Mr. Yang Qiang

*Non-executive Director:*

Mr. Liu Hui

*Independent Non-executive Directors:*

Mr. Zhang Shiju

Ms. Li Yuedong

Mr. Wang Junren

*Head Office:*

99 East Road, Information Park

Jinniu District, Chengdu

Sichuan

People's Republic of China

Post code: 610036

*Principal Place of Business*

*in Hong Kong:*

Room 1915, 19/F

Lee Garden One

33 Hysan Avenue

Causeway Bay

Hong Kong

*Registered Office:*

Windward 3, Regatta Office Park

PO Box 1350, Grand Cayman

KY1-1108, Cayman Islands

8 June 2026

*To Shareholders*

Dear Sir/Madam,

**PROPOSED RE-ELECTION OF RETIRING DIRECTORS;  
PROPOSED CHANGE OF AUDITOR;  
PROPOSED GRANTING OF GENERAL MANDATES  
TO BUY BACK SHARES AND TO ISSUE SHARES; AND  
NOTICE OF THE ANNUAL GENERAL MEETING**

**1. INTRODUCTION**

The purpose of this circular is to provide you with information in respect of, amongst others, the resolutions to be proposed at the Annual General Meeting regarding (i) the re-election of retiring Directors; (ii) the change of auditor; (iii) the granting of the Share Buy-back Mandate to the Directors; (iv) the granting of the Share Issuance Mandate to the

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## LETTER FROM THE BOARD

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Directors; (v) the extension of the Share Issuance Mandate by adding to it the aggregate number of the issued Shares bought back by the Company under the Share Buy-back Mandate; and (vi) to give you notice of the Annual General Meeting.

### **2. PROPOSED RE-ELECTION OF RETIRING DIRECTORS**

Pursuant to articles 108(a) and (b) of the Articles of Association, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every 3 years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office.

The Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who wishes to retire and not to offer himself for re-election. Any Director who has not been subject to retirement by rotation in the 3 years preceding the annual general meeting shall retire by rotation at such Annual General Meeting. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

Pursuant to article 112 of the Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the Shareholders in general meeting. Any Director so appointed shall hold office only until the first annual general meeting of the Company and shall then be eligible for re-election at the meeting but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at such meeting.

Pursuant to articles 108(a) and 108(b) of the Articles of Association, Mr. Wang Xu and Mr. Yang Qiang shall retire at the Annual General Meeting. Pursuant to article 112 of the Articles of Association, Mr. Liu Hui was appointed by the Board as a non-executive Director on 19 January 2026 and shall hold office until the Annual General Meeting. All the retiring Directors, being eligible, will offer themselves for re-election at the Annual General Meeting.

The Nomination Committee has fulfilled its duties in accordance with the Director Nomination Policy adopted by the company, which outlines the nomination procedures, selection and recommendation criteria for director candidates. When evaluating and recommending the re-election of directors, the Nomination Committee has considered, among other things, the structure and composition of the Board, the Board Diversity Policy, the nomination principles and conditions stipulated in the corporate strategy, and whether each candidate meets the relevant selection criteria.

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## LETTER FROM THE BOARD

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In assessing the recommendation for the re-election of each retiring Director, the Nomination Committee has evaluated each Director's time commitment and contribution to the Board, taking into account, among other things, their professional qualifications and experience, external directorships and other significant external commitments, attendance at Board and general meetings, participation in Board affairs and overall performance, as well as their character and experience, and considers that each of them is able to continue to effectively discharge his/her duties as a Director.

Based on the above assessment, the Nomination Committee has recommended to the Board that Mr. Wang Xu, Mr. Yang Qiang and Mr. Liu Hui be re-elected as Directors. After considering the recommendations of the Nomination Committee, the Board has accepted the relevant recommendations and is of the view that re-electing all the retiring Directors will continue to bring valuable business experience, knowledge and expertise to the Board, thereby enabling the Board to operate effectively and smoothly and enhancing its diversity, which is in the overall best interests of the Company and its shareholders. Therefore, it is recommended that Shareholders at the Annual General Meeting re-elect Mr. Wang Xu and Mr. Yang Qiang as executive Directors and Mr. Liu Hui as a non-executive Director.

Brief biographical details of the retiring Directors are set out in Appendix II of this circular.

### 3. PROPOSED CHANGE OF AUDITOR

#### (1) Retirement of auditor

The Board 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 AGM.

#### (2) Reasons for change of auditor

The controlling shareholder of the Company is Dongfang Electric International Investment Co., Limited ("**DEC International**"), a company incorporated in Hong Kong, which holds 58.52% of the issued shares of the Company. DEC International is a wholly-owned subsidiary of Dongfang Electric Corporation ("**DEC**"), a company incorporated in the People's Republic of China and controlled by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC. Based on the above shareholding structure, the Company is subject to both state-owned assets regulatory requirements and Hong Kong capital market regulatory requirements. While the Company does not maintain a specific written corporate governance policy requiring mandatory rotation of its external auditor after a prescribed period of service, in considering the appointment and change of auditor, the Company has regard to the principles of auditor independence, objectivity and orderly rotation, taking into account the applicable regulatory requirements and corporate governance considerations. Such considerations are reflected, among others, in the following regulatory framework applicable to the Company.

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## LETTER FROM THE BOARD

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Pursuant to the relevant provisions of the *Administrative Measures for the Selection and Engagement of Accounting Firms by State-owned Enterprises and Listed Companies* (Cai Kuai [2023] No. 4), jointly issued by the Ministry of Finance, the State-owned Assets Supervision and Administration Commission of the State Council and the China Securities Regulatory Commission on 20 February 2023, and the *Rules for the Financial Final Accounts Audit Management of Central Enterprises* (Guo Zi Fa Cai Ping Gui [2024] No. 20) issued by the State-owned Assets Supervision and Administration Commission of the State Council on 13 March 2024:

- An accounting firm shall continuously provide financial final accounts audit services for the same enterprise for not less than 2 years and not more than 8 years;
- Key members of the audit engagement who have cumulatively served the same enterprise for five years shall be rotated;
- Audit engagement partners and signing certified public accountants who have cumulatively served the same state-owned enterprise or listed company for five years shall be prohibited from participating in the audit of such enterprise for the subsequent five years.

Currently, the Company's incumbent auditor, Deloitte, has provided audit services to the Group for four consecutive financial years (for the year ended and including 31 December 2025), and its term will expire at the conclusion of the Company's annual general meeting to be held on 30 June 2026.

In light of the above regulatory requirements and applicable framework, the tenure of key members of the audit engagement is approaching the relevant regulatory limits. The staggered statutory rotation requirements applicable to the audit firm and key engagement personnel, operating on different rotation cycles, may give rise to overlapping transition requirements within a relatively short period of time. If the current engagement were to continue until the final mandatory rotation deadline, the Company would face a concentrated replacement of key audit personnel and the audit firm within a relatively short period of time.

To ensure an orderly rotation and maintain the continuity and stability of audit work, the Company has carefully considered and decided to initiate the auditor rotation process at an appropriate time, so as to achieve a smooth transition within a compliant framework.

Accordingly, having considered the applicable regulatory framework, the anticipated rotation requirements for key audit personnel and the need to maintain audit continuity and independence, the Board considers that commencing the auditor rotation process at the present stage would facilitate a smooth and orderly transition of the external auditor. On this basis, the Board considers that the proposed change of auditor is consistent with the principles of good corporate governance. The Company conducts the auditor selection process in accordance with *the Procurement Management Regulations, the Administrative Measures for the Selection and Engagement of*

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## LETTER FROM THE BOARD

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*Accounting Firms by State-owned Enterprises and Listed Companies*, and the *Guidelines on Effective Audit Committee Functioning – Selection, Appointment and Re-appointment of Auditors* issued by the Hong Kong Financial Reporting Council. The selection proposal is reviewed by the Audit Committee, the selection result is assessed by the Audit Committee and recommended to the Board for consideration, and is subsequently subject to Board approval and final approval by shareholders at the AGM.

The Board and 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.

### **(3) Confirmation from outgoing auditor**

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.

### **(4) Impact of change**

As at the Latest Practicable Date, 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.

### **(5) 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.

### **(6) 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**”).

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## LETTER FROM THE BOARD

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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

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## LETTER FROM THE BOARD

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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.

The Company has considered the difference between the proposed audit fee for the current year and the audit fee of approximately RMB3.7 million previously paid to Deloitte. After reviewing the proposed fee arrangement agreed with BDO, the Company is of the view that the agreed audit fee, which represents a decrease of approximately RMB0.7 million as compared to Deloitte's prior fee, is commensurate with the audit work required and will not have any adverse impact on audit quality.

The Audit Committee notes that: (i) there are no material differences in the scope of the proposed audit engagements; (ii) the proposed audit approach remains risk-based and covers the Group's principal audit matters and key audit areas; and (iii) the Group's business operations, organisational structure and risk profile have remained stable, with no material increase in complexity, and there have been no significant acquisitions, disposals or restructurings, nor any complex

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## LETTER FROM THE BOARD

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transactions, which has resulted in no substantive change in the underlying audit requirements of the Group. The Audit Committee has therefore reviewed the audit requirements of the Group and considers that the audit scope, key audit areas and overall audit requirements remain broadly consistent with those of prior years. The Audit Committee has further assessed the audit methodologies and audit arrangements proposed by BDO, including audit planning, risk-based approach and coverage of key audit areas, and considers that there are no material differences when compared against those adopted in the prior year audit engagement conducted by Deloitte. When compared with Deloitte in the prior year audit engagement, the audit methodology and audit scope to be adopted by BDO are considered to be broadly consistent, thereby ensuring continuity in audit planning, execution and audit coverage.

In addition, the Audit Committee has reviewed BDO's proposed audit arrangements and understands that BDO will allocate sufficient resources and assign personnel with appropriate experience and seniority to conduct the audit in accordance with applicable professional standards. In this regard, the Audit Committee considers that the overall level of audit input to be deployed by BDO, including the size and composition of the engagement team, the level of seniority of key audit personnel, the relevant professional experience and industry exposure of the audit team members, as well as the involvement of appropriately experienced personnel at different levels of the engagement, is broadly comparable to that deployed in the prior year audit engagement conducted by Deloitte, and is therefore not expected to represent any reduction in the depth or quality of audit work.

The Audit Committee further considers that differences in audit pricing among professional accounting firms do not necessarily reflect differences in audit scope or quality. Instead, such differences may be attributable to various firm-specific commercial factors, including the size and composition of engagement teams, the firms' operating models and internal cost structures. Prevailing market conditions and each firm's business and marketing strategies may also further contribute to differences in fee levels.

Taking into account the above factors, the Audit Committee considers that the audit fee agreed with BDO is reasonable, having regard to the Group's size, business nature and complexity, as well as the expected audit work required. Based on its assessment, the Audit Committee is of the view that the agreed fee is commensurate with the audit work required and will not have any adverse impact on audit quality.

(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

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## LETTER FROM THE BOARD

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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.

#### **4A. PROPOSED GRANTING OF GENERAL MANDATE TO BUY BACK SHARES**

At the annual general meeting of the Company held on 27 June 2025, a general mandate was granted to the Directors to buy back Shares. Such mandate will lapse at the conclusion of the Annual General Meeting. To provide the Company with the flexibility to buy back Shares when deemed appropriate, an ordinary resolution will be proposed at the Annual General Meeting to approve the granting of the Share Buy-back Mandate to the Directors to buy back Shares on the Stock Exchange of not exceeding 10% of the total number of issued Shares of the Company (excluding Treasury Shares, if any) as at the date

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## LETTER FROM THE BOARD

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of passing of the proposed ordinary resolution numbered 4 in the notice of the Annual General Meeting as set out on pages 24 to 27 of this circular. As at the Latest Practicable Date, the number of Shares in issue (excluding Treasury Shares) was 9,040,489,151. Accordingly, assuming no further Shares are issued, repurchased, cancelled or held as Treasury Shares after the Latest Practicable Date and up to the date of the Annual General Meeting, the exercise of the Share Buy-back Mandate in full would enable the Company to buy back a maximum of 904,048,915 Shares.

The Directors wish to state that the Company has no plan to buy back any Shares pursuant to the Share Buy-back Mandate as at the Latest Practicable Date.

The Share Buy-back Mandate (if granted at the Annual General Meeting) will continue in force until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the revocation or variation of the authority given under the resolution numbered 4 set out in the notice of the Annual General Meeting by an ordinary resolution passed by the Company's shareholders in general meetings; or (iii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held.

An explanatory statement required by the Listing Rules to provide the Shareholders with requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the granting of the Share Buy-back Mandate is set out in Appendix I to this circular.

If the Company conducts a share consolidation or subdivision after the Share Buy-back Mandate has been approved in Annual General Meeting, the maximum number of shares that may be bought back under the Share Buy-back Mandate as a percentage of the total number of issued shares at the date immediately before and after such consolidation or subdivision shall be the same.

#### **4B. PROPOSED GRANTING OF GENERAL MANDATE TO ISSUE SHARES**

At the annual general meeting of the Company held on 27 June 2025, a general mandate was granted to the Directors to issue Shares. Such mandate will lapse at the conclusion of the Annual General Meeting. To provide the Company with the flexibility to issue Shares when deemed appropriate, an ordinary resolution will be proposed at the Annual General Meeting to approve the granting of the Share Issuance Mandate to the Directors to allot, issue or deal with Shares (including any sale or transfer of Treasury Shares) up to a maximum of 20% of the total number of issued shares of the Company (excluding any Treasury Shares) as at the date of passing of the proposed ordinary resolution numbered 5 in the notice of the Annual General Meeting as set out on pages 24 to 27 of this circular. As at the Latest Practicable Date, the number of Shares in issue (excluding Treasury Shares) was 9,040,489,151. Accordingly, assuming no further Shares are issued, repurchased, cancelled and lapsed, or held as Treasury Shares after the Latest Practicable Date and up to the date of the Annual General Meeting, the exercise of the Share Issuance Mandate in full would enable the Company to issue a maximum of 1,808,097,830 Shares. An ordinary

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## LETTER FROM THE BOARD

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resolution to extend the Share Issuance Mandate by adding the number of Shares bought back by the Company pursuant to the Share Buy-back Mandate will also be proposed at the Annual General Meeting.

The Directors wish to state that the Company has no plan to issue any new Shares pursuant to the Share Issuance Mandate as at the Latest Practicable Date.

The Share Issuance Mandate (if granted at the Annual General Meeting) will continue in force until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the revocation or variation of the authority given under the resolution numbered 5 set out in the notice of the Annual General Meeting by an ordinary resolution passed by the Company's shareholders in general meetings; or (iii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held.

If the Company conducts a share consolidation or subdivision after the Share Issuance Mandate has been approved in Annual General Meeting, the maximum number of securities that may be issued under the Share Issuance Mandate as a percentage of the total number of issued shares at the date immediately before and after such consolidation or subdivision shall be the same.

### **5. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT**

The notice of the Annual General Meeting is set out on pages 24 to 27 of this circular. At the Annual General Meeting, resolutions will be proposed to approve, inter alia, the proposed re-election of retiring Directors, the proposed change of auditor, the proposed granting of the Share Buy-back Mandate and the Share Issuance Mandate and the extension of the Share Issuance Mandate by the addition thereto of the number of Shares bought back pursuant to the Share Buy-back Mandate.

A form of proxy for use at the Annual General Meeting is also enclosed with this circular and such form of proxy is also published and available for download on the websites of the Company ([www.hh-gltd.com](http://www.hh-gltd.com)) and of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority, at the Company's Branch Share Registrar and Transfer Office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the Annual General Meeting (i.e. not later than 9:30 a.m. on Sunday, 28 June 2026) or any adjournment thereof. Completion and delivery of the form of proxy will not preclude Shareholders from attending and voting at the Annual General Meeting if they so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

Pursuant to Rule 13.39(4) of the Listing Rules and the Articles of Association, any vote of the Shareholders at the Annual General Meeting must be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to

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## LETTER FROM THE BOARD

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a procedural or administrative matter to be voted on by a show of hands. The Company will announce the poll results of the Annual General Meeting in the manner prescribed under Rule 13.39(5) of the Listing Rules.

Holders of Treasury Shares (if any) shall abstain from voting on matters that require shareholders' approval at the Annual General Meeting.

### **6. CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Thursday, 25 June 2026 to Tuesday, 30 June 2026 (both days inclusive), for the purpose of ascertaining Shareholders' entitlement to attend and vote at the Annual General Meeting, during which period no transfer of Shares will be registered. The record date for the purpose of determining the eligibility of shareholders to attend and vote at the Annual General Meeting is Tuesday, 30 June 2026.

Shareholders are reminded that in order to be entitled to attend and vote at the Annual General Meeting, all duly completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar and Transfer Office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 24 June 2026.

### **7. RECOMMENDATION**

The Directors consider that the proposed re-election of retiring Directors, the proposed change of auditor, the proposed granting of the Share Buy-back Mandate, the granting and extension of the Share Issuance Mandate are in the interests of the Company, the Group and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

### **8. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in and is required to abstain from voting on the resolutions to be proposed at the Annual General Meeting. The Board confirm that to the best of its knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, there was no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon

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## LETTER FROM THE BOARD

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any Shareholder and there was no obligation or entitlement of any Shareholder whereby he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his Shares to a third party, either generally or on a case-by-case basis.

### 9. GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix I (Explanatory statement on the Share Buy-back Mandate) and Appendix II (Details of Directors proposed to be re-elected at the Annual General Meeting).

Yours faithfully,  
**For and on behalf of**  
**Honghua Group Limited**  
**Wang Xu**  
*Chairman of the Board*

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## **APPENDIX I EXPLANATORY STATEMENT ON THE SHARE BUY-BACK MANDATE**

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This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration of the Share Buy-back Mandate.

### **1. REASONS FOR SHARE BUY-BACK**

The Directors believe that the granting of the Share Buy-back Mandate is in the interests of the Company and the Shareholders.

Share buy-back may, depending on market conditions and funding arrangements at the time, result in an enhancement of the net assets and/or earnings per Share. The Directors are seeking the granting of the Share Buy-back Mandate to give the Company the flexibility to do so if and when appropriate. The number of Shares to be bought back on any occasion and the price and other terms upon which the same are bought back will be decided by the Directors at the relevant time, having regard to the circumstances then pertaining.

### **2. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 9,040,489,151 Shares, and there were no Treasury Shares held by the Company.

Subject to the passing of the ordinary resolution numbered 4 set out in the notice of the Annual General Meeting in respect of the granting of the Share Buy-back Mandate and on the basis that no Shares are issued, repurchased, cancelled and lapsed, or held as treasury shares between the Latest Practicable Date and the date of the Annual General Meeting, the Company would be allowed under the Share Buy-back Mandate to buy back a maximum of 904,048,915 Shares, representing 10% of the total number of issued Shares (excluding treasury shares) as at the date of the Annual General Meeting during the period in which the Share Buy-back Mandate remains in force.

### **3. FUNDING OF SHARE BUY-BACK**

In buying back Shares, the Company may only apply funds legally available for such purpose in accordance with its Articles of Association, the laws of the Cayman Islands and other applicable laws.

The laws of the Cayman Islands provide that the amount of capital paid in connection with a share buy-back may only be paid out of either the profits of the company or out of the proceeds of a fresh issue of shares made for such purpose or, if so authorised by its memorandum and articles and subject to the provisions of the Cayman Islands laws, out of capital. The amount of premium payable on a buy-back may be paid out of profits of the company or out of the share premium account of the company, or, if so authorised by its memorandum and articles and subject to the provisions of the Cayman Islands laws, out of capital before the shares are repurchased. A listed company may not buy back its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

#### **4. IMPACT OF SHARE BUY-BACK**

There could be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report of the Company for the year ended 31 December 2025) if the Share Buy-back Mandate was to be carried out in full at any time during the period the Share Buy-back Mandate remains in force. However, the Directors do not intend to exercise the Share Buy-back Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

#### **5. TAKEOVERS CODE**

If, as a result of a buy-back of Shares pursuant to the Share Buy-back Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the Shareholder's interest, could obtain or consolidate control of the Company and thereby become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

To the best of the knowledge of the Company, as at the Latest Practicable Date, Dongfang Electric International Investment Co., Limited and Dongfang Electric Corporation, the controlling shareholders of the Company (as defined in the Listing Rules), were interested in 5,290,494,251 Shares, representing approximately 58.52% of the total issued share capital of the Company. Assuming that (i) the issued share capital of the Company (being 9,040,489,151 Shares) remains unchanged as at the date of the Annual General Meeting and (ii) the shareholding of Dongfang Electric International Investment Co., Limited and Dongfang Electric Corporation in the Company (being 5,290,494,251 Shares) remains unchanged immediately after the full exercise of the Share Buy-back Mandate, in the event that the Directors exercise in full the power to buy back Shares in accordance with the terms of the relevant ordinary resolution to be proposed at the Annual General Meeting, the interests of Dongfang Electric International Investment Co., Limited and Dongfang Electric Corporation would be increased to approximately 65.02% of the total issued share capital of the Company. Such an increase would not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. Save as disclosed above, the Directors are not aware of any consequences which may give rise to an obligation to make a mandatory offer under the rule of the Takeovers Code. Besides, the Directors have no intention to make buy-back of Shares to an extent that an obligation to make a mandatory offer under the Takeovers Code will be triggered.

In addition, the Directors consider that the full exercise of the Share Buy-back Mandate will not lead to the percentage of the Company's public float falling below 25% of the Company's total issued Shares, nor do they propose to repurchase Shares to an extent that would result in the percentage of Shares held by the public falling below the prescribed minimum percentage.

**6. GENERAL**

To the best of their knowledge and having made all reasonable enquiries, none of the Directors nor any of their respective close associates (as defined in the Listing Rules) have any present intention to sell any Shares to the Company in the event that the granting of the Share Buy-back Mandate is approved by the Shareholders.

The Company has not been notified by any core connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell any Shares to the Company, nor have they undertaken not to sell any Shares held by them to the Company in the event that the granting of the Share Buy-back Mandate is approved by the Shareholders.

The Directors will exercise the power of the Company to buy back Shares pursuant to the Share Buy-back Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

The Company may cancel such bought-back Shares or hold them as Treasury Shares, depending on market conditions and the Group's capital management needs at the relevant time of the buy-backs. The Company will register the bought-back Shares as treasury shares in its own name, in accordance with the applicable laws of the Cayman Islands.

For any Treasury Shares deposited with CCASS pending resale on the Stock Exchange, the Company shall (i) procure its broker not to give any instructions to Hong Kong Securities Clearing Company Limited to vote at general meetings of the Company for the Treasury Shares deposited with CCASS; and (ii) in the case of dividends or distributions, withdraw the treasury shares from CCASS, and either re-register them in its own name as Treasury Shares or cancel them, in each case before the record date for the dividends or distributions, or take any other measures to ensure that it will not exercise any shareholders' rights or receive any entitlements which would otherwise be suspended under the applicable laws if those Shares were registered in its own name as treasury shares.

The Company confirms that the explanatory statement set out in this Appendix I contains the information required under Rule 10.06(1)(b) of the Listing Rules and that neither the explanatory statement nor the proposed share buy-back has any unusual features.

**7. MARKET PRICES OF SHARES**

The highest and lowest prices per Share at which the Shares have traded on the Stock Exchange during the period from 1 May 2025 and up to the Latest Practicable Date were as follows:

<b>Month</b>	<b>Highest HK\$</b>	<b>Lowest HK\$</b>
<b>2025</b>		
May	0.187	0.139
June	0.220	0.150
July	0.255	0.199
August	0.260	0.233
September	0.249	0.199
October	0.212	0.180
November	0.199	0.168
December	0.197	0.167
<b>2026</b>		
January	0.211	0.165
February	0.214	0.191
March	0.255	0.182
April	0.213	0.176
May	0.204	0.167
June (up to the Latest Practicable Date)	0.184	0.168

**8. SHARE BUY-BACK MADE BY THE COMPANY**

No buy-back of Shares has been made by the Company during the previous six months (whether on the Stock Exchange or otherwise).

*Pursuant to the Listing Rules, the details of the Directors who will retire at the Annual General Meeting according to the Articles of Association and offer themselves for re-election at the Annual General Meeting are set out below.*

**(1) Executive Director**

**Mr. Wang Xu** (王旭先生), aged 53, has been appointed as an Executive Director of the Company, the Chairman of the Board, the chairmen of each of the Nomination Committee and the Strategic Investment Committee of the Board since 25 November 2022.

*Experience*

Mr. Wang is currently an employee director of Dongfang Electric Corporation (中國東方電氣集團有限公司, “**Dongfang Electric**”). Previously, Mr. Wang served as the head of the partymasses work department of Dongfang Electric and the head of the corporate culture department of Dongfang Electric Corporation Limited, the deputy secretary of the party committee and the secretary of the discipline inspection committee of Dongfang Electric Wind Power Co., Ltd. and the manager of the Coil Branch Factory of Dongfang Electric, as well as the secretary of the joint party branch of the production management department and the warehouse management center of DongFang Electric Machinery Corporation Limited, and deputy head of the production management department of DongFang Electric Machinery Corporation Limited. Mr. Wang currently serves as the director of the Company’s subsidiaries, Honghua Holdings Limited (宏華控股有限公司), Honghua (China) Investment Co., Ltd.\* (宏華(中國)投資有限公司) and the Chairman of the Board of Sichuan Honghua Petroleum Equipment Co., Ltd. Mr. Wang has extensive experience in production management and enterprise management. Mr. Wang received his Bachelor’s degree in Engineering from Chongqing University in 1995.

Save as disclosed above, Mr. Wang does not hold any other position in the Company or any of its subsidiaries, has not hold any directorship in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years, and does not hold any other major appointments or professional qualifications.

*Length of service and emoluments*

Mr. Wang has entered into a service contract with the Company as an executive Director for a term of three years commencing from 25 November 2025, provided that his tenure is subject to the provisions of the Articles of Association and the Corporate Governance Code set out in Appendix C1 to the Listing Rules.

Pursuant to the aforesaid service contract, Mr. Wang is entitled to a basic annual salary of RMB243,000 (excluding pension contribution arrangements). He is also entitled to variable remuneration (including incentives) determined based on his performance and key performance indicators set by the Company, which are linked to

the Group's annual operating performance. The amount of such variable remuneration shall be determined at the discretion of the Board of the Company with reference to the Group's overall operating performance and his individual performance.

#### *Relationships*

Other than the relationship arising from his position as the Company's Executive Director and Chairman of the Board of Directors, the chairman of the Nomination Committee, the chairman of the Strategic Investment Committee and employee director of Dongfang Electric, Mr. Wang does not have any relationships with any other Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Company.

#### *Interests in Shares*

As at the Latest Practicable Date, Mr. Wang does not have any interest in any Shares or underlying shares under Part XV of the SFO.

#### *Matters that need to be brought to the attention of the Shareholders*

There is no information that needs to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there are no other matters concerning Mr. Wang that need to be brought to the attention of the Shareholders.

## **(2) Executive Director**

**Mr. Yang Qiang** (楊強先生), aged 45, has been appointed as an Executive Director of the Company since 17 May 2024 and a member of Strategic Investment Committee of the Board since 28 June 2024.

#### *Experience*

Mr. Yang once worked in Dongfang Electric Machinery Co., Ltd from 2004, served as deputy director of the equipment department, deputy director of the material purchasing department and deputy director of the procurement centre, and was the deputy secretary of the Party Committee and employee representative of Dongfang Electric Autocontrol Engineering Co., Ltd.. At present, Mr. Yang serves as the Party Deputy Secretary of Honghua (China) Investment Co., Ltd. and the employee director of Sichuan Honghua Petroleum Equipment Co., Ltd., both being subsidiaries of the Company. Mr. Yang has extensive experience in material procurement, equipment management, technology management and human resources management. Mr. Yang holds a bachelor's degree.

Save as disclosed above, Mr. Yang does not hold any other position in the Company or any of its subsidiaries, has not hold any directorship in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years, and does not hold any other major appointments or professional qualifications.

*Length of service and emoluments*

Mr. Yang has entered into a service contract with the Company as an executive Director for a term of three years commencing from 16 May 2024, provided that his tenure is subject to the provisions of the Articles of Association and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. Mr. Yang does not receive director's remuneration from the Company.

*Relationships*

Mr. Yang does not have any relationships with any other Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Company.

*Interests in Shares*

As at the Latest Practicable Date, Mr. Yang does not have any interest in any Shares or underlying shares under Part XV of the SFO.

*Matters that need to be brought to the attention of the Shareholders*

There is no information that needs to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there are no other matters concerning Mr. Yang that need to be brought to the attention of the Shareholders.

**(3) Non-executive Director**

**Mr. Liu Hui** (劉輝先生), aged 60, has been appointed as a Non-executive Director of the Company and the members of each of the Audit Committee and the Strategic Investment Committee of the Board since 19 January 2026.

*Experience*

Prior to the appointment, Mr. Liu served in various positions, including the deputy head, workshop director and secretary to the Party Committee of the Casting Plant of Dongfang Electrical Machinery Works (東方電機廠鑄造分廠); the deputy head of the personnel and labour relations department, deputy director of the human resources department, director of the materials procurement department, the deputy chief economist, an executive director and the deputy general manager of Dongfang Electrical Machinery Company Limited (東方電機股份有限公司); the director of the

Party Committee work department and deputy secretary to the Party Committee of Dongfang Electric Corporation (中國東方電氣集團公司); the secretary to the Party Committee and the Chairman of Dongfang Electric Machinery Co., Ltd. (東方電機有限公司); the head of Dongfang Electrical Machinery Works (東方電機廠); the secretary to the Party Committee of Dongfang Electric Wind Power Co., Ltd. (東方電氣風電有限公司); and the secretary to the Party Committee and the Chairman of DEC Dongfang Stream Turbine Co., Ltd. (東方電氣集團東方汽輪機有限公司). He concurrently served as the secretary to the Party Committee and a director of Dongfang Electric Digital Technology Co., Ltd. (東方電氣集團數字科技有限公司). Mr. Liu possesses extensive experience in corporate management. Mr. Liu graduated from Southwest Jiaotong University with a master's degree in business administration.

Save as disclosed above, Mr. Liu does not hold any other position in the Company or any of its subsidiaries, has not hold any directorship in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years, and does not hold any other major appointments or professional qualifications.

*Length of service and emoluments*

Mr. Liu has entered into a service contract with the Company as a non-executive Director for a term of three years commencing from 19 January 2026, provided that his tenure is subject to the provisions of the Articles of Association and the Corporate Governance Code set out in Appendix C1 to the Listing Rules, and he is subject to retirement by rotation and re-election at the first annual general meeting of the Company at which he is eligible. Mr. Liu does not receive director's remuneration from the Company.

*Relationships*

Mr. Liu (i) does not hold any other position in the Company or any of its subsidiary; (ii) does not have any other relationship with any directors, senior management, substantial Shareholders or controlling Shareholders of the Company; (iii) has not held any directorship in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

*Interests in Shares*

As at the Latest Practicable Date, Mr. Liu does not have any interest in any Shares or underlying shares under Part XV of the SFO.

*Matters that need to be brought to the attention of the Shareholders*

There is no information that needs to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there are no other matters concerning Mr. Liu that need to be brought to the attention of the Shareholders.

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## NOTICE OF THE ANNUAL GENERAL MEETING

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宏华集团  
HONGHUA GROUP

### Honghua Group Limited 宏華集團有限公司

*(a company incorporated in the Cayman Islands with limited liability)*  
(Stock Code: 196)

**NOTICE IS HEREBY GIVEN** that an Annual General Meeting (the “**Meeting**”) of Honghua Group Limited (the “**Company**”) will be held at Conference Room 353, 99 East Road, Information Park, Jinniu District, Chengdu, Sichuan, PRC on Tuesday, 30 June 2026 at 9:30 a.m. to review and approve the following resolutions. Unless otherwise defined herein, the terms herein shall have the same meanings as defined in the Company’s circular dated 8 June 2026.

#### ORDINARY RESOLUTIONS

1. To receive and consider the audited consolidated financial statements of the Company, the report of the Directors and the report of the auditor of the Company for the year ended 31 December 2025;
2. (i) (a) To re-elect Mr. Wang Xu as an executive Director;  
(b) To re-elect Mr. Yang Qiang as an executive Director;  
(c) To re-elect Mr. Liu Hui as a non-executive Director; and  
(ii) To authorise the Board to fix the remuneration of each Director;
3. To consider and approve the appointment of BDO Limited to succeed Deloitte Touche Tohmatsu as the auditor of the Company for the year ending 31 December 2026, to hold office until the conclusion of the next annual general meeting of the Company, and to authorise the Board of Directors to fix its remuneration;
4. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

**“THAT**

- (a) the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to buy back its Shares, subject to and in accordance with the applicable laws, be and is hereby generally and unconditionally approved;

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## NOTICE OF THE ANNUAL GENERAL MEETING

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- (b) the total number of Shares of the Company to be bought back pursuant to the approval in paragraph (a) above shall not exceed 10% of the total number of issued Shares of the Company (excluding any Treasury Shares) as at the date of passing of this resolution and the said approval shall be limited accordingly; and
  - (c) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
    - (i) the conclusion of the next annual general meeting of the Company;
    - (ii) the revocation or variation of the authority given under this resolution by ordinary resolution passed by the Company’s Shareholders in general meetings; or
    - (iii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable laws to be held.”.
5. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

**“THAT**

- (a) the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to issue, allot and deal with additional Shares of the Company (including any sale or transfer of Treasury Shares) and to make or grant offers, agreements and options which would or might require Shares to be allotted, issued or dealt with during or after the end of the Relevant Period (as defined below), be and is hereby generally and unconditionally approved, provided that, otherwise than pursuant to (i) a rights issue where Shares are offered to shareholders on a fixed record date in proportion to their then holdings of Shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong), or (ii) any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries and/or any eligible grantee pursuant to the scheme of Shares or rights to acquire Shares of the Company, or (iii) any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares of the Company in accordance with the Articles of Association of the Company, the total number of Shares to be issued, allotted, dealt with or agreed conditionally or unconditionally to be issued, allotted or dealt with shall not in total exceed

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## NOTICE OF THE ANNUAL GENERAL MEETING

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20% of the total number of issued Shares of the Company (excluding any Treasury Shares) as at the date of passing of this resolution and the said approval shall be limited accordingly; and

- (b) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the revocation or variation of the authority given under this resolution by ordinary resolution passed by the Company’s shareholders in general meetings; or
  - (iii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable laws to be held.”; and
- 6. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** the general mandate granted to the Directors of the Company pursuant to resolution numbered 5 above and for the time being in force to exercise the powers of the Company to allot Shares and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby extended by the number of Shares of the Company bought back by the Company pursuant to the exercise by the Directors of the Company of the powers of the Company to buy back such Shares since the granting of such general mandate referred to in the above resolution numbered 4 provided that such amount shall not exceed 10% of the total number of issued Shares of the Company (excluding any Treasury Shares) as at the date of passing of this resolution.”

On behalf of the Board  
**Honghua Group Limited**  
**Wang Xu**  
*Chairman of the Board*

PRC, 8 June 2026

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## NOTICE OF THE ANNUAL GENERAL MEETING

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*Notes:*

1. All resolutions at the Annual General Meeting will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Listing Rules and the Articles of Association. The results of the poll will be published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules.
2. A member of the Company who is entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a member of the Company but must attend in person to represent the member. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed. Every member present in person or by proxy shall be entitled to one vote for each share held by him.
3. In order to be valid, the form of proxy together with any power of attorney or other authority under which it is signed or a certified copy of such power of attorney or authority, must be deposited with the Company's Branch Share Registrar and Transfer Office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 9:30 a.m. on Sunday, 28 June 2026 or any adjournment thereof (as the case may be). Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the meeting and in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. For determining the entitlement to attend and vote at the above Meeting, the Register of Members of the Company will be closed from Thursday, 25 June 2026 to Tuesday, 30 June 2026, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the Meeting, all duly completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar and Transfer Office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 24 June 2026. The record date for the purpose of determining the eligibility of the shareholders to attend and vote at the Annual General Meeting is Tuesday, 30 June 2026.
5. In relation to the ordinary resolutions numbered 4 to 6 set out in the above notice, the Directors wish to state that they have no immediate plan to issue any new shares or buy back any existing shares of the Company.
6. References to time and dates in this notice are to Hong Kong time and dates.

*As at the date of this notice, 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.*