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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 OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Honghua Group Limited (the “**Company**”) will be held at Novotel Century Hong Kong, 238 Jaffe Road, Wan Chai, Hong Kong on Thursday, 16 February 2017 at 10:00 a.m. for the purposes of considering and, if thought fit, passing with or without modifying the following resolutions which will be proposed as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. In relation to the CASIC Subscription Agreement

“**THAT:**

- (a) the subscription agreement dated 19 December 2016 (the “**CASIC Subscription Agreement**”) and entered into between the Company as the issuer and China Aerospace Science and Industry Corporation* (中國航天科工集團公司) (“**CASIC**”) as the subscriber in respect of the allotment and issue of an aggregate of 1,606,000,000 new shares of the Company (the “**CASIC Subscription Shares**”) at a subscription price of HK\$0.77 per share to be subscribed by CASIC or its successor or nominee and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) any director of the Company (“**Director**”) be and is hereby authorised to do such acts and things, to sign and execute all such further documents and to take such steps which, in the opinion of the Board may be necessary, appropriate, desirable or expedient, to give effect to the CASIC Subscription Agreement or any transactions contemplated thereunder and all other matters incidental thereto or in connection therewith, and to agree to and make such variations, amendments or waivers of any of the matters relating thereto or in connection therewith; and

- (c) subject to fulfilment of the conditions set out in the CASIC Subscription Agreement, the Directors be and are hereby granted a specific mandate to exercise the powers of the Company to allot and issue the CASIC Subscription Shares pursuant to the terms and conditions of the CASIC Subscription Agreement, where such CASIC Subscription Shares shall rank *pari passu* with the existing shares in issue. This specific mandate is in addition to, and shall not prejudice nor revoke any general or special mandate which has/have been granted or may from time to time be granted to the Directors prior to the passing of this resolution.”

2. In relation to the Jianhong Subscription Agreement

“THAT:

- (a) the subscription agreement dated 19 December 2016 (the “**Jianhong Subscription Agreement**”) and entered into between the Company as the issuer and Jianhong Capital Fund I L.P. (“**Jianhong**”) as the subscriber in respect of the allotment and issue of an aggregate of 508,000,000 new shares of the Company (the “**Jianhong Subscription Shares**”) at a subscription price of HK\$0.77 per share to be subscribed by Jianhong and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) any Director be and is hereby authorised to do such acts and things, to sign and execute all such further documents and to take such steps which, in the opinion of the Board may be necessary, appropriate, desirable or expedient, to give effect to the Jianhong Subscription Agreement or any transactions contemplated thereunder and all other matters incidental thereto or in connection therewith, and to agree to and make such variations, amendments or waivers of any of the matters relating thereto or in connection therewith; and
- (c) subject to fulfilment of the conditions set out in the Jianhong Subscription Agreement, the Directors be and are hereby granted a specific mandate to exercise the powers of the Company to allot and issue the Jianhong Subscription Shares pursuant to the terms and conditions of the Jianhong Subscription Agreement, where such Jianhong Subscription Shares shall rank *pari passu* with the existing shares in issue. This specific mandate is in addition to, and shall not prejudice nor revoke any general or special mandate which has/have been granted or may from time to time be granted to the Directors prior to the passing of this resolution.”

By Order of the Board
HONGHUA GROUP LIMITED
Zhang Mi
Chairman

People’s Republic of China, 24 January 2017

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Notes:

1. A Shareholder who is entitled to attend and vote at the EGM convened by the above notice is entitled to appoint a proxy to attend and vote on his behalf.
2. A proxy (who must be an individual) need not be a Shareholder but must attend in person to represent the Shareholder.
3. A Shareholder 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.
4. In order to be valid, the form of proxy (enclosed under the circular of the Company dated the same date of this notice) 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 in Hong Kong, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time fixed for holding the EGM, or any adjournment thereof. Delivery of the form of proxy shall not preclude a Shareholder from attending and voting in person at the EGM and in such event, the instrument appointing a proxy shall be deemed to be revoked.

As at the date of this notice, Mr. Zhang Mi, Mr. Ren Jie and Mr. Liu Zhi are the Executive Directors of the Company, and Mr. Siegfried Meissner (Mr. Popin Su as his alternate) is the Non-Executive Director of the Company, and Mr. Liu Xiaofeng, Mr. Qi Daqing, Mr. Chen Guoming, Mr. Shi Xingquan and Mr. Guo Yanjun are the Independent Non-Executive Directors.

** For identification purposes only*