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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 “**Meeting**”) of Honghua Group Limited (the “**Company**”) will be held at its Head Office at 3rd Floor Meeting Room, Office Building, 99 East Road, Information Park, Jinniu District, Chengdu, Sichuan 610036, PRC on Thursday, 23 December 2010 at 9:30 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions (capitalized terms used herein have the same meanings as defined in the circular of the Company dated 8 December 2010 unless otherwise specified) as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “THAT:

- (a) the Renewal Sales Framework Agreement dated 19 November 2010 made between the Company (for itself and on behalf of its subsidiaries) and Nabors Industries (for itself and on behalf of its subsidiaries) (a copy of which marked “A” is produced to the Meeting and initialed by Mr. Zhang Mi, the Chairman of the Meeting, for the purpose of identification) for the sales to Nabors Industries and the Nabors Group by the Group of Products and Services (as defined therein) on an ongoing basis and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;
- (b) the proposed annual caps under the Renewal Sales Framework Agreement of the Products and the Services (as defined therein) shall not exceed US\$300 million, US\$300 million and US\$300 million for each of the three years ending 31 December 2013 respectively be and are hereby approved, confirmed and ratified;
- (c) the execution of the Renewal Sales Framework Agreement by Mr. Zhang Mi, the Chairman of the Company, for and on behalf of the Company and the affixation of the common seal of the Company, if necessary, be and are hereby approved, confirmed and ratified; and

- (d) any one director of the Company be and is hereby authorized to sign, seal, execute and deliver all such other documents and deeds and to do all such acts or things which in their absolute discretion consider necessary, desirable or expedient to implement and/or to give full effect to the agreement and the annual caps referred to in the Renewal Sales Framework Agreement and the transactions contemplated thereunder”.

2. “**THAT:**

- (a) the Renewal Purchases Framework Agreement dated 19 November 2010 made between the Company (for itself and on behalf of its subsidiaries) and Nabors Industries (for itself and on behalf of its subsidiaries) (a copy of which marked “B” is produced to the Meeting and initialed by Mr. Zhang Mi, the Chairman of the Meeting, for the purpose of identification) for the purchase from Nabors Industries and the Nabors Group by the Group of Products and Services (as defined therein) on an ongoing basis and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;
- (b) the proposed annual caps under the Renewal Purchases Framework Agreement of the Products and the Services (as defined therein) shall not exceed US\$40 million, US\$40 million and US\$40 million for each of the three years ending 31 December 2013 respectively be and are hereby approved, confirmed and ratified;
- (c) the execution of the Renewal Purchases Framework Agreement by Mr. Zhang Mi, the Chairman of the Company, for and on behalf of the Company and the affixation of the common seal of the Company, if necessary, be and are hereby approved, confirmed and ratified; and
- (d) any one director of the Company be and is hereby authorized to sign, seal, execute and deliver all such other documents and deeds and to do all such acts or things which in their absolute discretion consider necessary, desirable or expedient to implement and/or to give full effect to the agreement and the annual caps referred to in the Renewal Purchases Framework Agreement and the transactions contemplated thereunder”.

By order of the Board of
Honghua Group Limited
Zhang Mi
Chairman

PRC, 8 December 2010

Notes:

1. Any shareholder of the Company entitled to attend and vote at the Meeting shall be entitled to appoint another person as his proxy to attend and vote on his behalf. A shareholder of the Company who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the Meeting. A proxy need not be a shareholder of the Company. On a poll votes may be given either personally (or, in the case of a shareholder being a corporation, by its duly authorized representative) or by proxy.
2. No appointment of a proxy shall be valid unless it names the person appointed and his appointor.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorized.
4. In order to be valid, the instrument appointing a proxy together with any power of attorney or other authority (if any) under which it is signed or a certified copy of such power of authority, must be deposited with the Company's branch share registrar 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 less than 48 hours before the time fixed for holding the Meeting, or adjournment thereof. Delivery of an instrument appointing a proxy shall not preclude a shareholder of the Company from attending and voting in person (or in the case of a shareholder being a corporation, its duly authorized representative) at the Meeting and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. Where there are joint registered holders of any share of the Company, any one of such persons may vote at the Meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of shareholders of the Company in respect of such share shall alone be entitled to vote in respect thereof.
6. The votes to be taken at the Meeting will be by way of a poll.

As at the date of this notice, our Directors are Mr. Zhang Mi (Chairman), Mr. Ren Jie and Mr. Liu Zhi as executive Directors, Mr. Huang Dongyang and Mr. Siegfried Meissner as non-executive Directors, and Mr. Chen Guoming, Mr. Tai Kwok Leung, Alexander, Mr. Liu Xiaofeng, Mr. Qi Daqing, Mr. Shi Xingquan and Mr. Wang Li as independent non-executive Directors.