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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Huafang Group Inc., 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.

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花房集团
HUAFANG GROUP

Huafang Group Inc.
花房集团公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3611)

(1) PROPOSED RE-ELECTION OF DIRECTORS
(2) PROPOSED GRANTING OF GENERAL MANDATES TO
BUY BACK SHARES AND TO ISSUE SHARES OF THE COMPANY
(3) NOTICE OF 2023 ADJOURNED ANNUAL GENERAL MEETING
AND
(4) NOTICE OF 2024 ANNUAL GENERAL MEETING

The notice convening the 2023 Adjourned Annual General Meeting and the 2024 Annual General Meeting of Huafang Group Inc. to be held at 9/F, Building 5, International Electronics Headquarters, Electronics City, Yard 6, Jiuxianqiao Road, Chaoyang District, Beijing, China on Friday, May 31, 2024 at 11:00 AM and 12:00 PM (or immediately following the 2023 Adjourned Annual General Meeting) respectively are set out in this circular. Forms of proxy for use at the 2023 Adjourned Annual General Meeting and the 2024 Annual General Meeting are also enclosed. Such forms of proxy are also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.huafang.com).

Whether or not you are able to attend the Annual General Meetings, please complete and sign the enclosed forms of proxy in accordance with the instructions printed thereon and return them to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the Annual General Meetings or the adjourned meeting (as the case may be). Completion and return of the forms of proxy will not preclude Shareholders from attending and voting in person at the Annual General Meetings if they so wish.

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

May 3, 2024

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DEFINITIONS

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

“2023 Adjourned Annual General Meeting”	the annual general meeting of the Company to be held at 9/F, Building 5, International Electronics Headquarters, Electronics City, Yard 6, Jiuxianqiao Road, Chaoyang District, Beijing, China on Friday, May 31, 2024 at 11:00 AM, to consider and, if appropriate, to approve the resolutions contained in the notice of the 2023 adjourned annual general meeting which is set out on pages 17 to 18 of this circular, or any adjournment or postponement thereof (as the case may be)
“2024 Annual General Meeting”	the annual general meeting of the Company to be held at 9/F, Building 5, International Electronics Headquarters, Electronics City, Yard 6, Jiuxianqiao Road, Chaoyang District, Beijing, China on Friday, May 31, 2024 at 12:00 PM (or immediately following the 2023 Adjourned Annual General Meeting), to consider and, if appropriate, to approve the resolutions contained in the notice of the 2024 annual general meeting which is set out on pages 19 to 22 of this circular, or any adjournment thereof
“Annual General Meetings”	collectively, the 2023 Adjourned Annual General Meeting and the 2024 Annual General Meeting
“Articles of Association”	the articles of association of the Company currently in force
“Board”	the board of Directors
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“China” or “PRC”	the People’s Republic of China
“Company”	Huafang Group Inc., a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company

DEFINITIONS

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issuance Mandate”	a general mandate proposed to be granted to the Directors to allot, issue or deal with additional Shares and/or to resell treasury shares of the Company (if permitted under the Listing Rules) of not exceeding 20% of the total number of issued shares of the Company (excluding treasury shares) as at the date of passing of the proposed ordinary resolution contained in item 8 of the notice of the 2024 Annual General Meeting
“Latest Practicable Date”	April 29, 2024, 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
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
“Share(s)”	ordinary share(s) of US\$0.0001 each in the issued capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
“Share Buy-back Mandate”	a general mandate proposed to be granted 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) as at the date of passing of the proposed ordinary resolution contained in item 7 of the notice of the 2024 Annual General Meeting

DEFINITIONS

“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs approved by the Securities and Futures Commission as amended from time to time
“treasury shares”	has the meaning ascribed to it under the Listing Rules (as applicable) which will come into effect on June 11, 2024
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

LETTER FROM THE BOARD



花房集团

HUAFANG GROUP

Huafang Group Inc.

花房集团公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3611)

Executive Director:

Ms. Yu Dan (*Chief Executive Officer*)

Non-executive Directors:

Mr. ZHOU Hongyi (*Chairman*)

Mr. CHEN Shengmin

Mr. ZHAO Dan

Independent Non-executive Directors:

Mr. CHEN Weiguang

Mr. LI Bing

Ms. QIAN Aimin

Registered Office:

Tricor Services (Cayman Islands) Limited

Third Floor, Century Yard

Cricket Square

P.O. Box 902, Grand Cayman

KY1-1103

Cayman Islands

Headquarters and Principal Place of

Business in the PRC:

Building 5, Yard 6

Jiuxianqiao Road

Chaoyang District, Beijing, PRC

Principal Place of Business in

Hong Kong:

5/F, Manulife Place

348 Kwun Tong Road, Kowloon

Hong Kong

May 3, 2024

To the Shareholders

Dear Sir/Madam,

(1) PROPOSED RE-ELECTION OF DIRECTORS
(2) PROPOSED GRANTING OF GENERAL MANDATES TO
BUY BACK SHARES AND TO ISSUE SHARES OF THE COMPANY
(3) NOTICE OF 2023 ADJOURNED ANNUAL GENERAL MEETING
AND
(4) NOTICE OF 2024 ANNUAL GENERAL MEETING

1. INTRODUCTION

The purpose of this circular is to provide the Shareholders with information in respect of certain resolutions to be proposed at the Annual General Meetings to be held on Friday, May 31, 2024.

LETTER FROM THE BOARD

2. PROPOSED RE-ELECTION OF DIRECTORS

In accordance with Article 16.19 of the Articles of Association, at every 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 three years.

In accordance with Article 16.2 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 on the Board or as an addition to the Board. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation at such meeting.

In accordance with Articles 16.2 and 16.19 of the Articles of Association, Mr. Chen Weiguang, Mr. Li Bing and Ms. Qian Aimin shall retire at the 2024 Annual General Meeting. All of the above Directors, being eligible, will offer themselves for re-election at the 2024 Annual General Meeting.

The Nomination Committee has reviewed the structure and composition of the Board, the confirmations and disclosures given by the Directors, the qualifications, skills and experience, time commitment and contribution of the retiring Directors with reference to the nomination principles and criteria set out in the Company's Board Diversity Policy and Director Nomination Policy and the Company's corporate strategy, and the independence of all independent non-executive Directors. The Nomination Committee has recommended to the Board on re-election of all the retiring Directors including the aforesaid independent non-executive Directors who are due to retire at the 2024 Annual General Meeting. The Company considers that the retiring independent non-executive Directors are independent in accordance with the independence guidelines set out in the Listing Rules and will continue to bring valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning and diversity.

Details of the Directors proposed for re-election at the 2024 Annual General Meeting are set out in Appendix I to this circular.

3. PROPOSED GRANTING OF GENERAL MANDATE TO BUY BACK SHARES

At the annual general meeting of the Company held on June 30, 2023, a general mandate was granted to the Directors to buy back Shares. Such mandate will lapse at the conclusion of the 2024 Annual General Meeting. In order to give the Company the flexibility to buy back Shares if and when appropriate, an ordinary resolution will be proposed at the 2024 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

LETTER FROM THE BOARD

shares) as at the date of passing of the proposed ordinary resolution contained in item 7 of the notice of the 2024 Annual General Meeting (i.e. a total of 100,000,000 Shares on the basis that the issued share capital of the Company remains unchanged on the date of the 2024 Annual General Meeting).

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 II to this circular.

4. PROPOSED GRANTING OF GENERAL MANDATE TO ISSUE SHARES

At the annual general meeting of the Company held on June 30, 2023, a general mandate was granted to the Directors to issue Shares. Such mandate will lapse at the conclusion of the 2024 Annual General Meeting. In order to give the Company the flexibility to issue Shares and/or to resell treasury shares of the Company (if permitted under the Listing Rules) if and when appropriate, an ordinary resolution will be proposed at the 2024 Annual General Meeting to approve the granting of the Issuance Mandate to the Directors to allot, issue or deal with additional Shares and/or to resell treasury shares of the Company (if permitted under the Listing Rules) of not exceeding 20% of the total number of issued Shares of the Company (excluding treasury shares) as at the date of passing of the proposed ordinary resolution contained in item 8 of the notice of the 2024 Annual General Meeting (i.e. a total of 200,000,000 Shares on the basis that the issued share capital of the Company remains unchanged on the date of the 2024 Annual General Meeting). An ordinary resolution to extend the 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 2024 Annual General Meeting.

5. 2023 ADJOURNED ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the 2023 Adjourned Annual General Meeting is set out on pages 17 to 18 of this circular. Pursuant to the Listing Rules and the Articles of Association, any vote of Shareholders at a general meeting must 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. Separately, holders of treasury shares (if any) shall abstain from voting on matters that require Shareholders' approval at the Company's general meetings. An announcement on the poll results will be published by the Company after the 2023 Adjourned Annual General Meeting in the manner prescribed under the Listing Rules.

A form of proxy for use at the 2023 Adjourned Annual General Meeting is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.huafang.com). 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 in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time

LETTER FROM THE BOARD

appointed for the 2023 Adjourned Annual General Meeting or the adjourned meeting (as the case may be). Completion and delivery of the form of proxy will not preclude you from attending and voting at the 2023 Adjourned Annual General Meeting if you so wish.

6. 2024 ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the 2024 Annual General Meeting is set out on pages 19 to 22 of this circular. Pursuant to the Listing Rules and the Articles of Association, any vote of Shareholders at a general meeting must 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. Separately, holders of treasury shares (if any) shall abstain from voting on matters that require Shareholders' approval at the Company's general meetings. An announcement on the poll results will be published by the Company after the 2024 Annual General Meeting in the manner prescribed under the Listing Rules.

A form of proxy for use at the 2024 Annual General Meeting is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.huafang.com). 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 in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the 2024 Annual General Meeting or the adjourned meeting (as the case may be). Completion and delivery of the form of proxy will not preclude you from attending and voting at the 2024 Annual General Meeting if you so wish.

7. RECOMMENDATION

The Directors consider that all the resolutions set out in the notices of the Annual General Meetings are in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meetings.

Yours faithfully,
For and on behalf of the Board
Mr. ZHOU Hongyi
Chairman

The following are details of the Directors who will retire and being eligible, offer themselves for re-election at the 2024 Annual General Meeting.

(1) Mr. Chen Weiguang – Independent Non-executive Director

Position and experience

Mr. CHEN Weiguang (陳偉光), aged 59, is an independent non-executive Director, appointed on 21 November 2022, and is primarily responsible for supervising and providing independent opinion to the Board. He is the chairman of the Remuneration Committee and a member of the Nomination Committee of the Company.

Mr. Chen served multiple positions at Zhejiang Branch of Industrial and Commercial Bank of China (中國工商銀行浙江省分行), including serving as the general manager of evaluation and analysis department from September 2017 to January 2021, as the general manager of credit approval department from September 2006 to September 2017 and serving as other positions, including the deputy director of credit division, the deputy director and the director of credit approval division of the company from March 1998 to September 2006.

Mr. Chen obtained a bachelor's degree in finance from Hangzhou University (杭州大學) (currently known as Zhejiang University (浙江大學)) in June 1996.

Relationships

Save as above disclosed, Mr. Chen does not hold any other positions in the Company or its subsidiaries, nor does he 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.

Length of service and Director's emoluments

Mr. Chen has entered into a letter of appointment with the Company for an initial fixed term of three years commencing from November 21, 2022. The letter of appointment is subject to termination by either party giving to the other not less than three-month prior written notice. Pursuant to the Articles of Association, Mr. Chen is subject to retirement by rotation at least once every three years.

Mr. Chen will be entitled to a fee for his services as an independent non-executive Director of the Company. For the year ended December 31, 2023, the total amount of Director's fee paid to Mr. Chen was HK\$200,000, which was approved by the Board with reference to the prevailing market situation for similar appointment.

Interests in Shares

As at the Latest Practicable Date, Mr. Chen does not have, and is not deemed to have any interests in the Shares, underlying Shares or debentures of the Company within the meaning of Part XV of the SFO.

Information that needs to be disclosed and matters that need to be brought to the attention of the Shareholders

There is no information which is discloseable nor is Mr. Chen involved in any of the matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to (v) of the Listing Rules and there are no other matters concerning Mr. Chen that need to be brought to the attention of the Shareholders.

(2) Mr. Li Bing – Independent Non-executive Director*Position and experience*

Mr. LI Bing (李冰), aged 53, is an independent non-executive Director, appointed on 21 November 2022, and is primarily responsible for supervising and providing independent opinion to the Board. He is a member of each of Audit Committee and Nomination Committee of the Company.

Mr. Li has served as the dean at New Silk Road School of Fashion Design and Physical Education of Haikou University of Economics (海口經濟學院新絲路時尚•體育學院) since April 2020, as a chairman of the board at New Silk (Beijing) Culture Promotion Co., Ltd. (新絲路(北京)文化傳播有限公司) since May 2016 and as the chairman of the board at Shenzhen Hongcheng Capital Holding Co., Ltd. (深圳宏成資本控股有限公司) since March 2016. Prior to that, Mr. Li served as the chairman of the board at Shenzhen Yan Tian Port Holdings Co., Ltd. (深圳市鹽田港股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000088) from June 2010 to April 2016. He also served several positions at Shenzhen Energy Group Co., Ltd. (深圳能源集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000027), including serving as the deputy secretary of party committee, the director and the general manager from November 2007 to May 2010. He worked as the chairman of the board at Shenzhen Energy Finance Co., Ltd. (深圳能源財務有限公司) from September 2007 to April 2011.

Mr. Li graduated from Shenyang College of Technology (瀋陽工業學院) (currently known as Shenyang Ligong University (瀋陽理工大學)) with a bachelor's degree in mechanical design and manufacturing in July 1993. He further obtained an EMBA degree in advanced business administration from Peking University in January 2006.

Relationships

Save as above disclosed, Mr. Li does not hold any other positions in the Company or its subsidiaries, nor does he 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.

Length of service and Director's emoluments

Mr. Li has entered into a letter of appointment with the Company for an initial fixed term of three years commencing from November 21, 2022. The letter of appointment is subject to termination by either party giving to the other not less than three-month prior written notice. Pursuant to the Articles of Association, Mr. Li is subject to retirement by rotation at least once every three years.

Mr. Li will be entitled to a fee for his services as an independent non-executive Director of the Company. For the year ended December 31, 2023, the total amount of Director's fee paid to Mr. Li was HK\$200,000, which was approved by the Board with reference to the prevailing market situation for similar appointment.

Interests in Shares

As at the Latest Practicable Date, Mr. Li does not have, and is not deemed to have any interests in the Shares, underlying Shares or debentures of the Company within the meaning of Part XV of the SFO.

Information that needs to be disclosed and matters that need to be brought to the attention of the Shareholders

There is no information which is discloseable nor is Mr. Li involved in any of the matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to (v) of the Listing Rules and there are no other matters concerning Mr. Li that need to be brought to the attention of the Shareholders.

(3) Ms. Qian Aimin – Independent Non-executive Director*Position and experience*

Ms. QIAN Aimin (錢愛民), aged 53, is an independent non-executive Director, appointed on 21 November 2022, and is primarily responsible for supervising and providing independent opinion to the Board. She is the chairman of the Audit Committee and a member of the Remuneration Committee of the Company.

Ms. Qian has been a professor of accounting at the University of International Business and Economics (對外經濟貿易大學) since September 1995. Ms. Qian was also appointed as an independent director of the following listed companies in China:

Company name	Place of listing and stock code	Period of time
Minsheng Holdings Co., Ltd. (民生控股股份有限公司)	Shenzhen Stock Exchange (stock code: 000416)	from May 2017 to April 2019 and from May 2011 to December 2015
TBEA Co., Ltd. (特變電工股份有限公司)	Shanghai Stock Exchange (stock code: 600089)	from June 2012 to August 2016
LandOcean Petroleum and Natural Gas Technology Service Co., Ltd. (恒泰艾普石油天然氣技術服務股份有限公司) (currently known as LandOcean Energy Services Co., Ltd. (恒泰艾普集團股份有限公司))	Shenzhen Stock Exchange (stock code: 300157)	from May 2011 to December 2015
Zhejiang Addison Fluid Control Co., Ltd. (浙江艾迪西流體控制股份有限公司) (currently known as STO Express Co., Ltd. (申通快遞股份有限公司))	Shenzhen Stock Exchange (stock code: 002468)	from August 2009 to September 2014
Qifeng New Material Co., Ltd. (齊峰新材料股份有限公司)	Shenzhen Stock Exchange (stock code: 002521)	from December 2008 to January 2011
Gree Electric Appliances Inc. of Zhuhai (珠海格力電器股份有限公司)	Shenzhen Stock Exchange (stock code: 000651)	from June 2008 to May 2014
Yihai Kerry Arawana Holdings Co., Ltd. (益海嘉里金龍魚糧油食品股份有限公司)	Shenzhen Stock Exchange (stock code: 300999)	From December 2022

Ms. Qian graduated from China Textile University (中國紡織大學) (currently known as Donghua University (東華大學)) with a bachelor's degree in engineering in July 1992. She obtained a master's degree in economics from Liaoning University (遼寧大學) in June 1995. She further obtained a doctorate degree in economics from

the University of International Business and Economics in January 2010. Ms. Qian was accredited as a certified public accountant by the Chinese Institute of Certified Public Accountants in July 2011. She was selected as a member of Accounting Education Professional Committee of the Accounting Society of China (中國會計學會會計教育專業委員會) in 2015 and a member of Accountant Master Training Project (會計名家培養工程) by the Ministry of Finance of the People's Republic of China in 2019.

Relationships

Save as above disclosed, Ms. Qian does not hold any other positions in the Company or its subsidiaries, nor does she 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.

Length of service and Director's emoluments

Ms. Qian has entered into a letter of appointment with the Company for an initial fixed term of three years commencing from November 21, 2022. The letter of appointment is subject to termination by either party giving to the other not less than three-month prior written notice. Pursuant to the Articles of Association, Ms. Qian is subject to retirement by rotation at least once every three years.

Ms. Qian will be entitled to a fee for her services as an independent non-executive Director of the Company. For the year ended December 31, 2023, the total amount of Director's fee paid to Ms. Qian was HK\$200,000, which was approved by the Board with reference to the prevailing market situation for similar appointment.

Interests in Shares

As at the Latest Practicable Date, Ms. Qian does not have, and is not deemed to have any interests in the Shares, underlying Shares or debentures of the Company within the meaning of Part XV of the SFO.

Information that needs to be disclosed and matters that need to be brought to the attention of the Shareholders

There is no information which is discloseable nor is Ms. Qian involved in any of the matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to (v) of the Listing Rules and there are no other matters concerning Ms. Qian that need to be brought to the attention of the Shareholders.

The following is 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 ordinary resolution to be proposed at the 2024 Annual General Meeting in relation to the granting of the Share Buy-back Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,000,000,000 Shares and the Company did not have any treasury shares.

Subject to the passing of the ordinary resolution set out in item 7 of the notice of the 2024 Annual General Meeting in respect of the granting of the Share Buy-back Mandate and on the basis that the issued share capital of the Company remains unchanged and the Company does not have any treasury shares on the date of the 2024 Annual General Meeting, i.e. being 1,000,000,000 Shares, the Directors would be authorized under the Share Buy-back Mandate to buy back, during the period in which the Share Buy-back Mandate remains in force, a total of 100,000,000 Shares, representing 10% of the total number of Shares in issue (excluding treasury shares) as at the date of the 2024 Annual General Meeting.

2. REASONS FOR SHARE BUY-BACK

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

When exercising the Share Buy-back Mandate, the Directors may, subject to market conditions and the Company's capital management needs at the relevant time of the buy-back, resolve to cancel the Shares bought back following settlement of any such buy-back or hold them as treasury shares. Shares bought back for cancellation may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share. On the other hand, Shares bought back and held by the Company as treasury shares may be resold on the market at market prices to raise funds for the Company, or transferred or used for other purposes, subject to compliance with the Listing Rules, the Articles of Association, and the laws of the Cayman Islands. Share buy-back will only be made when the Directors believe that such a buy-back will benefit the Company and the Shareholders.

3. FUNDING OF SHARE BUY-BACK

The Company may only apply funds legally available for share buy-back in accordance with its Articles of Association, the laws of the Cayman Islands and/or any other applicable laws, as the case may be.

4. IMPACT OF SHARE BUY-BACK

There might 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 December 31, 2023) in the event that the Share Buy-back Mandate was to be carried out in full at any time during the proposed buy-back period. 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. MARKET PRICES OF SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on April 3, 2023 and will remain suspended until the Company fulfils the resumption guidance and any supplement or modification thereto. The highest and lowest prices per Share at which Shares have traded on the Stock Exchange each of the previous 12 months up to and including the Latest Practicable Date were as follows:

Month	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2023		
April	–	–
May	–	–
June	–	–
July	–	–
August	–	–
September	–	–
October	–	–
November	–	–
December	–	–
2024		
January	–	–
February	–	–
March	–	–
April (up to the Latest Practicable Date)	–	–

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, or that they have 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 has confirmed that neither the explanatory statement nor the proposed share buy-back has any unusual features.

The Company may cancel such Shares bought back or hold them as treasury shares, subject to market conditions and the Group's capital management needs at the relevant time of the buy-backs.

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 HKSCC 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.

7. 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 knowledge of the Company, as at the Latest Practicable Date, Pepper Blossom Limited and Global Bacchus Limited, two substantial Shareholders together with parties in concert with them, were interested in 364,554,724 and 353,541,181 Shares representing approximately 36.46% and 35.35% of the total issued share capital of the Company respectively. In the event that the Directors exercise the proposed Share Buy-back Mandate in full, the aggregate shareholding of Pepper Blossom Limited and Global Bacchus Limited would be increased to approximately 40.51% and 39.28% of the issued share capital of the Company respectively. The Directors consider that such increase in shareholding would give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code.

The Directors do not propose to exercise the Share Buy-back Mandate to such an extent as would, in the circumstances, give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Takeovers Code or result in the aggregate number of Shares held by the public shareholders falling below the prescribed minimum percentage required by the Stock Exchange.

8. SHARE BUY-BACK MADE BY THE COMPANY

During the 6 months prior to the Latest Practicable Date, the Company had not bought back any of the Shares (whether on the Stock Exchange or otherwise).

NOTICE OF 2023 ADJOURNED ANNUAL GENERAL MEETING



花房集团

HUAFANG GROUP

Huafang Group Inc.

花房集团公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3611)

NOTICE OF 2023 ADJOURNED ANNUAL GENERAL MEETING

Notice is hereby given that the 2023 Adjourned Annual General Meeting (the “**2023 Adjourned Annual General Meeting**”) of Huafang Group Inc. (the “**Company**”) will be held at 9/F, Building 5, International Electronics Headquarters, Electronics City, Yard 6, Jiuxianqiao Road, Chaoyang District, Beijing, China on Friday, May 31, 2024 at 11:00 AM for the following purposes:

1. To receive the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors and the independent auditor for the year ended December 31, 2022.
2. To re-appoint Mazars CPA Limited as auditor of the Company and to authorise the board of directors to fix their remuneration.

By Order of the Board
Mr. ZHOU Hongyi
Chairman

Hong Kong, May 3, 2024

Notes:

1. All resolutions at the 2023 Adjourned 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the 2023 Adjourned Annual General Meeting is entitled to appoint more than one proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder 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 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, must be deposited at the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for the 2023 Adjourned Annual General Meeting or the adjourned meeting (as the case may be). Completion and

NOTICE OF 2023 ADJOURNED ANNUAL GENERAL MEETING

return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the 2023 Adjourned Annual General 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 2023 Adjourned Annual General Meeting, the Register of Members of the Company will be closed from Tuesday, May 28, 2024 to Friday, May 31, 2024, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2023 Adjourned Annual General Meeting, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, May 27, 2024.
5. References to time and dates in this notice are to Hong Kong time and dates.

As at the date of this notice, the Board comprises Ms. YU Dan as executive director; Mr. ZHOU Hongyi, Mr. CHEN Shengmin and Mr. ZHAO Dan as non-executive directors; and Mr. CHEN Weiguang, Mr. LI Bing and Ms. QIAN Aimin as independent non-executive directors.

NOTICE OF 2024 ANNUAL GENERAL MEETING



花房集团

HUAFANG GROUP

Huafang Group Inc.

花房集团公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3611)

NOTICE OF 2024 ANNUAL GENERAL MEETING

Notice is hereby given that the 2024 Annual General Meeting (the “**2024 Annual General Meeting**”) of Huafang Group Inc. (the “**Company**”) will be held at 9/F, Building 5, International Electronics Headquarters, Electronics City, Yard 6, Jiuxianqiao Road, Chaoyang District, Beijing, China on Friday, May 31, 2024 at 12:00 PM (or immediately following the 2023 Adjourned Annual General Meeting) for the following purposes:

1. To receive the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors and the independent auditor for the year ended December 31, 2023.
2. To re-elect Mr. Chen Weiguang as an independent non-executive director.
3. To re-elect Mr. Li Bing as an independent non-executive director.
4. To re-elect Ms. Qian Aimin as an independent non-executive director.
5. To authorize the board of directors to fix the respective directors’ remuneration.
6. To re-appoint Mazars CPA Limited as auditor of the Company and to authorise the board of directors to fix their remuneration.
7. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT:**

- (a) subject to compliance with the prevailing requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and paragraph (b) below, a general mandate be and is hereby generally and unconditionally given to the directors of the Company to exercise during the Relevant Period (as defined below) all the powers of the Company to buy-back its shares in accordance with all applicable laws, rules and regulations;

NOTICE OF 2024 ANNUAL GENERAL MEETING

(b) the total number of shares of the Company to be bought back pursuant to the mandate in paragraph (a) above shall not exceed 10% of the total number of issued shares of the Company (excluding treasury shares) as at the date of passing of this resolution (subject to adjustment in the case of any consolidation or subdivision of shares of the Company after the date of passing of this resolution); and

(c) for the purposes 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 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

(iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.”

8. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“THAT:

(a) subject to compliance with the prevailing requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and paragraph (b) below, a general mandate be and is hereby generally and unconditionally given to the directors of the Company to allot, issue and deal with additional shares in the capital of the Company, and/or to resell treasury shares of the Company (if permitted under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited coming into effect on June 11, 2024), and to make or grant offers, agreements and options which might require the exercise of such powers during or after the end of the Relevant Period (as defined below) in accordance with all applicable laws, rules and regulations;

(b) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted together with the treasury shares of the Company resold by the directors pursuant to the mandate in paragraph (a) above, otherwise than pursuant to:

(i) a Rights Issue (as defined below);

NOTICE OF 2024 ANNUAL GENERAL MEETING

- (ii) the exercise of options under a share option scheme of the Company; and
- (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,

shall not exceed 20% of the total number of issued shares of the Company (excluding treasury shares) as at the date of passing of this resolution (subject to adjustment in the case of any consolidation or subdivision of shares of the Company after the date of passing of this resolution); and

- (c) for the purposes 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 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
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (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 any relevant jurisdiction or the requirements of any recognized regulatory body or any stock exchange).”

- 9. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** conditional upon the passing of the resolutions set out in items 7 and 8 of the notice convening this meeting (the “**Notice**”), the general mandate referred to in the resolution set out in item 8 of the Notice be and is hereby extended by the addition to the aggregate number of shares which may be

NOTICE OF 2024 ANNUAL GENERAL MEETING

allotted and issued or agreed conditionally or unconditionally to be allotted and issued by the directors pursuant to such general mandate of the number of shares bought back by the Company pursuant to the mandate referred to in resolution set out in item 7 of the Notice, provided that such number of shares shall not exceed 10% of the total number of issued shares of the Company (excluding treasury shares) as at the date of passing of this resolution (subject to adjustment in the case of any consolidation or subdivision of shares of the Company after the date of passing of this resolution).”

By Order of the Board
Mr. ZHOU Hongyi
Chairman

Hong Kong, May 3, 2024

Notes:

1. All resolutions at the 2024 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the 2024 Annual General Meeting is entitled to appoint more than one proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder 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 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, must be deposited at the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for the 2024 Annual General Meeting or the adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the 2024 Annual General 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 2024 Annual General Meeting, the Register of Members of the Company will be closed from Tuesday, May 28, 2024 to Friday, May 31, 2024, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2024 Annual General Meeting, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, May 27, 2024.
5. References to time and dates in this notice are to Hong Kong time and dates.

As at the date of this notice, the Board comprises Ms. YU Dan as executive director; Mr. ZHOU Hongyi, Mr. CHEN Shengmin and Mr. ZHAO Dan as non-executive directors; and Mr. CHEN Weiguang, Mr. LI Bing and Ms. QIAN Aimin as independent non-executive directors.

This circular (in both English and Chinese versions) has been posted on the Company's website at www.huafang.com.

Shareholders may request for printed copy of the circular free of charge or change their choice of means of receipt and language of the Company's corporate communications by sending reasonable notice in writing to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or by sending an email to 3611-ecom@hk.tricorglobal.com.