

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this joint announcement, 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 joint announcement.

This joint announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of Honworld Group Limited.

**WUXING CITY INVESTMENT HK
COMPANY LIMITED**
(Incorporated in Hong Kong with limited liability)



Honworld Group Limited
老恒和釀造有限公司*
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2226)

JOINT ANNOUNCEMENT

**(1) ENFORCEMENT OF SHARE MORTGAGE;
(2) MANDATORY CONDITIONAL CASH OFFER BY CLSA
LIMITED FOR AND ON BEHALF OF
WUXING CITY INVESTMENT HK COMPANY LIMITED TO
ACQUIRE ALL THE ISSUED SHARES OF
HONWORLD GROUP LIMITED (OTHER THAN THOSE
ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE
OFFEROR AND PARTIES ACTING IN CONCERT WITH IT);
AND
(3) RESUMPTION OF TRADING**

Exclusive Financial Adviser to the Offeror



**Independent Financial Adviser to the
Independent Board Committee**



THE ENFORCEMENT ACTION

Pursuant to the Loan Agreement dated 24 March 2019 entered into by Wuxing Financing, as lender, and Huzhou Hengpeng, as borrower, Wuxing Financing agreed to provide the Loan in the principal amount of RMB320,000,000 to Huzhou Hengpeng for a term of six months at an interest rate of 6.8% per annum. The Loan was secured by, among others, the Share Mortgage, pursuant to which Key Shine charged the Mortgaged Shares. The Offeror, as mortgagee of the Share Mortgage, shall have rights, among other things, (i) to dispose of or deal with all or any part of the Mortgaged Shares upon the occurrence of any event of default under the Loan Agreement which has not been remedied within three months, and (ii) to use the proceeds from disposal or dealing of the Mortgaged Shares to repay the outstanding amount of the Loan with interests and settle the consideration of enforcing the Offeror's rights under the Share Mortgage and reasonable expenses relating to the Share Mortgage and fees arising from such disposal or dealing.

On 28 September 2023, the Offeror exercised its rights under the Finance Documents to enforce the Share Mortgage and effect the transfer of the Mortgaged Shares from Key Shine to the Offeror, due to the continued occurrence of events of default under the Finance Documents, including the failure by Huzhou Hengpeng to repay the loan after such amount became due and payable on 24 September 2019. As at the date of the Enforcement Action, the total outstanding amount of the Loan with interests amounted to RMB476,160,000 (equivalent to approximately HK\$518,901,954, based on the central parity rate of HK\$1 to RMB0.91763 quoted by the China Foreign Exchange Trade System and the National Interbank Funding Center of the People's Bank of China on the date of the Enforcement Action). The Enforcement Action was taken at the enforcement price of HK\$0.4200 per Share. The enforcement price should have been determined with reference to the volume weighted average price of each Share as at the date of the Enforcement Action. Since there had been no trading in the Shares on the date of Enforcement Action and the three trading days immediately preceding the date of the Enforcement Action (i.e. from 25 September 2023 to 28 September 2023), the enforcement price was determined as the volume weighted average price of each Share as at the last trading day of the Shares with trading volume (i.e. 22 September 2023), being HK\$0.4200 per Share. Therefore, the total consideration of the Enforcement Action was HK\$96,358,080. The consideration of the Enforcement Action, after deducting the reasonable expenses relating to the Share Mortgage and fees arising from disposal or dealing of the Mortgaged Shares, was settled by setting off a portion of the Loan whereby the interests of the Loan were set off first. Immediately after the set-off, the remaining outstanding principal amount of the Loan with interests amounted to approximately HK\$424,579,838. The Loan will continue to accrue interests at the default interest rate of 12% per annum. The Offeror intends to continue to demand for repayment of the outstanding amount of the Loan (with interests) which cannot be offset by the consideration of the Enforcement Action. Immediately following the Enforcement Action, the Offeror became the beneficial owner of the Mortgaged Shares, representing approximately 39.64% of the entire issued share capital of the Company as at the date of this joint announcement.

MANDATORY CONDITIONAL CASH OFFER

Immediately prior to the Enforcement Action, the Offeror and parties acting in concert with it owned 918,000 Shares in the Company, representing approximately 0.16% of the total issued Shares of the Company as at the date of this joint announcement. Immediately following the Enforcement Action and as at the date of this joint announcement, the Offeror, its ultimate beneficial owner and their respective parties acting in concert own 230,342,000 Shares, representing approximately 39.80% of the total issued Shares of the Company as at the date of this joint announcement.

Pursuant to Rule 26.1 of the Takeovers Code, immediately following the Enforcement Action, the Offeror is required to make a mandatory conditional cash offer for all issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

CLSA Limited, for and on behalf of the Offeror, will make the Offer in compliance with the Takeovers Code on the following basis:

The Offer

For each Offer Share. HK\$0.5034 in cash

The Offer Price of HK\$0.5034 per Offer Share under the Offer is equal to the enforcement price of HK\$0.4200 per Share together with the value of the special benefit of HK\$0.0834 per Share received by Natural Seasoning under the Memorandum. The Offer Price represents a premium of 19.9% over the closing price of each Share of HK\$0.4200 as quoted on the Stock Exchange on the Last Trading Day, i.e. 26 September 2023. The Offer will be extended to all Shareholders other than the Offeror and parties acting in concert with it in accordance with the Takeovers Code.

Value of the Offer

As at the date of this joint announcement, there are 578,750,000 Shares in issue. On the basis of the Offer Price of HK\$0.5034 per Offer Share, the entire issued share capital of the Company would be valued at HK\$291,342,750.

Excluding the Mortgaged Shares and the Shares already owned by the Offeror and parties acting in concert with it and assuming there is no change in the issued share capital of the Company from the date of this joint announcement up to the close of the Offer, a total of 348,408,000 Shares will be subject to the Offer. Based on the Offer Price of HK\$0.5034 per Offer Share and on the basis of full acceptance of the Offer, the maximum payment obligations payable for the Offer by the Offeror would be HK\$175,388,587.

Confirmation of Financial Resources

The Offeror intends to finance the maximum payment obligations payable for the Offer by its own internal resources. CITICS, the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer in accordance with the terms of the Offer stated in this joint announcement.

Condition to the Offer

The Offer is conditional on valid acceptances of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of the Shares which, together with the Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company.

INTENTION OF THE OFFEROR REGARDING THE GROUP

It is the intention of the Offeror to continue the existing principal business of the Group. The Offeror does not intend to introduce any major changes to the existing operations and business of the Group upon the close of the Offer.

The Offeror has no intention to terminate the employment of any employees of the Group or to make significant changes to any employment (except for a proposed change to the members of the Board at a time no earlier than that permitted under the Listing Rules and the Takeovers Code) or to dispose of or re-allocate the Group's fixed assets which relate to the ordinary and usual course of business of the Group as a result of completion of the Offer. However, the Offeror reserves the right to make such changes that it deems necessary or appropriate to the Group's business and operations to optimise the value of the Group.

As at the date of this joint announcement, no material investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Group.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee, comprising all non-executive Directors who have no direct or indirect interest in the Offer, namely Mr. Shen Zhenchang, Mr. Ng Wing Fai and Mr. Sun Jiong, has been established to make recommendations to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. Mr. Wu Hongping, a non-executive Director, is a partner of Lunar Capital Partners IV L.P., which indirectly wholly owns Natural Seasoning. As illustrated in the paragraph headed "Special Benefit Conferred On A Shareholder" in this announcement, as a result of the Memorandum, a special benefit was conferred on Natural Seasoning which is not extended to other Shareholders. Therefore, Mr. Wu Hongping is not included as a member of the Independent Board Committee.

Maxa Capital Limited has been appointed as the Independent Financial Adviser by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer, in particular, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer pursuant to Rule 2.1 of the Takeovers Code.

DESPATCH OF COMPOSITE DOCUMENT

It is the intention of the Offeror and the Company to combine the offer document and the offeree board circular into the Composite Document. Pursuant to Rule 8.2 of the Takeovers Code, a composite document containing, among other things, (i) further details on the terms of the Offer; (ii) the recommendation from the Independent Board Committee in respect of the Offer; and (iii) the letter from the Independent Financial Adviser in respect of the Offer, together with the acceptance and transfer form, will be despatched to the Shareholders within 21 days from the date of this joint announcement or such later date as the Executive may consent. Further announcement(s) will be made when the Composite Document is despatched.

TRADING HALT AND RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 27 September 2023 pending the release of this joint announcement. Application has been made by the Company for resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 29 September 2023.

WARNING

Shareholders and potential investors should note that the Independent Board Committee has yet to consider and evaluate the Offer. The Directors make no recommendation as to the fairness or reasonableness of the Offer or as to the acceptance of the Offer in this joint announcement. Shareholders should read the Composite Document carefully, including the recommendations of the Independent Board Committee in respect of the Offer and a letter of advice from the Independent Financial Adviser, before forming a view on the Offer.

Shareholders and potential investors are advised to monitor the announcements to be made by the Company or jointly by the Offeror and the Company in respect of the progress of the Offer and exercise caution when dealing in the securities of the Company. If Shareholders and potential investors are in any doubt about their position, they should consult their professional advisers.

THE ENFORCEMENT ACTION

Pursuant to the Loan Agreement dated 24 March 2019 entered into by Wuxing Financing, as lender, and Huzhou Hengpeng, as borrower, Wuxing Financing agreed to provide the Loan in the principal amount of RMB320,000,000 to Huzhou Hengpeng for a term of six months at an interest rate of 6.8% per annum. The Loan was secured by, among others, the Share Mortgage, pursuant to which Key Shine charged the Mortgaged Shares. The Offeror, as mortgagee of the Share Mortgage, shall have rights, among other things, (i) to dispose of or deal with all or any part of the Mortgaged Shares upon the occurrence of any event of default under the Loan Agreement which has not been remedied within three months, and (ii) to use the proceeds from disposal or dealing of the Mortgaged Shares to repay the

outstanding amount of the Loan with interests and settle the consideration of enforcing the Offeror's rights under the Share Mortgage and reasonable expenses relating to the Share Mortgage and fees arising from such disposal or dealing.

On 28 September 2023, the Offeror exercised its rights under the Finance Documents to enforce the Share Mortgage and effect the transfer of the Mortgaged Shares from Key Shine to the Offeror, due to the continued occurrence of events of default under the Finance Documents, including the failure by Huzhou Hengpeng to repay the loan after such amount became due and payable on 24 September 2019. As at the date of the Enforcement Action, the total outstanding amount of the Loan with interests amounted to RMB476,160,000 (equivalent to approximately HK\$518,901,954, based on the central parity rate of HK\$1 to RMB0.91763 quoted by the China Foreign Exchange Trade System and the National Interbank Funding Center of the People's Bank of China on the date of the Enforcement Action). The Enforcement Action was taken at the enforcement price of HK\$0.4200 per Share. The enforcement price should have been determined with reference to the volume weighted average price of each Share as at the date of the Enforcement Action. Since there had been no trading in the Shares on the date of Enforcement Action and the three trading days immediately preceding the date of the Enforcement Action (i.e. from 25 September 2023 to 28 September 2023), the enforcement price was determined as the volume weighted average price of each Share as at the last trading date of the Shares with trading volume (i.e. 22 September 2023), being HK\$0.4200 per Share. Therefore, the total consideration of the Enforcement Action was HK\$96,358,080. The consideration of the Enforcement Action, after deducting the reasonable expenses relating to the Share Mortgage and fees arising from disposal or dealing of the Mortgaged Shares, was settled by setting off a portion of the Loan whereby the interests of the Loan were set off first. Immediately after the set-off, the remaining outstanding principal amount of the Loan with interests amounted to approximately HK\$424,579,838. The Loan will continue to accrue interests at the default interest rate of 12% per annum. The Offeror intends to continue to demand for repayment of the outstanding amount of the Loan (with interests) which cannot be offset by the consideration of the Enforcement Action. Immediately following the Enforcement Action, the Offeror became the beneficial owner of the Mortgaged Shares, representing approximately 39.64% of the entire issued share capital of the Company as at the date of this joint announcement.

MANDATORY CONDITIONAL CASH OFFER

Immediately prior to the Enforcement Action, the Offeror and parties acting in concert with it owned 918,000 Shares in the Company, representing approximately 0.16% of the total issued Shares of the Company as at the date of this joint announcement. Immediately following the Enforcement Action and as at the date of this joint announcement, the Offeror, its ultimate beneficial owner and their respective parties acting in concert own 230,342,000 Shares, representing approximately 39.80% of the total issued Shares of the Company as at the date of this joint announcement.

Pursuant to Rule 26.1 of the Takeovers Code, immediately following the Enforcement Action, the Offeror is required to make a mandatory conditional cash offer for all issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

CLSA Limited, for and on behalf of the Offeror, will make the Offer in compliance with the Takeovers Code on the following basis:

The Offer

For each Offer Share..... HK\$0.5034 in cash

The Offer Price of HK\$0.5034 per Offer Share under the Offer is equal to the enforcement price of HK\$0.4200 per Share together with the value of the special benefit of HK\$0.0834 per Share received by Natural Seasoning under the Memorandum. The Offer Price represents a premium of 19.9% over the closing price of each Share of HK\$0.4200 as quoted on the Stock Exchange on the Last Trading Day, i.e. 26 September 2023.

The Offer will be extended to all Shareholders other than the Offeror and parties acting in concert with it in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer shall be fully paid and free from all encumbrances and together with all rights and interests attaching thereto, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of the despatch of the Composite Document. As at the date of this joint announcement, the Company does not have any dividend or distribution recommended, declared or made but unpaid and has no intention to make any distribution or declare dividends before the Closing Date.

The Offeror will not increase the Offer Price for the Offer Shares as set out above. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Offer Price and the Offeror does not reserve the right to increase the Offer Price.

The Offer Price of HK\$0.5034 per Offer Share represents:

- (a) a premium of approximately 19.9% over the closing price of HK\$0.4200 per Share as quoted on the Stock Exchange the Last Trading Day; and
- (b) a premium of approximately 13.1% over the average closing price of approximately HK\$0.4452 per Share as quoted on the Stock Exchange for the last 30 trading days prior to and including the Last Trading Day.

Highest and Lowest Closing Price of the Shares

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the six-month period immediately preceding the Last Trading Day from 27 March 2023 to the Last Trading Day were HK\$0.8000 per Share on 29 March 2023, 31 March 2023, 18 April 2023, 22 May 2023, 23 May 2023 and 25 May 2023 and HK\$0.4000 per Share on 18 August 2023, 21 September 2023 and 22 September 2023, respectively.

Value of the Offer

As at the date of this joint announcement, there are 578,750,000 Shares in issue. On the basis of the Offer Price of HK\$0.5034 per Offer Share, the entire issued share capital of the Company would be valued at HK\$291,342,750.

Excluding the Mortgaged Shares and the Shares already owned by the Offeror and parties acting in concert with it, and assuming there is no change in the issued share capital of the Company from the date of this joint announcement up to the close of the Offer, a total of 348,408,000 Shares will be subject to the Offer. Based on the Offer Price of HK\$0.5034 per Offer Share and on the basis of full acceptance of the Offer, the maximum payment obligations payable for the Offer by the Offeror would be HK\$175,388,587.

Confirmation of Financial Resources

The Offeror intends to finance the maximum payment obligations payable for the Offer by its own internal resources. CITICS, the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy the full acceptance of the Offer in accordance with the terms of the Offer stated in this joint announcement.

Condition to the Offer

The Offer is conditional on valid acceptances of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of the Shares which, together with the Shares already owned by the Offeror and parties acting in concert with it, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company.

Effect of Accepting the Offer

Acceptance of the Offer by any Shareholders will constitute a warranty by such person that all Offer Shares to be sold by such person under the Offer are fully paid and free from all encumbrances whatsoever together with all rights and interests attaching thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date of the Composite Document.

Acceptance of the Offer will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Hong Kong Stamp Duty

Seller's Hong Kong ad valorem stamp duty arising in connection with acceptance of the Offer at a rate of 0.13% of the consideration payable in respect of the relevant acceptances, or (if higher) the value of the Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), will be deducted from the amount payable to the Shareholders who accept the Offer. The Offeror will then arrange for payment of the stamp duty on behalf of those Shareholders who accepted the Offer. The Offeror will bear the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares.

Payment

Subject to the Offer having become, or have been declared, unconditional in all respects, payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven (7) business days (as defined in the Takeovers Code) following the later of the date of receipt of a duly completed acceptance of the Offer, or the date on which the Offer becomes or is declared unconditional in all aspects.

Relevant documents evidencing title must be received by the Offeror (or its agent) to render such acceptance of the Offer complete and valid. The latest time on which the Offeror can declare the Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the despatch of the Composite Document (or such later date to which the Executive may consent). If the Offer is withdrawn or lapse, pursuant to Rule 20.2 of the Takeovers Code, the Offeror is required to, as soon as possible but in any event within ten (10) days thereof, post the Share certificates lodged with the forms of acceptance and transfer to, or make such Share certificates available for collection by, those Shareholders who have accepted the Offer.

No fractions of a cent will be payable and the amount of the consideration payable to a shareholder who accepts the Offer will be rounded up to the nearest cent.

Taxation Advice

Independent Shareholders are recommended to consult their own professional advisers as to the taxation implications of accepting or rejecting the Offer. It is emphasised that none of the Company, the Offeror or parties acting in concert with it or any of their respective directors, officers or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Overseas Shareholders

The availability of the Offer to any Overseas Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should observe any applicable legal or regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibilities of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant overseas jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such overseas jurisdictions).

If the receipt of the Composite Document by Overseas Shareholders is prohibited by any applicable laws and regulations or may only be effected upon compliance with conditions or requirements in such overseas jurisdictions that would be unduly burdensome, the Composite Document, subject to the Executive's consent (which may or may not be granted), may not be despatched to such Overseas Shareholders. In those circumstances, the Offeror will apply for any waivers as may be required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time. To the best knowledge of the Directors, there is no Overseas Shareholder as at the date of this joint announcement.

Acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a representation and warranty from such Overseas Shareholder to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

NOTICE TO US INVESTORS

The receipt of cash by a US Shareholder pursuant to the Offer may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Each Shareholder is urged to consult his/her independent professional adviser immediately regarding the tax consequences of the Offer applicable to him/her.

It may be difficult for the US Shareholders to enforce their rights and claims arising out of the US federal securities laws, since the Offeror and the Company are located in a country other than the US, and some or all of their officers and directors may be residents of a country other than the US. The US Shareholders may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

DEALING AND INTERESTS IN THE SECURITIES OF THE COMPANY

The Offeror confirms that, as at the date of this joint announcement:

- (a) save for the 230,342,000 Shares held by the Offeror, neither the Offeror nor any person acting in concert with it owned or had control or direction over any voting rights or rights over the Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities;
- (b) there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offer;
- (c) there is no agreement or arrangement to which the Offeror or any person acting in concert with it is a party which relates to circumstances in which the Offeror may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;

- (d) neither the Offeror nor any person acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (e) neither the Offeror nor any person acting in concert with it has received any irrevocable commitment(s) to accept or reject the Offer;
- (f) there is no outstanding derivative in respect of the securities in the Company entered into by the Offeror or any person acting in concert with it;
- (g) save for the Enforcement Action, none of the Offeror or any parties acting in concert with it has dealt in any Shares or relevant securities of the Company during the six-month period immediately prior to and up to the date of this joint announcement;
- (h) save for the consideration of the Enforcement Action, there is no other consideration or compensation paid or to be paid by the Offeror or any parties acting in concert with it to Key Shine, Mr. Chen Weizhong and parties acting in concert with any of them in connection with the Enforcement Action; and
- (i) save for the Memorandum, the Offeror is not aware of any understanding, arrangement or agreement which constitutes a special deal (as defined under Rule 25 of the Takeovers Code) between (a) any Shareholders; and (b)(i) the Offeror and parties acting in concert with it, or (b)(ii) the Company, its subsidiaries or associated companies.

SPECIAL BENEFIT CONFERRED ON A SHAREHOLDER

Reference is made to the announcement of the Company dated 16 December 2019 in relation to the Order. The Order was obtained by Natural Seasoning against, amongst others, Key Shine on the ground that Key Shine and Mr. Chen Weizhong were alleged to have breached certain agreements which were allegedly entered into by Natural Seasoning and Key Shine/Mr. Chen Weizhong in 2016.

On 4 November 2022, the Offeror and Natural Seasoning signed the Memorandum, pursuant to which, among others, (1) Natural Seasoning agrees to apply to the High Court of Hong Kong to discharge the Order on the date of resumption of trading of the Company; and (2) the Offeror, in return, agrees to pay a compensation of HK\$5,000,000 to Natural Seasoning for the discharge of the Order. By an order granted by the High Court of Hong Kong on 17 February 2023, the Order was discharged to the extent of the 229,424,000 Shares charged by Key Shine to the Offeror pursuant to the Share Mortgage.

As a result of the Memorandum, a special benefit was conferred on Natural Seasoning which is not extended to the other Shareholders. Pursuant to the Takeovers Code, all shareholders are to be treated even-handedly and shareholders of the same class are to be treated similarly. Accordingly, the special benefit provided to Natural Seasoning under the Memorandum will be extended to all Shareholders, and the value of the special benefit of approximately HK\$0.0834 per Share has been appropriately reflected in the Offer Price.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (a) immediately prior to the Enforcement Action; and (b) immediately after the Enforcement Action and as at the date of this joint announcement:

Shareholders	(a) Immediately prior to the Enforcement Action		(b) Immediately after the Enforcement Action and as at the date of this joint announcement	
	<i>Number of Shares</i>	<i>approx.%</i>	<i>Number of Shares</i>	<i>approx.%</i>
Offeror ^(Note 1)	918,000	0.16	230,342,000	39.80
Mr. Chen Weizhong ^(Note 2)	285,700,750	49.36	56,276,750	9.72
— Key Shine ^(Note 2)	283,018,750	48.90	53,594,750	9.26
— Mr. Chen Weizhong	2,682,000	0.46	2,682,000	0.46
Natural Seasoning	60,000,000	10.37	60,000,000	10.37
Other Shareholders	<u>232,131,250</u>	<u>40.11</u>	<u>232,131,250</u>	<u>40.11</u>
Total	<u><u>578,750,000</u></u>	<u><u>100.00</u></u>	<u><u>578,750,000</u></u>	<u><u>100.00</u></u>

Notes:

1. CITICS is the financial adviser to the Offeror in respect of the Offer. Accordingly, CITICS and certain other members of the CITICS Group are presumed to be acting in concert with the Offeror in accordance with class (5) presumption of “acting in concert” in the Takeovers Code (excluding Shares held by exempt principal traders or exempt fund managers, in each case recognized by the Executive as such and also excluding Shares held on behalf of non-discretionary investment clients of the CITICS Group). References below to the CITICS Group shall be construed accordingly.

Details of holdings, borrowings or lendings of Shares (or options or derivatives in respect of them) held by or entered into by the CITICS Group will be obtained as soon as possible after the date of this joint announcement in accordance with Note 1 to Rule 3.5 of the Takeovers Code. A further announcement will be made if the holdings, borrowings, lendings, or dealings of the other parts of the CITICS Group are significant and, in any event, such information will be disclosed in the Composite Document. The statements in this joint announcement as to the holdings, borrowings or lendings of, or their dealings in, or voting of Shares (or options or derivatives in respect of them) by persons acting in concert with the Offeror are subject to the holdings, borrowings, lendings, or dealings (if any) of such members of the CITICS Group. Any dealings in the Shares by the CITICS Group during the six months prior to the date of this joint announcement to the latest practicable date prior to the despatch of the Composite Document will be disclosed in the Composite Document and pursuant to Rule 22 of the Takeovers Code.

2. The entire issued share capital of Key Shine was legally and beneficially owned by Mr. Chen Weizhong.

INFORMATION OF THE GROUP

The Company was incorporated in the Cayman Islands on 4 December 2012 as an exempted company with limited liability. The Company is an investment holding company, and its subsidiaries established in the PRC are primarily engaged in the manufacturing of cooking wine and other condiment products in China under the “Lao Heng He” (“老恒和”) brand.

Set out below is a summary of the audited financial information of the Group for each of the financial years ended 31 December 2020, 2021 and 2022 as extracted from the annual reports of the Company for the years ended 31 December 2020, 2021 and 2022, respectively:

	For the year ended/As at 31 December		
	2022	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)	(audited)
Revenue	271,600	252,671	226,331
(Loss)/profit before income tax	(486,339)	(318,449)	(843,202)
(Loss)/profit for the year	(486,339)	(318,449)	(845,293)
Total assets	1,123,077	1,193,766	1,207,707
Total liabilities	(2,931,240)	(2,511,660)	(2,208,201)
Total (deficit)/equity	(1,808,163)	(1,317,894)	(1,000,494)

As at 30 June 2023, the Group is indebted to the Offeror Group for the amount of approximately RMB2,281,618,000, which is secured by charge of certain assets of the Group.

INFORMATION OF THE OFFEROR

The Offeror was incorporated in Hong Kong on 13 June 2018 as a company with limited liability under the Companies Ordinance (Chapter 622 of the laws of Hong Kong). It is a wholly owned subsidiary of Wuxing City Investment. Wuxing City Investment is wholly owned by Wuxing Service Centre, a public institution* (事業單位). The capital of Wuxing Service Centre has been injected by Wuxing Finance Bureau (湖州市吳興區財政局), a government organ of Huzhou Wuxing District Government (湖州市吳興區政府).

The Offeror Group is one of the most prominent infrastructure construction and land development platforms in Wuxing District of Huzhou City, Zhejiang Province, China. Since its establishment in January 2004, Wuxing City Investment is committed to implement the development blueprint of Wuxing District Government to upgrade infrastructure and public facilities, improve quality of urban life with better living environment as well as accelerate regional economic growth. With strong support from its shareholder and after years of business growth, the Offeror Group has established a strong regional presence and played an important role in the development of Huzhou City.

INTENTION OF THE OFFEROR REGARDING THE GROUP

It is the intention of the Offeror to continue the existing principal business of the Group. The Offeror does not intend to introduce any major changes to the existing operations and business of the Group upon the close of the Offer.

The Offeror has no intention to terminate the employment of any employees of the Group or to make significant changes to any employment (except for a proposed change to the members of the Board at a time no earlier than that permitted under the Listing Rules and the Takeovers Code) or to dispose of or re-allocate the Group's fixed assets which relate to the ordinary and usual course of business of the Group as a result of completion of the Offer. However, the Offeror reserves the right to make such changes that it deems necessary or appropriate to the Group's business and operations to optimise the value of the Group.

As at the date of this joint announcement, no material investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Group.

PUBLIC FLOAT AND LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offer. The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the total issued Shares, are held by the public at all times, or if the Stock Exchange believes that:

- (a) false market exists or may exist in the trading of the Shares; or
- (b) there are insufficient Shares in public hands to maintain an orderly market,

then it will consider exercising its discretion to suspend dealings in the Shares until the prescribed level of public float is restored.

The Offeror and the new Directors to be appointed to the Board (if any) will undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares, which may include but not limited to placing down of sufficient number of accepted Shares by the Offeror and/or issue of additional Shares by the Company for this purpose. No arrangements have been confirmed or put in place as at the date of this joint announcement. Further announcement(s) will be made in accordance with the requirements of the Listing Rules and the Takeovers Code as and when appropriate.

DESPATCH OF COMPOSITE DOCUMENT

It is the intention of the Offeror and the Company to combine the offer document and the offeree board circular into the Composite Document. Pursuant to Rule 8.2 of the Takeovers Code, a composite document containing, among other things, (a) further details on the terms of the Offer; (b) the recommendation from the Independent Board Committee in respect of the Offer; and (c) the letter from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders in respect of the Offer, together with the

acceptance and transfer form, will be despatched to the Shareholders within 21 days from the date of this joint announcement or such later date as the Executive may consent. Further announcement(s) will be made when the Composite Document is despatched.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee, comprising all the non-executive Directors who have no direct or indirect interest in the Offer, namely Mr. Shen Zhenchang, Mr. Ng Wing Fai and Mr. Sun Jiong, has been established to make recommendations to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. Mr. Wu Hongping, a non-executive Director, is a partner of Lunar Capital Partners IV L.P., which indirectly wholly owns Natural Seasoning. As illustrated in the paragraph headed “Special Benefit Conferred On A Shareholder” in this announcement, as a result of the Memorandum, a special benefit was conferred on Natural Seasoning which is not extended to other Shareholders. Therefore, Mr. Wu Hongping is not included as a member of the Independent Board Committee.

Maxa Capital Limited has been appointed as the Independent Financial Adviser by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer, in particular, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer pursuant to Rule 2.1 of the Takeovers Code.

DISCLOSURE OF DEALINGS

In accordance with Rule 3.8 of the Takeovers Code, associates of the Company or the Offeror (including persons holding 5% or more of a class of relevant securities of the Company or the Offeror) are reminded to disclose their dealings in the securities of the Company pursuant to the Takeovers Code.

The full text of Note 11 of Rule 22 of the Takeovers Code is reproduced below pursuant to Rule 3.8 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

TRADING HALT AND RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 27 September 2023 pending the release of this joint announcement. Application has been made by the Company for resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 29 September 2023.

WARNING

Shareholders and potential investors should note that the Independent Board Committee has yet to consider and evaluate the Offer. The Directors make no recommendation as to the fairness or reasonableness of the Offer or as to the acceptance of the Offer in this joint announcement. Shareholders should read the Composite Document carefully, including the recommendations of the Independent Board Committee in respect of the Offer and a letter of advice from the Independent Financial Adviser, before forming a view on the Offer.

Shareholders and potential investors are advised to monitor the announcements to be made by the Company or jointly by the Offeror and the Company in respect of the progress of the Offer and exercise caution when dealing in the securities of the Company. If Shareholders and potential investors are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

In this joint announcement, the following terms shall have the meanings set out below, unless the context otherwise requires:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“CITICS”	CITIC Securities (Hong Kong) Limited, the financial adviser to the Offeror in respect of the Offer and a corporation licensed to carry out Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being an indirectly wholly-owned subsidiary of CITIC Securities Company Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6030)

“CITICS Group”	CITICS, CLSA Limited and persons controlling, controlled by or under the same control (with the meanings ascribed to such terms in the Takeovers Code) as either CITICS or CLSA Limited
“Closing Date”	the date to be stated in the Composite Document as the first closing date of the Offer or any subsequent closing date as may be announced by the Offeror in compliance with the Takeovers Code
“CLSA Limited”	CLSA Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 7 (providing automated trading services) regulated activities under the SFO, being the agent making the Offer on behalf of the Offeror, an indirectly wholly owned subsidiary of CITIC Securities Company Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6030)
“Company”	Honworld Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Composite Document”	the composite offer and response document to be jointly despatched by the Offeror and the Company in accordance with the Takeovers Code, containing, among other things, details of the Offer, the form of acceptance and transfer of Shares in respect of the Offer, the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company from time to time
“Enforcement Action”	the enforcement action taken by the Offeror in exercising its rights pursuant to the Share Mortgage to sell or otherwise dispose of all or part of the Mortgaged Shares without the prior approval of Key Shine, in accordance with and subject to the terms of the Share Mortgage, resulting in the transfer of beneficial ownership of all of the Mortgaged Shares from Key Shine to the Offeror
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate thereof
“Finance Documents”	the Loan Agreement, the Share Mortgage and other financing documents in connection with the Loan Agreement

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huzhou Hengpeng”	Huzhou Hengpeng Trading Co., Ltd.* (湖州恒朋貿易有限公司), a company established in the PRC and wholly owned by Key Shine
“Independent Board Committee”	an independent board committee of the Board, comprising all the non-executive Directors who have no direct or indirect interest in the Offer, namely, Mr. Shen Zhenchang, Mr. Ng Wing Fai and Mr. Sun Jiong, established to make recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable, and as to acceptance of the Offer
“Independent Financial Adviser”	Maxa Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer, in particular, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer
“Independent Shareholder(s)”	Shareholder(s) other than (i) the Offeror and parties acting in concert with it; and (ii) the CITICS Group (other than any member of the CITICS Group which is (1) an exempt fund manager as regards Shares held in that capacity; or (2) an exempt principal trader who holds the Shares as a simple custodian for and on behalf of non-discretionary clients, where such non-discretionary clients (A) control the voting rights attached to such Shares, and (B) give instructions as to how such Shares are to be voted)
“Key Shine”	Key Shine Global Holdings Limited, a company established in the British Virgin Islands and wholly owned by Mr. Chen Weizhong
“Last Trading Day”	26 September 2023, being the last trading day for the Shares immediately prior to the suspension of the trading of the Shares on 27 September 2023
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time

“Loan”	the loan in the principal amount of RMB320,000,000 provided by Wuxing Financing to Huzhou Hengpeng pursuant to the Loan Agreement
“Loan Agreement”	the loan agreement dated 24 March 2019 entered into between Huzhou Hengpeng and Wuxing Financing, pursuant to which Wuxing Financing agreed to provide the Loan to Huzhou Hengpeng for a term of six months at an interest rate of 6.8% per annum and a default interest rate of 12% per annum
“Memorandum”	the written memorandum dated 4 November 2022 entered into between the Offeror and Natural Seasoning, pursuant to which, among others, (1) Natural Seasoning agrees to apply to the High Court of Hong Kong to discharge the Order on the date of resumption of trading of the Company; and (2) the Offeror, in return, agrees to pay a compensation of HK\$5,000,000 to Natural Seasoning for discharge of the Order
“Mortgaged Shares”	the 229,424,000 Shares, representing approximately 39.64% of the entire issued share capital of the Company as at the date of this joint announcement, mortgaged by Key Shine under the Share Mortgage with the Offeror
“Mr. Chen Weizhong”	Mr. Chen Weizhong (陳衛忠), who was the ultimate beneficial owner of Key Shine
“Natural Seasoning”	Natural Seasoning International (HK) Limited, a company established in Hong Kong with limited liability, and a substantial shareholder of the Company as at the date of this joint announcement
“Offer”	the mandatory conditional cash offer to be made by CLSA Limited for and on behalf of the Offeror to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code
“Offer Price”	the price per Offer Share at which the Offer will be made in cash, being HK\$0.5034 per Offer Share
“Offer Share(s)”	issued Share(s) other than those already owned by the Offeror and parties acting in concert with it
“Offeror”	Wuxing City Investment HK Company Limited, a company established in Hong Kong with limited liability, and directly wholly owned by Wuxing City Investment

“Offeror Group”	Wuxing City Investment and its subsidiaries (including the Offeror)
“Order”	the ex-parte injunction order made by the High Court of Hong Kong dated 23 December 2019, as amended, continued and/or extended from time to time by the High Court of Hong Kong, which prohibited Key Shine from selling, trading, transferring, assigning, conveying or otherwise disposing of any of the shareholding in the Company registered in the name of Key Shine, and discharged by an order granted by the High Court of Hong Kong on 17 February 2023 to the extent of the 229,424,000 Shares charged by Key Shine to the Offeror pursuant to the Share Mortgage
“Overseas Shareholders”	Shareholders whose addresses as shown on the register of members of the Company are outside Hong Kong
“PRC”	The People’s Republic of China which, for the purpose of this joint announcement, excludes Hong Kong, Macau Special Administrative Region of The People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Share(s)”	share(s) of par value of US\$0.0005 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Share Mortgage”	the share mortgage deed dated 2 April 2019 entered into between Key Shine (as the mortgagor) and the Offeror (as the mortgagee), pursuant to which Key Shine charged the Mortgaged Shares in favour of the Offeror
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“United States” or “US”	The United States of America
“US\$”	United States dollar(s), the lawful currency of the United States

“Wuxing City Investment”	Huzhou Wuxing City Investment Development Group Co., Ltd.* (湖州吳興城市投資發展集團有限公司), a company established in the PRC and directly wholly owned by Wuxing Service Centre
“Wuxing Financing”	Huzhou Wuxing Private Financing Service Centre Co., Ltd.* (湖州吳興民間融資服務中心有限公司), a company established in the PRC and indirectly wholly owned by Wuxing Service Centre
“Wuxing Service Centre”	Huzhou City Wuxing District State-owned Capital Supervision and Management Service Centre* (湖州市吳興區國有資本監督管理服務中心), a public institution* (事業單位)
“%”	per cent.

By order of the board of directors of
**Wuxing City Investment HK
Company Limited**
Shen Qianyun
Director

By order of the board of directors of
Honworld Group Limited
Chen Wei
Chairman

Hong Kong, 28 September 2023

As at the date of this joint announcement, the executive Directors are Chen Wei and Liu Jianbin; the non-executive Director is Wu Hongping; and the independent non-executive Directors are Shen Zhenchang, Ng Wing Fai and Sun Jiong.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Offeror, the directors of the Offeror, their associates and parties acting in concert with any of them and the directors of Wuxing City Investment), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Offeror, the directors of the Offeror, their associates and parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement contained in this joint announcement misleading.

As at the date of this joint announcement, the directors of the Offeror are Mr. Shen Qianyun (沈倩雲) and Ms. Yao Lan (姚藍), and the directors of Wuxing City Investment are Mr. Chen Wei (陳偉), Mr. Tao Fung (陶峰), Mr. Cao Jianqiang (曹建強) and Mr. Zhu Bing (朱冰).

The directors of the Offeror and the directors of Wuxing City Investment jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Group, the Directors, their respective associates and parties acting in concert with any of them) and confirm, having made all reasonable inquiries, that, to the best of their knowledge, opinions expressed in this joint announcement (other than the opinions expressed by the Group, the Directors, their respective associates and parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

Certain amounts and percentage figures included in this joint announcement have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding. In the case of inconsistency, the English text of this joint announcement shall prevail over the Chinese text.

** For identification purposes only*