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Honworld Group Limited

老恒和釀造有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2226)

DISCLOSEABLE TRANSACTION CONSTRUCTION CONTRACT

CONSTRUCTION CONTRACT

On 12 September 2017, Lao Heng He and Zhejiang DDW entered into the Construction Contract. The aggregate amount of the Construction Contract is RMB99,000,000.

LISTING RULES IMPLICATIONS

As at least one of the applicable percentage ratios would exceed 5% but less than 25%, the transactions under the Construction Contract constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE CONSTRUCTION CONTRACT

On 12 September 2017, Lao Heng He and Zhejiang DDW entered into the Construction Contract. The details of the Construction Contract are as follows:

Date: 12 September 2017

Parties:

1. Lao Heng He; and
2. Zhejiang Da Dong Wu Group Construction Co. Ltd.*
(浙江大東吳集團建設有限公司)

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, Zhejiang DDW and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Scope of construction services:	The construction of brewing bottling workshop with capacity building area of 110,000 m ^s , as well as the installation of water and electricity facilities.
Consideration:	RMB99,000,000
	The consideration is determined after arm's length negotiations with reference to the expected scope and complexity of the construction works to be carried out, the costs of material and labour costs estimated to be incurred, and the prevailing market prices for carrying out construction works of comparable scale and complexity.
Payment Terms:	The total consideration of RMB99,000,000 is to be paid by Lao Heng He in the following manner: <ul style="list-style-type: none"> (i) RMB9,000,000 shall be paid as prepayment before the start of the construction works. (ii) RMB20,000,000 shall be paid once piling works has been completed. (iii) RMB30,000,000 shall be paid prior to the start of the main construction works. (iv) RMB35,000,000 shall be paid after the construction works passed the acceptance inspections. (v) RMB5,000,000 shall be paid after the construction work has been completed for one year.

INFORMATION OF LAO HENG HE AND THE COMPANY

Lao Heng He is an indirect wholly-owned subsidiary of the Company, principally engaged in the manufacturing of cooking wine, soy sauce, vinegar and other condiments products.

The Company is a company incorporated in Cayman Islands as an exempted company with limited liability on 4 December 2012. The Company is an investment holding company.

INFORMATION OF ZHEJIANG DDW

Zhejiang DDW is a company incorporated in PRC with limited liability. Its principal business activities include (i) civil administration engineering; (ii) telecommunication engineering; (iii) municipal construction works; (iv) building decoration works; (v) steel construction engineering; (vi) road construction works; and (vii) electric power construction works.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

After due consideration and an overall evaluation of its price quotation, qualification, experience and quality of work, Zhejiang DDW was selected as the contractor for the Construction Contract. The entering into of the Construction Contract by Lao Heng He is for the construction of brewing bottling workshop to cater for the future expansion of production capacity of the Group.

The Board considered that the Construction Contract, which was determined after arm's length negotiations, was entered into on normal commercial terms and the terms are fair and reasonable. The transactions contemplated thereunder are in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

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DEFINITIONS

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

“Board”	the board of Directors
“Company”	Honworld Group Limited (老恒和釀造有限公司), a company incorporated in Cayman Islands with limited liability on 4 December 2012, the ordinary shares of which are listed on the main board of the Stock Exchange (Stock Code: 2226)
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Construction Contract”	the construction contract dated 12 September 2017 entered into between Lao Heng He and Zhejiang DDW for the provision of construction services on an subject to the terms therein
“Directors”	the Directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lao Heng He”	Huzhou Lao Heng He Brewery Co., Ltd (湖州老恒和釀造有限公司), a company incorporated in the PRC with limited liability on 1 July 1979, which is an indirect wholly-owned subsidiary of the Company

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	has the meaning ascribed to any of the five percentage ratios under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China, which shall, for the purpose of this announcement, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Zhejiang DDW”	Zhejiang Da Dong Wu Group Construction Co. Ltd.* (浙江大東吳集團建設有限公司), a company incorporated in the PRC with limited liability, an independent third party
“%”	per cent

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

Hong Kong, 12 September 2017

As at the date of this announcement, the executive directors of the Company are Chen Weizhong, Sheng Mingjian and Wang Chao; and the non-executive director of the Company is Qian Yinglan; and the independent non-executive directors of the Company are Shen Zhenchang, Ng Wing Fai and Sun Jiong.

** For identification purposes only*