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HENG TAI CONSUMABLES GROUP LIMITED

亨泰消費品集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00197)

MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE PROPOSED DISPOSAL OF A SUBSIDIARY

The Board is pleased to announce that on 2 December 2016 (after trading hours), Party A and Party B entered into the MOU in relation to the Proposed Disposal.

The Proposed Disposal is subject to, among others, the execution of the Formal Agreement and any conditions precedent therein. Therefore, the Proposed Disposal may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board is pleased to announce that on 2 December 2016 (after trading hours), Party A and Party B entered into the MOU in relation to the Proposed Disposal.

THE MOU

Date: 2 December 2016 (after trading hours)

Parties:

Party A – HT Jenco International (Holdings) Limited

Party B – Mr. Cheung Wai Ming

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Party B is an Independent Third Party.

Pursuant to the MOU:

1. Consideration: the total consideration of the Proposed Disposal is subject to further negotiation between Party A and Party B;
2. Due diligence: after signing of the MOU, Party B shall conduct a financial, operational and business due diligence on the Target Group, which shall be finished within 14 days thereof;
3. Long Stop Date: Party A and Party B shall continue to negotiate the terms of the Formal Agreement and shall sign the Formal Agreement within reasonable time or by the Long Stop Date (whichever is earlier), failing which the MOU shall lapse and terminate automatically;
4. Earnest Money: Within three business days from the date of the MOU, Party B shall pay the Earnest Money in the sum of HK\$5 million to Party A or other members of the Group as directed by Party A. The Earnest Money shall be refunded to Party B without interest within seven business days after termination of the MOU or shall be treated as deposit and be used to satisfy the consideration under the Formal Agreement, if entered into by the parties;
5. Exclusivity: each party to the MOU warrants, represents and undertakes to each other that upon signing of the MOU and during the subsistence of the MOU or by the Long Stop Date (whichever is earlier) that it will not solicit, invite, accept, consider or negotiate any sale and purchase in any business, joint venture, or projects in whatever form similar to the Proposed Disposal;
6. Conditions: the Formal Agreement shall be subject to similar conditions precedent that are necessary or common for a transaction similar to the Proposed Disposal, which include but not limited to (if applicable) the passing of relevant resolutions to approve the Formal Agreement and the transactions contemplated thereunder by the Shareholders at an extraordinary general meeting of

the Company pursuant to the Listing Rules, statutory constitutional documents and all applicable laws and regulations; and

7. Legal effect: other than the clauses relating to “Earnest Money” and “Exclusivity” and some general provisions including the governing law and confidentiality obligations of the parties, the MOU is non-legally binding.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Party A. The principal business activity of the Target Company is investment holding and the members of the Target Group are principally engaged in holding of the Land and operation of a logistics centre situated on the Land.

INFORMATION OF PARTY B

Party B is a Hong Kong citizen and an entrepreneur with businesses in the PRC conducting property development.

REASONS FOR ENTERING INTO THE MOU

The Company was approached by Party B exploring whether the Company would like to sell the Land alone or together with the holding companies. The Company was receptive to the proposal taking into account that the Company has been planning to consolidate the existing logistics centre operation in Zhongzhan and the new logistics centre in Huidong, Guangdong Province, PRC for business and financial efficacies.

The Proposed Disposal is subject to, among others, the execution of the Formal Agreement and any conditions precedent therein. Therefore, the Proposed Disposal may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

The Proposed Disposal, if materialises, may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. Should (i) Party A enter into the Formal Agreement; or (ii) Party A decide not to proceed with the transactions contemplated under the MOU; or (iii) there be any material development on the Proposed Disposal, the Company will inform the Shareholders by way of announcement(s) in accordance with the Listing Rules as and when appropriate.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings ascribed to them respectively:

“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	Heng Tai Consumables Group Limited (stock code: 00197), a company incorporated in the Cayman Islands with limited liability and its issued Shares are listed on the Main Board on the Stock Exchange
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Earnest Money”	a sum of HK\$5,000,000 payable by Party B to Party A pursuant to the MOU, which is refundable according to the terms and conditions of the MOU
“Formal Agreement”	the legally binding sale and purchase agreement to be entered between Party A and Party B in relation to the Proposed Disposal
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	third party independent of the Company and its subsidiaries and not connected with any of the connected persons of the Company
“Land”	a plot of land situated in Zhongshan, the PRC which is owned by a member of the Target Group
“Long Stop Date”	30 June 2017
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“MOU”	Memorandum of Understanding in relation to the Proposed Disposal
“PRC”	the People’s Republic of China and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Party A”	HT Jenco International (Holdings) Limited, a company incorporated in the BVI with limited liability, and a wholly-owned subsidiary of the Company
“Party B”	Mr. Cheung Wai Ming
“Proposed Disposal”	the proposed acquisition by Party B and the proposed disposal of the Land which shall form part of the sale of the 100% equity interest of the Target Company and the Shareholder’s Loan by Party A pursuant to the terms and conditions of the MOU
“Shareholder’s Loan”	the amount that is due by the Target Company to Party A on the date of completion under the Formal Agreement
“Shareholders”	holders of the Shares
“Shares”	the ordinary shares of HK\$0.10 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Sino Combo International Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Party A
“Target Group”	the Target Company and its subsidiaries

On behalf of the Board
Heng Tai Consumables Group Limited
Lam Kwok Hing
Chairman

Hong Kong, 2 December 2016

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Lam Kwok Hing (Chairman), Ms. Lee Choi Lin, Joecy, Ms. Hung Sau Yung, Rebecca and Ms. Gao Qin Jian; one non-executive Director, namely Ms. Chan Yuk, Foebe; and three independent non-executive Directors, namely Mr. John Handley, Ms. Mak Yun Chu and Mr. Poon Yiu Cheung, Newman.