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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 RELATION TO POSSIBLE ACQUISITION

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 SFO.

The Board is pleased to announce that on 27 March 2017 (after trading hours of the Stock Exchange), the Purchaser, a wholly-owned subsidiary of the Company, entered into a non-legally binding MOU with the Vendors in respect of the Possible Acquisition of the entire shareholding interest in the Target Company.

The Board wishes to emphasise that the Possible Acquisition is subject to further negotiation with the Vendors and the entering into of the Formal Agreement, and the Possible Acquisition may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

The Possible Acquisition may constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules. Further announcement(s) in respect of the Possible Acquisition will be made by the Company in compliance with the Listing Rules as and when appropriate.

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MEMORANDUM OF UNDERSTANDING

Date: 27 March 2017

Parties: The Purchaser and the Vendors

Information on the Vendors

Mega Jade and Excel Premier were both incorporated in the British Virgin Islands and both companies principally engaged in investment holding. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of this announcement, the Vendors and their ultimate beneficial owners are Independent Third Parties.

Possible Acquisition

Under the MOU, the Purchaser intends to purchase, and the Vendors intend to sell, the entire shareholding interest in the Target Company.

Consideration

The final consideration and the payment method will be determined after arm's length negotiations between the Purchaser and the Vendors and will be set out in the Formal Agreement.

Due diligence

After the signing of the MOU, the Purchaser will have the right to conduct a due diligence review on the Target Company's assets, liabilities, business operations and related documents, as well as applicable laws, tax and regulatory requirements relating to the Possible Acquisition.

Conditions

The conditions precedent for completion of the Possible Acquisition (where applicable, the waiver) shall include the following conditions:

- (i) the Purchaser being satisfied with the results of the due diligence review to be conducted after the signing of the MOU;
- (ii) the entering into of the Formal Agreement;
- (iii) receipt by the Purchaser of a valuation report of the Target Company from an independent professional valuer and in the form and substance to the satisfaction of the Purchaser at its absolute discretion;
- (iv) the obtaining of all necessary approvals from the board of directors of the Purchaser and the Vendors in accordance with all applicable laws, rules and the constitutional documents respectively; and
- (v) all other approvals, consents, authorisations and licenses in relation to the transactions contemplated having been obtained from banks, third parties, and relevant governmental or judicial authorities (so far as necessary).

Legal effect

Save for the certain clauses regarding warranties, exclusivity, confidentiality, notices, costs, legal effect and governing law and jurisdiction, which are legally binding, the MOU is not legally binding.

Termination

Save for certain clauses in relation to confidentiality, legal effect and governing law and jurisdiction under the MOU, which shall survive after the termination of the MOU, the MOU shall be terminated upon the execution of the Formal Agreement. In the event that the Formal Agreement has not been entered into between the relevant parties to the MOU on or before the Long Stop Date, the MOU shall be terminated immediately.

Information on the Group

The Group is principally engaged in (i) the FMCG Trading Business; (ii) the Agri-Products Business; (iii) the Logistics Services Business; and (iv) securities brokerage business.

Information of the Target Company and reasons for and benefits of the Possible Acquisition

The Target Company is principally engaged in organizing live show with roadshows in event hall with the rights to use the intellectual properties of the famous Japanese comic character “Ultraman” in the region of Hong Kong, Macau and Taiwan (the “**Three Territories**”). “Ultraman” has already launched in television broadcast over 50 years, which is one of the most reputable and recognized intellectual properties in Japan and worldwide. The Group is optimistic that the upcoming live show and promotion in the Three Territories will be able to attract families as target customers. The Directors are of the view that the Possible Acquisition (if materialised) can diversify the Group’s income stream and strengthen the Group’s revenue and earning sources.

GENERAL

The Board wishes to emphasise that the Possible Acquisition is subject to further negotiation with the Vendors and entering into of the Formal Agreement, and the Possible Acquisition may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

The Possible Acquisition may constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules. Further announcement(s) in respect of the Possible Acquisition will be made by the Company in compliance with the Listing Rules as and when appropriate.

DEFINITIONS

In this announcement, unless the context otherwise required, the following terms and expressions shall have the following meanings when used herein:

“Agri-Products Business”	the trading of agri-products and the upstream farming business
“Board”	the board of Directors
“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
“Director(s)”	the director(s) of the Company
“Excel Premier”	Excel Premier Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability and which is an Independent Third Party
“Formal Agreement”	the formal and legally binding sale and purchase agreement to be entered into between the Purchaser and the Vendors in respect of the Possible Acquisition
“FMCG Trading Business”	the trading of packaged foods, beverages, household consumable products, cold chain products and cosmetics and skincare products
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of and not connected with any directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Logistics Services Business”	the provision of cold chain logistics services and value-added post-harvest food processing
“Long Stop Date”	26 May 2017 or such other date that may be agreed in writing by the Purchaser and the Vendors
“Macau”	the Macao Special Administrative Region of the People’s Republic of China
“Mega Jade”	Mega Jade Investments Limited, a company incorporated in the British Virgin Islands with limited liability and which is an Independent Third Party
“MOU”	the non-legally binding memorandum of understanding dated 27 March 2017 entered into between the Vendors and the Purchaser in relation to the Possible Acquisition
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
“Possible Acquisition”	the possible acquisition by the Purchaser of the entire shareholding interest in the Target Company from the Vendors
“Purchaser”	Fiorfie Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.1 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	Moon Concept Limited, a company incorporated in Hong Kong with limited liability and is owned as to 90% by Excel Premier and 10% by Mega Jade
“Vendors”	collectively, Mega Jade and Excel Premier
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By order of the Board
Heng Tai Consumables Group Limited
Lam Kwok Hing
Chairman

Hong Kong, 27 March 2017

As at the date of this announcement, the Board comprises five executive directors, namely Mr. Lam Kwok Hing (Chairman), Ms. Lee Choi Lin Joecy, Ms. Hung Sau Yung Rebecca, Ms. Gao Qin Jian and Mr. Chan Cheuk Yu Stephen; and three independent non-executive directors, namely Ms. Mak Yun Chu, Mr. Poon Yiu Cheung Newman and Mr. Hung Hing Man.