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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)

**DISCLOSEABLE TRANSACTION
SUBSCRIPTION OF CONVERTIBLE BONDS
OF
GLOBAL MASTERMIND HOLDINGS LIMITED**

On 29 October 2018, the Subscriber, a wholly-owned subsidiary of the Company, agreed to subscribe for the Convertible Bonds in an aggregate principal amount of HK\$80,000,000 in one tranche pursuant to the Subscription Agreement. Completion of the Convertible Bonds subscription is conditional upon the fulfilment of the Conditions Precedent.

The Convertible Bonds shall bear interest on the outstanding principal amount from and including the date of its issue at the rate of 8% per annum.

As the applicable percentage ratios for the Subscription are more than 5% but less than 25%, the Subscription constitutes a discloseable transaction on the part of the Company pursuant to Chapter 14 of the Listing Rules.

Completion of the Subscription Agreement is subject to fulfilment of the Conditions Precedent. As the Subscription Agreement may or may not be completed, Shareholders and prospective investors are reminded to exercise caution when dealing in the Shares.

The Board announces that on 29 October 2018, the Subscriber, a wholly-owned subsidiary of the Company, agreed to subscribe for the Convertible Bonds in an aggregate principal amount of HK\$80,000,000 in one tranche pursuant to the Subscription Agreement.

THE SUBSCRIPTION AGREEMENT

Date: 29 October 2018

Parties: (1) Global Mastermind, as the issuer of the Convertible Bonds
(2) Heng Tai Finance Limited, as the Subscriber

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Global Mastermind and its ultimate beneficial owners are third parties independent of the Company and the connected persons (as defined in the Listing Rules) of the Company.

Subscription Price

Subject to the fulfilment of the Conditions Precedent set out below, the Subscriber agreed to subscribe for the Convertible Bonds in the principal amount of HK\$80,000,000. The Subscription Price for the Convertible Bonds shall be satisfied in cash by the Subscriber upon completion of the Subscription.

The Subscription Price will be fully satisfied by the Group's existing internal resources, which were sufficient for the purpose and does not materially and adversely affect the financial position of the Group as a whole, and the Group will not utilize any of the remaining proceeds of the rights issue as set out in the prospectus of the Company dated 15 December 2016 which is intended to be used as planned as set out in the announcement of the Company dated 9 March 2018.

The Subscription Price was determined after arm's length negotiations between Global Mastermind and the Subscriber.

Conditions Precedent

Completion of the Convertible Bonds subscription is conditional upon the fulfilment of the following conditions precedent:

- (a) the Stock Exchange having granted the listing of, and permission to deal in, the Conversion Shares;
- (b) Global Mastermind's warranties contained in the Subscription Agreement shall be true, correct and not misleading as at the date of the Subscription Agreement and the Completion Date;
- (c) there has been no material breach by Global Mastermind of any provision contained in the Subscription Agreement and the Instrument; and
- (d) there has been no material adverse change to the group of Global Mastermind taken as a whole since the date of the Subscription Agreement (which includes but not limited to the occurrence of an event of default (as defined in the Instrument)).

At any time on or before 5:00 p.m. on the Long Stop Date, the Subscriber may waive part or all of the above conditions (b) and (c) by written notice to Global Mastermind on any terms it decides.

In the event any of the Conditions Precedent are not fulfilled by 5:00 p.m. on the Long Stop Date or otherwise waived according to the terms of the Subscription Agreement, the Subscriber shall have the right to terminate the Subscription Agreement with immediate effect by giving notice to Global Mastermind, and each party's further rights and obligations cease immediately on termination, save for any liability arising out of any antecedent breaches thereof.

Completion

Subject to the fulfilment of the above Conditions Precedent, Completion of the Subscription shall take place on the Completion Date.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

The principal terms of the Convertible Bonds were arrived at after arm's length negotiations between the Subscriber and Global Mastermind and are summarised as follows:

Principal amount:	HK\$80,000,000
Issue price:	100% of the principal amount of the Convertible Bonds.
Form and denomination:	The Convertible Bonds is in registered form in denomination of HK\$5,000,000 each.
Interest rate:	<p>The Convertible Bonds shall bear interest on the outstanding principal amount from and including the date of its issue at the rate of 8% per annum.</p> <p>Interest shall accrue from day to day and shall be calculated on the basis of the actual number of days elapsed in a year of 365 days, at the Interest Rate on the principal amount of the Convertible Bonds which may be outstanding from time to time.</p>
Maturity date:	The date falling on the twenty-four months from the Issue Date (both dates inclusive).
Redemption on maturity:	Unless previously converted or cancelled as provided in the Instrument, each Convertible Bond will be redeemed at 100% of the principal amount outstanding on the Maturity Date.
Redemption upon Event of Default:	If any of events of default occurs, a Bondholder may give notice in writing to Global Mastermind that the principal amount of the Convertible Bonds then outstanding has, on the giving of such notice, become immediately due and payable, whereupon the outstanding principal amount of the Convertible Bonds shall become immediately due and payable in an amount which is 100% of the principal amount of the Convertible Bonds then outstanding.

Event of Default:	The Convertible Bonds contain customary events of default provisions which provide that, on the occurrence of certain events of default specified in the Instrument, the Bondholder of each Convertible Bond shall be entitled to demand for immediate repayment of the principal amount outstanding under the relevant Convertible Bonds.
Status of the Convertible Bonds:	Each Convertible Bond constitutes a direct unconditional, unsubordinated and unsecured obligations of Global Mastermind and at all times ranks pari passu and rateably without preference (with the exception of obligations in respect of taxes and certain other statutory exceptions) equally with all other unsecured and unsubordinated obligations of Global Mastermind. The payment obligations of Global Mastermind under the Convertible Bonds shall, save for such exceptions as may be provided by applicable legislation, rank at least equally with all its other present and future unsecured and unsubordinated obligations.
Conversion Period:	Except as provided in the Instrument, the Bondholder of each Convertible Bond shall have the right to convert such Convertible Bonds into Conversion Shares, at any time (subject to any applicable fiscal or other laws or regulations and as thereafter provided) commencing from the Issue Date and ending on the fifth Business Day prior to the Maturity Date.
Conversion Price:	<p>The conversion price at which the Convertible Bonds is to be converted into a Conversion Share, which shall be HK\$0.115 per Conversion Share, subject to the adjustments provisions as follows:</p> <ul style="list-style-type: none"> (i) an alteration of the nominal amount of the shares of Global Mastermind by reason of any consolidation or subdivision or re-classification; (ii) an issue (other than in lieu of a cash dividend) by Global Mastermind of its shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);

- (iii) any capital distribution (as defined in the Instrument) being made by Global Mastermind to holders of its shares in their capacity as such;
- (iv) an offer by Global Mastermind to all or substantially all holders of its shares any securities or new shares for subscription by way of rights, or shall grant to all or substantially all holders of shares any securities, options or warrants to subscribe for new shares which is less than 90% of the market price at the date of the relevant announcement;
- (v) an issue wholly for cash being made by Global Mastermind of any securities which by their terms are convertible into or exchangeable for or carrying rights of conversion for new shares of Global Mastermind, and the total effective consideration per new share initially receivable for such securities is less than 90% of the market price at the date of the announcement of the terms of issue of such securities;
- (vi) an issue of new shares of Global Mastermind wholly for cash at a price per share which is less than 90% of the market price at the date of the relevant announcement;
- (vii) an issue of new shares of Global Mastermind by way of a scrip dividend where the market price of such shares exceeds the amount of the cash dividend declared by Global Mastermind or the relevant part thereof and which would not have constituted a distribution; and
- (viii) an issue being made by Global Mastermind of its shares for the acquisition of asset at a total effective consideration per share less than 90% of the market price as at the date of the relevant announcement.

Any adjustment to the Conversion Price shall be made to the nearest one-tenth of a cent. No adjustment shall be made to the Conversion Price in any case in which the amount by which the same would be reduced would be less than 1% and any adjustment that would otherwise then to be made shall not be carried forward.

Conversion Shares

Based on the initial Conversion Price of HK\$0.115 per Conversion Shares, a maximum of 695,652,173 new shares may be allotted and issued by Global Mastermind under the Convertible Bonds upon exercise of the Conversion Rights, subject to the terms of the Instrument, or otherwise pursuant to the terms of the Instrument.

As at the date of this announcement, Global Mastermind has 4,262,867,050 ordinary shares of HK\$0.01 each in issue. Upon full conversion to the Conversion Shares at the initial Conversion Price, the Conversion Shares represent:

- (a) approximately 16.32% of the existing issued share capital of Global Mastermind; and
- (b) approximately 14.03% of the issued share capital of Global Mastermind as enlarged by the allotment and issue of the Conversion Shares to be allotted and issued upon the exercise of the Conversion Rights in full (assuming there is no other change in the share capital of Global Mastermind).

Global Mastermind has covenanted and undertaken that, among other matters, whilst any Conversion Right remains exercisable, Global Mastermind will reserve and keep available for issue, free from pre-emptive or other similar rights, out of its authorised but unissued capital such number of new shares as would be required to be issued upon conversion in full of all Conversion Right and to satisfy in full all other rights for the time being outstanding of conversion or exchange for, or conversion into, new shares, and shall ensure that all Conversion Shares allotted in accordance with the Conversion Right will be duly and validly issued fully paid and issue Conversion Shares to Bondholders on exercise of Conversion Right and ensure that at all times it has the ability to issue free from pre-emptive rights such number of Conversion Shares as would enable the Conversion Right and all other rights of subscription and exchange for and conversion into Shares to be satisfied in full.

If any adjustment made to the Conversion Price would require Global Mastermind to allot and issue shares in excess of 695,652,173 unissued shares under the general mandate granted to its directors at its annual general meeting held on 7 June 2018 to allot, issue and deal with unissued shares and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares), the Bondholders would be entitled to convert up to the maximum of 695,652,173 shares of Global Mastermind and all remaining portion of the principal amount will be redeemed on a dollar-to-dollar basis plus interest accrued on the Conversion Date.

Ranking of
Conversion
Shares:

The Conversion Shares allotted and issued on conversion will be fully paid and will rank pari passu in all respects with, and within the same class as, the shares of Global Mastermind in issue on the registration date, except that the Conversion Shares so allotted will not rank for any dividend or other distribution declared or paid or made by reference to a record date for the payment of a dividend or other distribution with respect to the shares on or prior to the registration date in respect of the Convertible Bonds converted into such Conversion Shares.

Listing:

No application will be made for the listing of, or permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange but listing will be made for the listing of, or permission to deal in, the Conversion Shares on the Stock Exchange.

Transferability:

The Convertible Bonds are only transferable subject to the consent of Global Mastermind (where such consent shall not be unreasonably delayed or withheld) provided that the transfers of the Convertible Bonds are in compliance with all rules and requirements under the Listing Rules and laws and regulations applicable to Global Mastermind and/or the holder(s) of the Convertible Bonds.

INFORMATION OF GLOBAL MASTERMIND

Global Mastermind is an investment holding company. Its subsidiaries are principally engaged in provision and operation of travel business, treasury management business, money lending business and provision of securities and asset management services.

As stated in the annual report of Global Mastermind for the year ended 31 December 2017, Global Mastermind had audited consolidated net assets of approximately HK\$668,056,000. The net loss before and after taxation of Global Mastermind for the year ended 31 December 2017 were approximately HK\$30,099,000 and HK\$28,449,000 respectively. The net loss before and after taxation of Global Mastermind for the year ended 31 December 2016 were approximately HK\$59,492,000 and HK\$55,792,000 respectively.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Group is principally engaged in (i) the sale and trading of fast moving consumer goods including packaged foods, beverages, household consumable products and cold chain products; (ii) the trading of agri-products and the upstream farming business; (iii) the provision of cold chain logistics services and value-added post-harvest food processing and (iv) other businesses primarily arising from the securities brokerage business.

In view of the current uncertain global trading market, the Board faces more difficulty in exploring, negotiating and making suitable investment decisions on the one hand, and in view of the available bank and cash balances, the Board considers it would better utilise the bank and cash balances by subscribing the Convertible Bonds for a better interest income.

GENERAL

As the applicable percentage ratios for the Subscription are more than 5% but less than 25%, the Subscription constitutes a discloseable transaction on the part of the Company pursuant to Chapter 14 of the Listing Rules.

WARNING NOTICE

Completion of the Subscription Agreement is subject to fulfilment of the Conditions Precedent. As the Subscription Agreement may or may not be completed, Shareholders and prospective investors are reminded to exercise caution when dealing in the Shares.

DEFINITION

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

“Board”	the board of Directors
“Bondholder(s)”	holder(s) of the Convertible Bonds
“Business day(s)”	means any day (excluding a Saturday, Sunday and public holiday) on which commercial banks generally are open for business in Hong Kong

“Company”	Heng Tai Consumables Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (Stock Code: 00197)
“Completion”	completion of the Subscription
“Completion Date”	any day falling within three Business Days after the fulfilment of the Conditions Precedent or such other date as the Company and the Subscriber may agree in writing
“Conditions Precedent”	the conditions precedent under the Subscription Agreement that have to be satisfied before Completion
“connected person”	has the meaning ascribed to it under the Listing Rules
“Conversion Period”	any time (subject to any applicable fiscal or other laws or regulations and as provided under the Instrument) commencing from the Issue Date and ending on the fifth Business Day prior to the Maturity Date
“Conversion Price”	the conversion price per Conversion Share, initially being HK\$0.115 (subject to adjustment)
“Conversion Shares”	the new shares to be allotted and issued by Global Mastermind upon the exercise of the conversion right attached to the Convertible Bonds
“Convertible Bond(s)”	a 8% unsecured convertible bond, in the aggregate principal amount of HK\$80,000,000 proposed to be issued by Global Mastermind to the Subscriber pursuant to the Subscription Agreement
“Directors”	directors of the Company
“Global Mastermind”	Global Mastermind Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on Growth Enterprise Market of the Stock Exchange (Stock Code: 8063)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Instrument”	the instrument to be executed Global Mastermind by way of a deed poll constituting the Convertible Bonds to be issued upon completion of the Subscription

“Interest Payment Date”	Interest payable annually or with respect of last payment on the Maturity Date
“Issue Date”	the date the Instrument is made and created by Global Mastermind
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 November 2018 or such later date as the Subscriber and Global Mastermind may agree in writing
“Maturity Date”	in respect of each Convertible Bond, the date falling on the twenty-four months from the Issue Date (both dates inclusive)
“Shareholders”	holders of the Shares
“Shares”	ordinary shares in the Company of HK\$0.10 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Heng Tai Finance Limited, a wholly-owned subsidiary of the Company
“Subscription”	the subscription of the Convertible Bonds pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 29 October 2018 entered into between the Subscriber and Global Mastermind in relation to the subscription of the Convertible Bonds
“Subscription Price”	an aggregate of HK\$80,000,000 for the Subscription
“%”	per cent.

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

Hong Kong, 29 October 2018

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.