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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)

VOLUNTARY ANNOUNCEMENT

**MEMORANDUM OF UNDERSTANDING
RELATING TO A PROPOSED ESTABLISHMENT OF JOINT VENTURE
ENGAGING IN ECOLOGICAL AGRICULTURAL BUSINESS**

This announcement was made by the Company on a voluntary basis.

MEMORANDUM OF UNDERSTANDING ON THE FORMATION OF THE JOINT VENTURE

On 23 September 2020, the Company entered into a memorandum of understanding with Zhong Ji Lian Zhong whereby the parties agreed to negotiate to enter into the Cooperative Agreement for establishing the Joint Venture and to cooperate in developing the ecological agricultural business.

Under the memorandum of understanding which is non-legally binding and non-exclusive in nature, and subject to the terms of the cooperative agreement having been finalized and entered into between the parties, a subsidiary designated by the Company and a subsidiary designated by Zhong Ji Lian Zhong will respectively have 51% and 49% effective interests in the Joint Venture. The board of directors of the Joint Venture will consist of four directors, two of whom will be nominated by the Company and two will be nominated by Zhong Ji Lian Zhong.

REASONS FOR AND BENEFITS OF THE COOPERATIVE AGREEMENT

The Group is principally engaged in (i) the trading of packaged foods, beverages and household consumable 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 and the tourist retailing business.

Zhong Ji Lian Zhong is an agricultural industrialisation enterprise that combines the Internet with the technology of animal husbandry and plantation (e.g. breeding and planting, fruit and vegetable planting, fruit and vegetable procurement, pesticide residue processing, e-commerce platform, community fruit and vegetable chain stores, agricultural environmental protection technology, information technology in the PRC). Zhong Ji Lian Zhong is an Independent Third Party.

The Joint Venture will be established and based on the strength, resources and expertise of the parties to the Cooperative Agreement and develop the ecological agricultural business in the PRC, including environmental protection technology projects that convert domestic waste into feed for animal husbandry and plantation. The Board considers that, if the Possible Cooperation could materialize, this would enable the Group to expand the development in its agricultural and farming businesses.

The entering into of the memorandum of understanding does not impose any legal obligation on any party and is valid for 90 days. If the parties are unable to enter into the Cooperative Agreement within the validity period, the memorandum of understanding shall lapse automatically and neither the Company nor Zhong Ji Lian Zhong will bear any responsibility for the other party.

The terms of the Possible Cooperation are all subject to negotiation and finalization and will also be subject to the Company's satisfactory due diligence to be conducted on the relevant business and the industry. However, the Company expects that if the Cooperative Agreement is entered into, it may constitute a notifiable transaction under Chapter 14 of the Listing Rules. Further announcement will be made in compliance of the Listing Rules.

The Board would like to remind that, as at the date of this announcement, no legally binding agreement on the establishment of the Joint Venture has been entered into. Accordingly, the Possible Cooperation may or may not materialize. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Heng Tai Consumables Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00197)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Cooperative Agreement”	the cooperative agreement proposed to be entered into by the Company and Zhong Ji Lian Zhong regarding the Possible Cooperation
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party”	any person or company and their respective ultimate beneficial owner, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is third party independent of the Company and connected persons of the Company
“Joint Venture”	the joint venture company to be established in the PRC engaging in ecological agricultural business in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, excluding (except where the context requires) Hong Kong, Macau Special Administrative Region and Taiwan
“Possible Cooperation”	the proposed establishment of the Joint Venture by the Company and Zhong Ji Lian Zhong to develop the ecological agricultural business in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhong Ji Lian Zhong”	陝西中吉聯眾農業科技有限公司 (Shanxi Zhong Ji Lian Zhong Agricultural Technology Company Limited*), a limited liability company established in the PRC

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

Hong Kong, 23 September 2020

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. 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.

** English transliteration/translation of the Chinese name for identification purpose only.*