

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

MAJOR TRANSACTION SUBSCRIPTION OF CONVERTIBLE BONDS OF GLOBAL MASTERMIND HOLDINGS LIMITED

THE SUBSCRIPTION AGREEMENT

On 25 September 2020, the Subscriber, a wholly-owned subsidiary of the Company, agreed to subscribe for the Convertible Bonds in an aggregate principal amount of HK\$60,000,000 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.

LISTING RULES IMPLICATION

Since the applicable percentage ratios of which is more than 25% but less than 100%, the transactions contemplated under the Subscription Agreement constitute a major transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement, circular and Shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

An EGM will be convened to consider and, if thought fit, to approve the Subscription Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the Subscription Agreement and the transactions contemplated thereunder.

The Board announces that on 25 September 2020, the Subscriber, a wholly-owned subsidiary of the Company, agreed to subscribe for the Convertible Bonds in an aggregate principal amount of HK\$60,000,000 in one tranche pursuant to the Subscription Agreement.

THE SUBSCRIPTION AGREEMENT

Date: 25 September 2020

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 connected persons 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\$60,000,000. The Subscription Price for the Convertible Bonds shall be satisfied in cash by the Subscriber upon completion of the Subscription and shall be set-off and deducted on a dollar-to-dollar basis from the repayment of all sums due under the 2018 Bonds payable by Global Mastermind to the Subscriber due on 12 November 2020.

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.

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 passing by the shareholders of the Company at its extraordinary general meeting to be convened of the necessary resolution(s) to approve the Subscription Agreement and the transactions contemplated hereunder;
- (b) the Stock Exchange having granted the listing of, and permission to deal in, the Conversion Shares;
- (c) the warranties of Global Mastermind contained in the Subscription Agreement shall be true, correct and not misleading as at the date of the Subscription Agreement and the Completion Date;
- (d) there has been no material breach by Global Mastermind of any provision contained in the Subscription Agreement and the Instrument; and
- (e) there has been no material adverse change to the Global Mastermind Group taken as a whole since the date of the Subscription Agreement (which includes but not limited to the occurrence of an event of default).

The Subscriber and Global Mastermind shall use their best endeavours to procure the fulfilment of the Conditions Precedents. 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 (c), (d) and (e) 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 Subscription Agreement shall cease and determine, save for any liability arising out of any antecedent breaches thereof.

Completion

Subject to the fulfilment of the above Conditions Precedent, Completion shall take place on the Completion Date whereby Global Mastermind shall issue the Convertible Bonds to the Subscriber.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

The principal terms of the Convertible Bonds are summarised as follows:

Principal amount: HK\$60,000,000

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: 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.

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.

Maturity date: The date falling on the twenty-four months from the Issue Date (both dates inclusive).

Early Redemption by Global Mastermind: In the absence of any event of default, Global Mastermind may at any time from the Issue Date of the Convertible Bonds but before the Maturity Date redeem part or all of the outstanding Convertible Bonds held by a Bondholder in integral multiples of HK\$1,000,000 or the aggregate principal amount of all outstanding Convertible Bonds held by such Bondholder, whichever is lesser together with any accrued but unpaid interest, fee or any other amount on, in respect of or in connection with, such outstanding Convertible Bond incurred and due and payable up to (but not including) the redemption date.

Early Redemption triggered by breach of the Guarantee:	<p>Upon any failure or breach having occurred under the Guarantee by the Guarantor, which is not capable of being rectified, or which is capable of being rectified but have not been rectified and have been continuing for more than five Business Days under the Guarantee, Global Mastermind shall forthwith notify the Bondholder as the case may be. The Bondholder is entitled to (but is not obliged to), notify Global Mastermind in writing and demand Global Mastermind to redeem all but not part of the outstanding principal amount of the Convertible Bonds and pay to the Bondholder all the principal amount of the Convertible Bonds then outstanding together with accrued interests calculated up to the date of actual payment.</p> <p>If Global Mastermind fails to notify the Bondholder of such failure or breach by the Guarantor, or fails to redeem all Convertible Bonds then outstanding and payment of all accrued interests, such failure(s) shall constitute an event of default under the Instrument.</p>
Redemption on maturity:	<p>Unless previously converted or cancelled or redeemed as provided in the Instrument, each Convertible Bond will be redeemed at 100% of the principal amount outstanding on the Maturity Date.</p>
Redemption upon event of default:	<p>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.</p>
Event of default:	<p>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.</p>
Status of the Convertible Bonds:	<p>Save for the security provided under the Guarantee, each Convertible Bond constitutes a direct unconditional, unsubordinated and guaranteed obligations of Global Mastermind and at all times ranks <i>pari passu</i> 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.</p>

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: The conversion price at which the Convertible Bonds is to be converted into a Conversion Share, which shall be HK\$0.0710 per Conversion Share, subject to the adjustments provisions as follows:

- (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\$0.0710 per Conversion Shares, a maximum of 845,070,422 new shares may be allotted and issued by Global Mastermind under the Convertible Bonds upon exercise of the Conversion Rights utilizing the available unissued shares that may be allotted and issued under the GM General Mandate.

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 of up to 845,070,422 Conversion Shares at the initial Conversion Price, the 845,070,422 Conversion Shares represent:

- (a) approximately 19.82% of the existing issued share capital of Global Mastermind; and
- (b) approximately 16.54% 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).

If the exercise of any Conversion Right would ultimately require Global Mastermind to allot and issue Shares in excess of 852,573,410 unissued Shares under the GM General Mandate, the Bondholder would be entitled to convert the relevant Convertible Bond(s) up to the maximum of 852,573,410 Conversion Shares and Global Mastermind will issue new certificate(s) evidencing all remaining portion of the principal amount under the relevant Convertible Bond(s) not being converted into Conversion Shares to the Bondholder.

If any adjustment made to the Conversion Price would require Global Mastermind to allot and issue shares in excess of 852,573,410 unissued shares under the GM General Mandate granted, the Bondholders would be entitled to convert up to the maximum of 852,573,410 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 date of redemption.

- 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 GEM Listing Rules and laws and regulations applicable to Global Mastermind and/or the holder(s) of the Convertible Bonds.
- Guarantee:** The Guarantor, Mr Cheung Kwok Wai Elton, an executive director of Global Mastermind, as personal guarantor of Global Mastermind's payment obligations under the Instrument in favour of the Bondholder(s), will execute the Guarantee on the Completion Date.
- No payment, fees, indemnity or any benefits will be paid or given by Global Mastermind to the Guarantor in respect of the Guarantor executing the Guarantee in favour of the Bondholders under the Instrument.

INFORMATION OF GLOBAL MASTERMIND

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

As stated in the annual report of Global Mastermind for the year ended 31 December 2019, Global Mastermind had audited consolidated net assets of approximately HK\$616,894,000. The net loss before and after taxation of Global Mastermind for the year ended 31 December 2019 were approximately HK\$55,900,000 and HK\$54,593,000 respectively. The net loss before and after taxation of Global Mastermind for the year ended 31 December 2018 were approximately HK\$66,119,000 and HK\$64,656,000 respectively.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

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.

Since the rate of return of the bonds is generally more favourable and higher than the interest rates of fixed deposits offered by well-recognised financial institutions in Hong Kong, the Directors are of the view that subscription of the Convertible Bonds would continue to generate better interest income for the Group by better utilizing the available financial resources of the Group.

The Group had previously subscribed the 2018 Bonds issued by Global Mastermind which will expire on 12 November 2020. The Board considers that since Global Mastermind desired to issue another convertible bond after expiry of the 2018 Bonds, the Company agreed to subscribe for it since the terms and conditions are satisfactory to the Company, but subject to Shareholders' approval in accordance with the Listing Rules.

The Subscription Agreement and the transactions contemplated thereunder was determined by the Company and Global Mastermind on an arm's length basis with reference to, among other things, (i) the interest rate of 8% per annum under the Instrument; (ii) the length of the terms of the Bonds of two years; (iii) the payment obligations will be guaranteed by an executive director of Global Mastermind; and (iv) the convertible rights under the Bonds.

The Directors are of the view that the terms of the Subscription Agreement and the transaction contemplated thereunder (including the Conversion Rights under the Instrument) are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

Since the applicable percentage ratios of which is more than 25% but less than 100%, the transactions contemplated under the Subscription Agreement constitute a major transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement, circular and Shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

An EGM will be convened to consider and, if thought fit, to approve the Subscription Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the Subscription Agreement and the transactions contemplated thereunder.

As additional time is required to prepare and finalise certain information, in particular the financial information of the Group, to be included in the circular, the Company expects that a circular containing, inter alia, further details of the Subscription Agreement and the transactions contemplated thereunder and a notice of the EGM will be despatched to the Shareholders as soon as practicable and not later than 16 October 2020.

DEFINITION

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

“2018 Bonds”	the 8% unsecured convertible bonds due 2020 in the principal amount of HK\$80,000,000 issued by Global Mastermind to the Subscriber on 13 November 2018, which will mature on 12 November 2020
“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”	12 November 2020 or such other date as Global Mastermind and the Subscriber may agree in writing, provided only that the Conditions Precedents having been waived by the Subscriber in writing or satisfied on or before the Long Stop Date
“Conditions Precedent”	the conditions precedent under the Subscription Agreement that have to be satisfied or waived before the Long Stop Date
“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\$0.0710 (subject to adjustment provisions under the Instrument)
“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% guaranteed convertible bond, in the aggregate principal amount of HK\$60,000,000 proposed to be issued by Global Mastermind to the Subscriber pursuant to the Subscription Agreement
“Directors”	directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened to approve the Subscription Agreement and the transactions contemplated thereunder
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Global Mastermind”	Global Mastermind Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM of the Stock Exchange (Stock Code: 8063)
“Global Mastermind Group”	Global Mastermind and its subsidiaries
“GM General Mandate”	the general mandate granted to the directors of Global Mastermind at its annual general meeting held on 16 June 2020 to allot, issue and deal with up to 852,573,410 unissued shares of Global Mastermind and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of Global Mastermind)
“Group”	the Company and its subsidiaries
“Guarantee”	the unconditional and irrevocable guarantee to be executed by the Guarantor in favour of the Bondholder(s) to secure Global Mastermind’s outstanding indebtedness under the Bond Instrument, as amended and/or supplemented from time to time
“Guarantor”	Mr Cheung Kwok Wai Elton, an executive director of Global Mastermind
“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
“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”	11 November 2020 or such other 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 25 September 2020 entered into between the Subscriber and Global Mastermind in relation to the subscription of the Convertible Bonds
“Subscription Price”	an aggregate of HK\$60,000,000 for the Subscription
“%”	per cent.

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

Hong Kong, 25 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.