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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)

PROPOSED SHARE CONSOLIDATION

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The Company proposes to implement the Proposed Share Consolidation by consolidating every ten issued and unissued Shares of HK\$0.01 each in the share capital of the Company into one Consolidated Share of HK\$0.10 each, and fractional entitlements will be disregarded.

GENERAL

The AGM will be convened and held to consider, and if thought fit, to approve, among other things, the Proposed Share Consolidation.

The circular containing, among other things, details of (i) the Share Consolidation; and (ii) a notice convening the AGM will be despatched to Shareholders on or around 27 November 2015.

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Effect of the Proposed Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000 divided into 10,000,000,000 Shares, of which 7,503,480,919 Shares had been allotted and issued as fully paid or credited as fully paid. Assuming no further Shares will be issued and/or repurchased from the date of this announcement to the effective date of the Proposed Share Consolidation, upon the Proposed Share

Consolidation having become effective, the authorised share capital of the Company will be HK\$100,000,000 divided into 1,000,000,000 Consolidated Shares of HK\$0.10 each, of which up to 750,348,091 Consolidated Shares will be in issue. On the same premise, the Scheme Mandate Limit will be refreshed to 75,034,809 Consolidated Shares after the passing of the ordinary resolution approving the refreshment of the Scheme Mandate Limit at the AGM and upon the Proposed Share Consolidation having become effective.

All Consolidated Shares will rank pari passu with each other in all respects and the rights attached to the Consolidated Shares will not be affected by the Proposed Share Consolidation.

Any fractional Consolidated Share to which an individual Shareholder is entitled to will not be issued by the Company to such Shareholder, but will be aggregated, sold (if a premium, net of expenses, can be obtained) and retained for the benefit of the Company, if feasible and applicable.

Save for the necessary expenses for the implementation of the Proposed Share Consolidation which are expected to be insignificant in the context of the net asset value of the Company, the implementation of the Share Consolidation will not alter the underlying assets, business operation, management or financial position of the Company or the interests and rights of the Shareholders.

Assuming the proposed resolutions to grant the Issue Mandate and the Repurchase Mandate are passed, and no further Shares will be issued and/or repurchased from the date of this announcement to the date of the AGM, upon the Proposed Share Consolidation having become effective, the Company would be allowed to allot and issue up to a maximum of 150,069,618 Consolidated Shares and to repurchase up to a maximum of 75,034,809 Consolidated Shares respectively.

Conditions of the Proposed Share Consolidation

The Proposed Share Consolidation is conditional upon:

- (a) the passing by the Shareholders of an ordinary resolution to approve the Proposed Share Consolidation at the AGM; and
- (b) the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares upon the Proposed Share Consolidation becoming effective.

The Share Consolidation shall become effective after the conditions of the Proposed Share Consolidation mentioned above are fulfilled, which is expected to be on Wednesday, 30 December 2015.

Application for Listing of the Consolidated Shares

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Reasons for the Proposed Share Consolidation

The Company noted that under Rule 13.64 of the Listing Rules, where the market price of the securities of the Company approaches the extremities of HK\$0.01, the Stock Exchange reserves the right to require the Company either to change the trading method or consolidate the Shares.

The Company also noted that the Shares have been trading less than HK\$0.10 in recent months and accordingly the costs per board lot of 5,000 Shares were less than HK\$500.

As such, the Company considers it would be in the interests of the Company and the Shareholders as a whole to carry out the Proposed Share Consolidation so that the market price per Consolidated Share immediately thereafter will be moved away from such extremity on the one hand, the overall transaction costs of dealing in the Consolidated Shares with a board lot of 5,000 Consolidated Shares may also be reduced as compared with dealing in ten board lots of 5,000 Shares on the other hand. The Proposed Share Consolidation will also increase the nominal value of the Consolidated Shares and will reduce the total number of shares of the Company in issue.

Furthermore, the Proposed Share Consolidation will facilitate the Company to conduct future fund raising activities without the need to seek prior shareholders' approval for shares consolidation in future if the market price at that time would be close to the extremity. As at the date of the announcement, the Company has no intention to conduct future fund raising activities.

Free exchange of share certificates and trading arrangement

Subject to the Proposed Share Consolidation becoming effective, Shareholders may, from Wednesday, 30 December 2015 to Thursday, 11 February 2016 (both days inclusive), submit certificates for the existing Shares to the Branch Share Registrar,

Union Registrars Limited
A18/F., Asia Orient Tower,
Town Place, 33 Lockhart Road, Wanchai, Hong Kong

for exchange, at the expense of the Company, for certificates for the Consolidated Shares. Thereafter, certificates for the existing Shares will be accepted for exchange only on payment of a fee of the higher of HK\$2.50 or such other amount as may from time to time be specified by the Stock Exchange for each certificate issued or cancelled. Certificates for the existing Shares will continue to be good evidence of legal title and may be exchanged for certificates for the Consolidated Shares at any time after the specified time at the expense of the Shareholders.

The new share certificates for the Consolidated Shares will be green in colour so as to be distinguished from the existing share certificates for the Existing Shares which are brown in colour.

Odd lots arrangements and matching services

In order to facilitate the trading of odd lots of the Consolidated Shares arising from the Proposed Share Consolidation, the Company has appointed Cinda International Securities Limited as the agent to provide matching services for sale and purchase of odd lots of the Consolidated Shares on a best effort basis during the period from 9:00 a.m. on Thursday, 14 January 2016 to 4:00 p.m. on Wednesday, 3 February 2016.

Shareholders holding the Consolidated Shares in odd lots who wish to take advantage of the odd lot trading arrangement either to dispose of their odd lots of the Consolidated Shares or to top-up their odd lots to a full new board lot may directly or through their broker contact Leung Siu Wa of Cinda International Securities Limited at 45/F, COSCO Tower, 183 Queen's Road Central, Hong Kong (Telephone number: (852) 2235 7801) during the aforesaid period. Shareholders holding the Consolidated Shares in odd lots should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is on a best effort basis and successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders are recommended to consult their professional advisers if they are in doubt about the odd lot trading arrangement.

Shareholders should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed.

Board lot size

Currently, the Shares are traded on the Stock Exchange in the board lot size of 5,000 Shares. Upon the Proposed Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will remain as 5,000 Consolidated Shares.

Based on the closing price of HK\$0.079 per Share (equivalent to the theoretical closing price of HK\$0.79 per Consolidated Share) as at the date of this announcement, the value of each board lot of the Shares is HK\$395 and the theoretical market value of each board lot of the Consolidated Shares, assuming the Proposed Share Consolidation had already been effective, would be HK\$3,950.

Adjustments in relation to the Share Options

As at the date of this announcement, the Company has 534,444,270 outstanding Options granted under the Share Option Scheme, which entitle holders thereof to subscribe for 534,444,270 Shares. The Proposed Share Consolidation may cause adjustments to the exercise prices of the Options and the number of Consolidated Shares to be issued under the outstanding Options pursuant to the terms and conditions of the Options and under the terms and conditions of the Share Option Scheme. Assuming there is no other adjustment event under the Share Option Scheme other than the Proposed Share Consolidation becoming effective, the outstanding Options will entitle holders thereof to subscribe for up to 53,444,427 Consolidated Shares.

Save for the Options, there are no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convertible or exchangeable into Shares.

Expected time table

Effective date of the Share Consolidation	Wednesday, 30 December 2015
First day of free exchange of existing share certificates for the Shares or the Shares for new share certificates for the Consolidated Shares	Wednesday, 30 December 2015
Dealings in Consolidated Shares commence	9:00 a.m. on Wednesday, 30 December 2015
Original counter for trading in existing Shares in board lot of 5,000 Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Wednesday, 30 December 2015
Temporary counter for trading in Consolidated Shares in board lot of 500 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Wednesday, 30 December 2015

Original counter for trading in Consolidated Shares 9:00 a.m. on Thursday,
in board lot of 5,000 Consolidated Shares 14 January 2016
(in the form of new share certificates) re-opens

Parallel trading in Consolidated Shares 9:00 a.m. on Thursday,
(in the form of existing share certificates and 14 January 2016
new share certificates) commences

Designated broker starts to stand in the market to 9:00 a.m. on Thursday,
provide matching services for odd lot of 14 January 2016
Consolidated Shares

Temporary counter for trading in Consolidated Shares 4:00 p.m. on Wednesday,
in board lot of 500 Consolidated Shares 3 February 2016
(in the form of existing share certificates) closes

Parallel trading in Consolidated Shares 4:00 p.m. on Wednesday,
(in the form of new share certificates and 3 February 2016
existing share certificates) ends

Designated broker ceases to stand in the market 4:00 p.m. on Wednesday,
to provide matching services for odd lot of 3 February 2016
Consolidated Shares

Last day for free exchange of existing share Thursday, 11 February 2016
certificates for the existing Shares or
the Shares for new share certificates
for the Consolidated Shares

Notes:

1. All dates and time set out in this announcement refer to Hong Kong dates and time.
2. Dates or deadlines specified in this announcement are indicative only and may be varied by the Company. Any consequential changes to the expected timetable will be published or notified to the Shareholders by way of announcement(s) at the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.hengtai.com.hk, as and when appropriate and in accordance with the Listing Rules.

GENERAL

The AGM will be convened and held to consider, and if thought fit, to approve, among other things, the Proposed Share Consolidation. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Proposed Share Consolidation or is required to abstain from voting at the AGM.

The circular containing, among other things, details of (i) the Share Consolidation; and (ii) a notice convening the AGM will be despatched to Shareholders on or around 27 November 2015.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be convened and held for approving, inter alia, the Proposed Share Consolidation
“Board”	the board of Directors
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Heng Tai Consumables Group Limited, a company incorporated in the Cayman Islands with limited liability and its issued Shares are listed on the main board of the Stock Exchange
“Consolidated Share(s)”	ordinary share(s) of par value of HK\$0.10 each in the share capital of the Company immediately upon the Proposed Share Consolidation becoming effective
“Director(s)”	the director(s) of the Company
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Issue Mandate”	the general and unconditional mandate proposed to be granted to the Directors at the AGM to allot, issue and/or deal with Shares
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Options”	the options granted and remaining outstanding under the Share Option Scheme to subscribe for Shares in accordance with the terms thereof
“Proposed Share Consolidation”	the proposed share consolidation of every ten Shares of HK\$0.01 each into one Consolidated Share of HK\$0.10 each, fractional entitlements to be disregarded
“Register”	the register of members of the Company

“Repurchase Mandate”	the general and unconditional mandate proposed to be granted to the Directors at the AGM to exercise the powers of the Company to repurchase Shares up to a maximum number equivalent to 10% of the number of shares in issue
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Option Scheme”	the share option scheme of the Company adopted on 21 December 2009
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 26 November 2015

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.