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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)**

- (1) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;**
- (2) PROPOSED RIGHTS ISSUE OF NOT LESS THAN 900,348,091 RIGHTS SHARES AND NOT MORE THAN 949,525,861 RIGHTS SHARES ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY ONE EXISTING SHARE HELD ON RECORD DATE;**
- (3) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER;**
- AND**
- (4) CLOSURE OF REGISTER OF MEMBERS**

**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**

**ROYAL EXCALIBUR**  
CORPORATE FINANCE COMPANY LIMITED

**Underwriter of the Rights Issue**



## **I. INCREASE IN AUTHORISED SHARE CAPITAL**

The Board proposes to increase the authorised share capital of the Company from HK\$100,000,000 divided into 1,000,000,000 Shares to HK\$1,000,000,000 divided into 10,000,000,000 Shares by the creation of additional 9,000,000,000 unissued Shares of HK\$0.10 each, which will rank pari passu in all respects with each other.

The Increase in Authorised Share Capital is subject to the passing of an ordinary resolution by the Shareholders approving the Increase in Authorised Share Capital at the EGM.

## **II. RIGHTS ISSUE**

The Company proposes to implement the Rights Issue, subject to the fulfilment of the Conditions Precedent, by issuing not less than 900,348,091 Rights Shares and not more than 949,525,861 Rights Shares for subscription by the Qualifying Shareholders on the basis of one Rights Share for every one existing Share held by a Qualifying Shareholder on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents.

Pursuant to the Underwriting Agreement, the Company will procure each of Best Global and World Invest to give an irrevocable undertaking respectively in favour of the Company and the Underwriter not to dispose of their shareholdings and to accept all the Rights Shares they will be entitled under the Rights Issue.

Pursuant to the Underwriting Agreement, the Underwriter has agreed to underwrite not less than 762,808,634 Rights Shares and not more than 811,986,404 Rights Shares (on the basis that there will be no further issue of new Shares to any person or party on or before the Record Date save for the exercise of the Options, if any); and the Underwriter will, where applicable, appoint such number of sub-underwriters independent to the Company and its Connected Persons and independent to the Underwriter. The Underwriter and each of the sub-underwriters will underwrite such number of the Underwritten Shares to the effect that none of the Underwriter and/or the sub-underwriters together with their respective parties acting in concert (as defined under the Takeovers Code) will trigger any obligation under Rule 26 of the Takeovers Code to make a general offer, and each of the Underwriter and any sub-underwriter to be appointed and the subscribers procured by each of the Underwriter and any sub-underwriter to be appointed shall not hold in aggregate 10% or more of the voting rights of the Company immediately after completion of the Rights Issue; and the Underwriter shall procure independent places to

take up such number of the Underwritten Shares as necessary to ensure that the public float requirements under Rule 8.08 of the Listing Rules are complied with immediately after completion of the Rights Issue.

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and must not be an Excluded Shareholder.

The last day of dealings in the Shares on the Stock Exchange on a cum-entitlement basis will be Thursday, 24 November 2016. The Shares will be dealt in on an ex-entitlement basis on the Stock Exchange from Friday, 25 November 2016. To qualify for the Rights Issue, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, for registration not later than 4:00 p.m. on Monday, 28 November 2016 according to the expected timetable.

The estimated net proceeds of the Rights Issue (after deducting the costs and expenses in relation to the Rights Issue and the underwriting commission fees which is estimated to be around HK\$8.8 million) are expected to amount to approximately not more than HK\$218.7 million and not less than HK\$207.3 million.

#### **Warning of the risk of dealings in the Shares**

**The Rights Issue is conditional upon, inter alia, the fulfilment of the Conditions Precedent set out under the paragraph headed "Conditions of the Rights Issue and the Underwriting Agreement" in this announcement. Therefore, the Rights Issue may or may not proceed.**

**Any dealing in the Shares (including the nil-paid Rights Shares) from the date of this announcement up to the date on which all the Conditions Precedent are fulfilled will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating dealings in the Shares (including the nil-paid Rights Shares) are recommended to consult their own professional advisers. Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares.**

**Shareholders should note that subject to the passing of the resolution approving the Rights Issue by the Independent Shareholders at the EGM, the Shares will be dealt in on an ex-entitlement basis commencing from Friday, 25 November 2016 and that dealing in Shares (including the nil-paid Rights Shares) will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled.**

**Any Shareholders or other persons dealing in Shares (including the nil-paid Rights Shares) up to the date on which all conditions to which the Rights Issue is subject are fulfilled (which is expected to be on 4:00 p.m. on Wednesday, 21 December 2016), will accordingly bear the risk that the Rights Issue cannot become unconditional and may not proceed. Any Shareholders or other persons contemplating selling or purchasing Shares and/or nil-paid Rights Shares, who are in any doubt about their position, are recommended to consult their own professional advisers.**

### **Listing Rules Implications**

In compliance with Rule 7.19(6) of the Listing Rules, the Rights Issue must be made conditional subject to Independent Shareholders' approval under the Listing Rules whereby any controlling Shareholders and their associates or, where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of such resolution.

### **General**

A circular containing, among other things, (i) details of the Increase in Authorised Share Capital, (ii) details of the Rights Issue, (iii) the advice and the recommendation of the Independent Board Committee, and (iv) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue, together with (v) a notice convening the EGM is expected to be despatched to the Shareholders on Monday, 7 November 2016.

Subject to the passing of the resolutions approving the Increase in Authorised Share Capital by the Shareholders and the Rights Issue by the Independent Shareholders at the EGM, the Company will send the Prospectus Documents containing, among other things, the Prospectus incorporating details of the Rights Issue, the PAL and the EAF to the Qualifying Shareholders. The Prospectus, but not the PAL and the EAF, will be sent to the Excluded Shareholders (if any) for their information.

### **III. APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

Royal Excalibur Corporate Finance Company Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue.

## **I. INCREASE IN AUTHORISED SHARE CAPITAL**

The Board proposes to increase the authorised share capital of the Company from HK\$100,000,000 divided into 1,000,000,000 Shares to HK\$1,000,000,000 divided into 10,000,000,000 Shares by the creation of additional 9,000,000,000 unissued Shares of HK\$0.10 each, which will rank pari passu in all respects with each other.

The Increase in Authorised Share Capital is subject to the passing of an ordinary resolution by the Shareholders approving the Increase in Authorised Share Capital at the EGM.

## **II. RIGHTS ISSUE**

On 20 October 2016, the Company entered into the Underwriting Agreement with the Underwriter in respect of the Rights Issue and details of the Rights Issue and the Underwriting Agreement are set out below.

### **A. Principal Terms of the Rights Issue**

Basis of the Rights Issue	:	One Rights Share for every one existing Share held by a Qualifying Shareholder on the Record Date
Number of existing Shares in issue as at the date of this announcement	:	900,348,091 Shares
Number of Rights Shares	:	Not less than 900,348,091 Rights Shares and not more than 949,525,861 Rights Shares
Subscription Price	:	HK\$0.24 per Rights Share
Number of Rights Shares underwritten by the Underwriter	:	Not less than 762,808,634 Rights Shares and not more than 811,986,404 Rights Shares to be determined on the Record Date
Right of excess applications	:	Qualifying Shareholders may apply for the Rights Shares in excess of their provisional allotment

The aggregate nominal values of the Rights Shares to be issued pursuant to the Rights Issue are not less than HK\$90,034,809.10 and not more than HK\$94,952,586.10.

As at the date of this announcement, the Company has 49,177,770 Options outstanding, which entitling the Option Holders to convert into 49,177,770 Shares. Save for the said Options, the Company has no other outstanding warrants, options or other securities convertible into or exchangeable for Shares.

Assuming there is no change in the issued share capital of the Company from the date of this announcement and up to the Record Date, the 900,348,091 Rights Shares proposed to be allotted and issued pursuant to the Rights Issue represent (i) 100% of the existing issued share capital of the Company; and (ii) 50% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares immediately after completion of the Rights Issue.

Assuming all the outstanding Options being exercised in full and Share Option Shares have been issued pursuant thereto on or before the Record Date, the 949,525,861 Rights Shares proposed to be allotted and issued represents (i) approximately 105.46% of the existing issued share capital of the Company; and (ii) 50% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares immediately after completion of the Rights Issue.

### **The Subscription Price**

The Subscription Price of HK\$0.24 per Rights Share will be payable in full on acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue, or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 17.2% to the closing price of HK\$0.290 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 16.1% to the average closing price of HK\$0.286 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (c) a discount of approximately 15.5% to the average closing price of HK\$0.284 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day; and
- (d) a discount of approximately 9.4% to the theoretical ex-entitlement price of approximately HK\$0.265 based on the closing price of HK\$0.290 per Share as quoted on the Stock Exchange on the Last Trading Day.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to, among other things, the prevailing market price of the Shares under prevailing market conditions. The Directors (excluding the independent non-executive Directors who will give their view after taking into account the advice of the Independent Financial Adviser) consider the terms of the Rights Issue, including the Subscription Price and the rates of discount as illustrated above to be fair and reasonable and in the interests of the Company and the Shareholders as a whole on the basis that the Qualifying Shareholders are offered a chance to elect to subscribe for the Rights Shares at a relatively low price and to maintain their respective pro rata shareholdings in the Company. The Directors also consider that the discount will encourage the Qualifying Shareholders to take up their entitlements, so as to participate in and share the potential growth of the Group, and for those Shareholders who elect not to take up the Rights Shares may dispose of their nil-paid Rights Shares.

The net price per Rights Share (after deducting the costs and expenses in relation to the Rights Issue and the underwriting commission) will be approximately HK\$0.23.

#### **Status of the Rights Shares**

The Rights Shares, when allotted and issued, shall rank pari passu in all respects with the then existing Shares in issue. Holders of the fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

#### **Fractions of the Rights Shares**

On the basis of one Rights Share for every one existing Share in issue held on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

#### **Share certificates and refund cheques for the Rights Shares**

Subject to the fulfilment of the Conditions Precedent as set out in the paragraph headed "Conditions of the Rights Issue and the Underwriting Agreement" in this announcement below, share certificates for all fully-paid Rights Shares are expected to be posted on or before Friday, 30 December 2016 by ordinary mail to the Qualifying Shareholders who have validly accepted and applied for (where appropriate), and paid for the Rights Shares by the Latest Time for Acceptance, i.e. 4:00 p.m. on Tuesday, 20 December 2016 at their own risk.

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) or if the Rights Issue is terminated, will be despatched on or before Friday, 30 December 2016 by ordinary mail at the risk of respective Shareholders.

## **Qualifying Shareholders and Excluded Shareholders**

The Company will send (a) the Prospectus Documents to the Qualifying Shareholders; and (b) the Prospectus only, for information purpose only, to the Excluded Shareholders.

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and must not be an Excluded Shareholder.

**Beneficial owners with their Shares held by a nominee company (or which are held in CCASS) should note that the Board will regard such nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, such beneficial owners with their Shares held by such nominee company should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually. Beneficial owners with their Shares held by such nominee company are advised to consider whether they would like to arrange registration of their Shares in their own names prior to the Record Date.**

**For the beneficial owners whose Shares are held by their nominee(s) and would like to have their names registered on the register of members of the Company for entitling to participate in the Rights Issue, they must lodge all necessary documents for completion of the relevant registration with the Registrar by 4:00 p.m. on Monday, 28 November 2016.**

**Beneficial owners should consult their professional advisers if they are in any doubt as to whether they should register their shareholding in their own names.**

The last day of dealings in the Shares on the Stock Exchange on a cum-entitlement basis will be Thursday, 24 November 2016. The Shares will be dealt in on an ex-entitlement basis on the Stock Exchange from Friday, 25 November 2016. To qualify for the Rights Issue, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong,

Union Registrars Limited  
Suites 3301-04, 33/F  
Two Chinachem Exchange Square  
338 King's Road  
North Point, Hong Kong

for registration not later than 4:00 p.m. on Monday, 28 November 2016 according to the expected timetable.



If, at the close of business on the Record Date, any Shareholder whose address as shown on the register of members of the Company is in a place outside Hong Kong, such Shareholder may not be eligible to take part in the Rights Issue as the Prospectus Documents will not be registered and/or filed under the applicable securities legislation of any jurisdictions other than Hong Kong. The Board will, if necessary, make enquiries to its legal advisers regarding the legal restrictions under the law of the relevant place and the requirements of the relevant regulatory body or stock exchange. If, after making such enquiry, the Board is of the opinion that it would not be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirement of the relevant regulatory body or stock exchange in that place to make any offer of the Rights Shares to Overseas Shareholders, the Rights Issue will not be available to such Overseas Shareholders. Accordingly, the Rights Issue will not be extended to the Excluded Shareholders. The results of the enquiries and the basis of exclusion of the Overseas Shareholders will be included in the Prospectus.

As at the date of this announcement, there is one Shareholder whose address as shown on the register of members of the Company is in a place outside of Hong Kong.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the Rights Shares in their nil-paid form commence and before dealings in the Rights Shares in their nil-paid form end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid to the Excluded Shareholders pro rata to their shareholdings held at the Record Date. In light of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit.

Any Rights Shares not taken up by the Qualifying Shareholders or otherwise subscribed for by transferees of the nil-paid Rights Shares and unsold entitlements of the Excluded Shareholders to the Rights Shares will be made available for excess applications by Qualifying Shareholders under the EAFs.

**Those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled to and the Excluded Shareholders should note that their shareholding in the Company will be diluted by 50% upon completion of the Rights Issue.**

**Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.**

### **Application for excess Rights Shares**

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Excluded Shareholders and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares.

Application for excess Rights Shares can be made only by Qualifying Shareholders duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate cheque or banker's cashier order for the sum payable for the excess Rights Shares being applied for.

The Directors will allocate the excess Rights Shares (if any) at their discretion on a fair basis in proportion to the number of excess Rights Shares being applied for under each application, and on the following principles:

- (a) no preference will be given to topping up odd lots to whole board lots;
- (b) the allocation of any excess Rights Shares to any Qualifying Shareholders would not cause such Qualifying Shareholder triggering any obligation under Rule 26 of the Takeovers Code to make a general offer;
- (c) the allocation of any excess Rights Shares to any Qualifying Shareholders would not cause the Company breaching the public float requirements under Rule 8.08 of the Listing Rules immediately after completion of the Rights Issue; and
- (d) no application for any excess Rights Shares should be made with intention to abuse the mechanism.

**Beneficial owners with their Shares held by a nominee company (or which are held in CCASS) should note that the Board will regard such nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, such beneficial owners with their Shares held by such nominee company should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually. Beneficial owners with their Shares held by such nominee company are advised to consider whether they would like to arrange registration of their Shares in their own names prior to the Record Date.**

**Beneficial owners should consult their professional advisers if they are in any doubt as to whether they should register their shareholding in their own names.**

## **B. Closure of register of members**

The register of members of the Company will be closed from Monday, 21 November 2016 to Wednesday, 23 November 2016 (both dates inclusive) for the purpose of determining the right to attend and vote at the EGM.

The register of members of the Company will be closed from Tuesday, 29 November 2016 to Monday, 5 December 2016 (both dates inclusive) for the purpose of determining entitlements of Qualifying Shareholders to the Rights Issue as at the Record Date.

No transfer of Shares will be registered during the respective book closure periods.

**Beneficial owners with their Shares held by a nominee company (or which are held in CCASS) should note that the Board will regard such nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Beneficial owners with their Shares held by such nominee company are advised to consider whether they would like to arrange registration of their Shares in their own names prior to the Record Date.**

**For the beneficial owners whose Shares are held by their nominee(s) and would like to have their names registered on the register of members of the Company for entitling to participate in the Rights Issue, they must lodge all necessary documents for completion of the relevant registration with the Registrar by 4:00 p.m. on Monday, 28 November 2016.**

**Beneficial owners should consult their professional advisers if they are in any doubt as to whether they should register their shareholding in their own names.**

## **C. Reasons for the Rights Issue and use of proceeds**

The Group is principally engaged in (i) the trading of packaged foods, beverages, household consumable products, cold chain products and cosmetics and skincare products; (ii) the trading of agri-products and the upstream farming business; and (iii) the provision of cold chain logistics services and value-added post-harvest food processing.

The Board considers that raising funds by way of the Rights Issue would be the most appropriate way in the current volatile financial market and taking into account the decreasing trading price of the Shares in recent years so that the Qualifying Shareholders would be able to participate in the potential future growth of the Group and to maintain its shareholding percentage.

As announced on 5 September 2016, the Company via a wholly owned subsidiary Fiorfie Holdings Limited as the purchaser has agreed to acquire a target group company whereby its principal operating company is a company incorporated in Hong Kong and is licensed to carry on type 1 regulated activity (dealing with securities) under the SFO. As at the date of this announcement, the Company and the vendors are applying to the SFC for approval.

According to the reports named “Financial Review of the Securities Industry for the year ended 31 December 2011” and “Financial Review of the Securities Industry for the year ended 31 December 2015” both being published by the SFC respectively, the total number of active cash clients and active margin clients in Hong Kong increased from approximately 1.04 million and 135,201 as at 31 December 2011 to approximately 1.26 million and 241,948 respectively as at 31 December 2015, representing compound annual growth rates (the “CAGR”) of approximately 4.9% for the active cash clients and approximately 15.7% for the active margin clients over the aforesaid period. The gross interest income of the Stock Exchange participants (category C, where the aforesaid principal operating company of the target group belongs to) increased from approximately HK\$2,092 million in 2011 to approximately HK\$4,371 million in 2015, representing CAGR of approximately 20.2% over the aforesaid period.

In addition, according to the reports named “Financial Review of the Securities Industry for the half year ended 30 June 2016” being published by the SFC respectively, the total number of active cash clients and margin clients in Hong Kong further increased to approximately 1.28 million and 254,934 respectively as at 30 June 2016, representing a growth rate of approximately 1.6% for the active cash clients and approximately 5.37% for the active margin clients over the aforesaid period. The gross interest income of the Stock Exchange participants (category C, where the aforesaid principal operating company of target group belongs to) increased from approximately HK\$2,517 million for the second half 2015 to approximately HK\$3,023 million for the first half 2016, representing a growth rate of approximately 20.1%.

The upward trend of both total number of active cash clients in Hong Kong and the gross interest income of all the Stock Exchange participants (category C) in Hong Kong as stated above indicate a continuous growing trend for securities market and margin financing business in Hong Kong in recent years.

The estimated net proceeds of the Rights Issue (after deducting the costs and expenses in relation to the Rights Issue and the underwriting commission fees which is estimated to be around HK\$8.8 million) are expected to amount to approximately not more than HK\$218.7 million and not less than HK\$207.3 million.

Therefore, the Company intends to inject the net proceeds of the Rights Issue, i.e. approximately HK\$207.3 million, into the Brokerage Business for compliance with its financial resources and for future expansion purpose such as the further development of its margin clients business.

**D. Underwriting Agreement**

Date	:	20 October 2016
Issuer	:	The Company
Underwriter	:	Astrum Capital Management Limited
Number of Underwritten Shares	:	Not less than 762,808,634 Rights Shares and not more than 811,986,404 Rights Shares
Commission	:	3.5% of the aggregate Subscription Price in respect of the number of the Underwritten Shares to be determined on the Record Date

Any Rights Share not taken up by the Qualifying Shareholders will be underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement.

Pursuant to the Underwriting Agreement, the Underwriter has agreed to underwrite not less than 762,808,634 Rights Shares and not more than 811,986,404 Rights Shares (on the basis that there will be no further issue of new Shares to any person or party on or before the Record Date save for the exercise of the Options, if any); and the Underwriter will, where applicable, appoint such number of sub-underwriters independent to the Company and its Connected Persons and independent to the Underwriter. The Underwriter and each of the sub-underwriters will underwrite such number of the Underwritten Shares to the effect that none of the Underwriter and/or the sub-underwriters together with their respective parties acting in concert (as defined under the Takeovers Code) will trigger any obligation under Rule 26 of the Takeovers Code to make a general offer, and each of the Underwriter and any sub-underwriter to be appointed and the subscribers procured by each of the Underwriter and any sub-underwriter to be appointed shall not hold in aggregate 10% or more of the voting rights of the Company immediately after completion of the Rights Issue; and the Underwriter shall procure independent places to take up such number of the Underwritten Shares as necessary to ensure that the public float requirements under Rule 8.08 of the Listing Rules are complied with immediately after completion of the Rights Issue.

The Board is expected that completion of the Rights Issue in accordance with the terms of the Underwriting Agreement and as set out in this announcement will not trigger any general offer obligations under Rule 26 of the Takeovers Code and the public float requirement will be complied with.

### **Information of the Underwriter**

The Underwriter is a licensed corporation permitted to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, the Underwriter and their ultimate beneficial owners are Independent Third Parties and the Underwriter does not hold any Shares.

The Company will pay the Underwriter an underwriting commission of 3.5% of the aggregate Subscription Price in respect of the number of the Underwritten Shares to be determined on the Record Date. Out of the underwriting commission, the Underwriter shall pay any commissions, costs and expenses incurred by it and in respect of the sub-underwriting of the Underwritten Shares. The commission rate was determined after arm's length negotiation between the Company and the Underwriter by reference to the market rate, the size of the Rights Issue and the current and expected market condition.

The underwriting commission shall not be payable by the Company to the Underwriter if the Underwriting Agreement does not become unconditional or if it is terminated by the Underwriter.

### **Termination of the Underwriting Agreement**

The Underwriting Agreement contains provisions entitling the Underwriter, by notice in writing, to terminate its obligations thereunder on the occurrence of certain events. If, prior to the Latest Time for Termination:

- (a) in the reasonable opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
  - (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or

- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (b) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (c) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (d) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (e) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole; or
- (f) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the reasonable opinion of any of the Underwriter, a material omission in the context of the Rights Issue; or
- (g) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the announcement or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (a) any material breach of any of the representations, warranties or undertakings of the Company contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (b) any Specified Event comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

Upon the giving of termination notice by the Underwriter, the obligations of all parties, subject to the Underwriting Agreement, shall terminate forthwith and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

#### **Conditions of the Rights Issue and the Underwriting Agreement**

The Rights Issue is subject to the Underwriting Agreement having become unconditional and not being terminated in accordance with its terms. The Underwriting Agreement is conditional upon the following Conditions Precedent being fulfilled:

- (a) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Increase in Authorised Share Capital by no later than the Prospectus Posting Date;
- (b) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the Rights Issue by no later than the Prospectus Posting Date;
- (c) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents (and all other documents required to be attached thereto) duly signed by two Directors as confirmation of their having been approved by resolution of the Directors not later than the Prospectus Posting Date and otherwise in compliance with the Listing Rules and the Companies (WUMP) Ordinance;
- (d) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus, for information purpose only to the Excluded Shareholders;



- (e) the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Share, in both nil-paid and fully-paid forms, by no later than the first day of their dealings either unconditionally or subject to conditions which the Company accepts and the satisfaction of such conditions (if any);
- (f) none of the representations, warranties or undertakings given by the Company being breached, untrue, inaccurate or misleading in any material respect;
- (g) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms; and
- (h) the compliance and performance of the Best Global Undertaking and the World Invest Undertaking.

The Underwriter may at any time by notice in writing to the Company waive the Condition Precedent (f) above. Save and except the Condition Precedent (f), the other Conditions Precedent are incapable of being waived. If the Conditions Precedent are not satisfied and/or waived in whole or in part by the Underwriter by the Latest Time for Termination or such other time and date as the Company and the Underwriter may agree in writing, the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

If the Underwriting Agreement is terminated, the Rights Issue will not proceed.

### **Directors Take-Up Undertakings**

Pursuant to the Underwriting Agreement, the Company will procure each of Best Global and World Invest to give an irrevocable undertaking respectively in favour of the Company and the Underwriter not to dispose of their shareholdings and to subscribe for all the Rights Shares they will be entitled under the Rights Issue.

Save for the above Directors Take-Up Undertakings, the Board has not received any information from any Shareholders of their intention to take up the Rights Shares they are entitled under the Rights Issue.

## E. Changes in shareholding structure

The following table sets out the possible changes in the shareholding structure of the Company arising from the Rights Issue:

### Scenario 1

Assuming no Options are exercised and no Share Option Shares are allotted and issued on or before the Record Date:

	As at the date of this announcement		Immediately upon completion of the Rights Issue assuming all Qualifying Shareholders take up their respective entitlements under the Rights Issue		Immediately upon completion of the Rights Issue assuming no Qualifying Shareholders (other than under the Directors Take-Up Undertakings) take up their respective entitlements under the Rights Issue	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Best Global	108,980,564	12.11	217,961,128	12.11	217,961,128	12.11
World Invest	28,558,893	3.17	57,117,786	3.17	57,117,786	3.17
<b>Public Shareholders</b>						
The Underwriter	-	-	-	-	762,808,634 <i>(Note 1)</i>	42.36
Other public Shareholders	762,808,634	84.72	1,525,617,268	84.72	762,808,634	42.36
Total	900,348,091	100.00	1,800,696,182	100.00	1,800,696,182	100.00

## Scenario 2

Assuming all Options are exercised and all Share Option Shares are allotted and issued on or before the Record Date:

	As at the date of this announcement plus the Share Options Shares		Immediately upon completion of the Rights Issue assuming all Qualifying Shareholders take up their respective entitlements under the Rights Issue		Immediately upon completion of the Rights Issue assuming no Qualifying Shareholders (other than under the Directors Take-Up Undertakings) take up their respective entitlements under the Rights Issue	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Best Global	108,980,564	11.48	217,961,128	11.48	217,961,128	11.48
World Invest	28,558,893	3.01	57,117,786	3.01	57,117,786	3.01
Share Options Shares held by Directors	11,500,000	1.21	23,000,000	1.21	11,500,000	0.61
<b>Public Shareholders</b>						
The Underwriter	–	–	–	–	811,986,404 (Note 1)	42.76
Public Shareholders Share Options Shares held by other Shareholders	762,808,634	80.33	1,525,617,268	80.33	762,808,634	40.16
	37,677,770	3.97	75,355,540	3.97	37,677,770	1.98
Total	949,525,861	100.00	1,899,051,722	100.00	1,899,051,722	100.00

*Note:*

- The Underwriter will, where applicable, appoint such number of sub-underwriters independent to the Company and its Connected Persons and independent to the Underwriter. The Underwriter and each of the sub-underwriters will underwrite such number of the sub-underwritten Shares to the effect that none of the Underwriter and/or the sub-underwriters together with their respective parties acting in concert (as defined under the Takeovers Code) will trigger any obligation under Rule 26 of the Takeovers Code to make a general offer, and each of the Underwriter and any sub-underwriter to be appointed and the subscribers procured by each of the Underwriter and any sub-underwriter to be appointed shall not hold in aggregate 10% or more of the voting rights of the Company immediately after completion of the Rights Issue; and the Underwriter shall procure independent placees to take up such number of Underwritten Shares as necessary to ensure that the public float requirements under Rule 8.08 of the Listing Rules are complied with immediately after completion of the Rights Issue.

**F. Warning of the risk of dealings in the Shares**

**The Rights Issue is conditional upon, inter alia, the fulfilment of the Conditions Precedent set out under the paragraph headed “Conditions of the Rights Issue and the Underwriting Agreement” in this announcement. Therefore, the Rights Issue may or may not proceed.**

**Any dealing in the Shares (including the nil-paid Rights Shares) from the date of this announcement up to the date on which all the Conditions Precedent are fulfilled will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating dealings in the Shares (including the nil-paid Rights Shares) are recommended to consult their own professional advisers. Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares.**

**Shareholders should note that subject to the passing of the resolution approving the Rights Issue by the Independent Shareholders at the EGM, the Shares will be dealt in on an ex-entitlement basis commencing from Friday, 25 November 2016 and that dealing in Shares (including the nil-paid Rights Shares) will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled.**

**Any Shareholders or other persons dealing in Shares (including the nil-paid Rights Shares) up to the date on which all conditions to which the Rights Issue is subject are fulfilled (which is expected to be on 4:00 p.m. on Wednesday, 21 December 2016), will accordingly bear the risk that the Rights Issue cannot become unconditional and may not proceed. Any Shareholders or other persons contemplating selling or purchasing Shares and/or nil-paid Rights Shares, who are in any doubt about their position, are recommended to consult their own professional advisers.**

**G. Expected timetable**

The expected timetable for the Increase in Authorised Share Capital and the Rights Issue set out below is indicative only and it has been prepared on the assumption that all the Conditions Precedent will be fulfilled. The expected timetable for the Increase in Authorised Share Capital and the Rights Issue is set out below:

**2016**

Despatch of circular (together with the notice of EGM and proxy form) . . . . . Monday, 7 November

Latest time for lodging transfers of Shares in order to qualify for attendance and voting at the EGM . . . . . 4:00 p.m. on Friday, 18 November

Closure of register of members of the Company for determining the rights to attend the EGM (both dates inclusive) . . . . . Monday, 21 November to Wednesday, 23 November

Latest time for lodging proxy form for the EGM (not less than 48 hours) . . . . . 10:30 a.m. on Monday, 21 November

Record date for attendance and voting at the EGM . . . . . Wednesday, 23 November

EGM . . . . . 10:30 a.m. on Wednesday, 23 November

Announcement of poll results of EGM . . . . . Wednesday, 23 November

**The following events are conditional on the fulfilment of the conditions for the implementation of the Increase in Authorised Share Capital**

Effective Date of the Increase in Authorised Share Capital . . . . . Thursday, 24 November

Last day of dealings in Shares on cum-entitlement basis of the Rights Issue . . . . . Thursday, 24 November

Ex-date (the first day of dealings in Shares on ex-entitlement basis of the Rights Issue) . . . . . Friday, 25 November

**2016**

Latest time for lodging transfers of shares in order to qualify for the Rights Issue . . . . .	4:00 p.m. on Monday, 28 November
Register of members closes (both days inclusive) . . . . .	Tuesday, 29 November to Monday, 5 December
Record Date for the Rights Issue . . . . .	Monday, 5 December
Register of members re-opens . . . . .	Tuesday, 6 December
Despatch of the Prospectus Documents . . . . .	Tuesday, 6 December
First day of dealings in nil-paid Rights Shares . . . . .	9:00 a.m. on Thursday, 8 December
Latest time for splitting nil-paid Rights Shares . . . . .	4:00 p.m. on Monday, 12 December
Last day of dealings in nil-paid Rights Shares . . . . .	4:00 p.m. on Thursday, 15 December
Latest Time for Acceptance and payment for the Rights Shares and application for excess Rights Shares . . . . .	4:00 p.m. on Tuesday, 20 December
Latest Time for Termination of the Underwriting Agreement by the Underwriter . . . . .	4:00 p.m. on Wednesday, 21 December
Announcement of the results of the Rights Issue . . . . .	Thursday, 29 December
Despatch of share certificates for fully-paid Rights Shares . . . . .	On or before Friday, 30 December
Despatch of refund cheques if the Rights Issue is terminated or in respect of unsuccessful or partially successful application for excess Rights Shares . . . . .	On or before Friday, 30 December

**2017**

Expected first day of dealings in fully-paid Rights Shares on the Stock Exchange . . . . .	9:00 a.m. on Tuesday, 3 January
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All times in this announcement refer to Hong Kong time. If there is a ‘black’ rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong on Tuesday, 20 December 2016, being the date of the Latest Time for Acceptance:

- (a) at any time before 12:00 noon and no longer in force after 12:00 noon, the Latest Time for Acceptance will be postponed to 5:00 p.m. on the same Business Day; or
- (b) at any time between 12:00 noon and 4:00 p.m., the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the next Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

Under such circumstances, the dates mentioned in the expected timetable above (including, without limitation, the Latest Time for Termination) may be affected.

Dates or deadlines stated in this announcement for events in the timetable are indicative only and may be extended or varied between the Company and the Underwriter. Any changes to the anticipated timetable for the Rights Issue will be announced as appropriate.

#### **H. Application for listing**

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. Dealings in the Rights Shares in both nil-paid and fully-paid forms will be subject to the payment of stamp duty, the Stock Exchange trading fee and any other applicable fees and charges in Hong Kong.

Subject to the granting of the approval for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both nil-paid and fully-paid forms 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.

Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Both nil-paid Rights Shares and fully-paid Rights Shares will be traded in board lots of 5,000.

No part of the securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no such listing or permission to deal is proposed to be sought.

#### **I. Fund raising exercise of the Company in the past twelve months**

During the past twelve months immediately before the date of this announcement, the Company conducted the following equity fund raising activity:

<b>Date of initial announcement</b>	<b>Event</b>	<b>Net proceeds</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
4 May 2016	Placing of 150,000,000 new Shares under general mandate	Approximately HK\$49.8 million	For future investment of the Group	The proceeds have not been utilised

#### **J. Adjustments in relation to the Options**

The Rights Issue may lead to adjustments to the exercise price and/or the number of Shares to be issued upon exercise of the Options. The Company will notify the Option Holders adjustments to be made (if any) pursuant to the terms of the Share Option Scheme.

#### **K. Listing Rules implications**

In compliance with Rule 7.19(6) of the Listing Rules, the Rights Issue must be made conditional subject to Independent Shareholders' approval under the Listing Rules whereby any controlling Shareholders and their associates or, where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of such resolution.

As at the date of this announcement, the Company has no controlling Shareholder, and the holdings of the Shares by the Directors of the Company comprise of Best Global, holding 108,980,564 Shares, which is legally and beneficially owned by Mr. Lam, and World Invest, holding 28,558,893 Shares, which is legally and beneficially owned by Ms. Lee. Thus, Mr. Lam and Ms. Lee and their respective associates, i.e. Best Global and World Invest, shall abstain from voting in favour of the resolution for approving the Rights Issue to be proposed at the EGM. Save as aforesaid, none of the other Directors and the chief executive of the Company and their respective associates hold any Shares.



If any Director holding any Options exercises his rights and converts the Options to Share Options Shares, such Director (other than an independent non-executive Director) shall also abstain from voting in favour of the resolution for approving the Rights Issue to be proposed at the EGM.

Save as disclosed above, as at the date of this announcement, no Shareholder is required to abstain from voting on the resolution for approving the Rights Issue to be proposed at the EGM.

### **III. APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

Royal Excalibur Corporate Finance Company Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue.

### **IV. GENERAL**

The Company has established an Independent Board Committee (which comprises all the independent non-executive Directors, namely Mr. John Handley, Ms. Mak Yun Chu and Mr. Poon Yiu Cheung, Newman) to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser.

In this connection, the Company has appointed Royal Excalibur Corporate Finance Company Limited as the Independent Financial Adviser (the appointment of which has been approved by the Independent Board Committee) to advise the Independent Board Committee and the Independent Shareholders as to whether the Rights Issue is fair and reasonable and is in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote.

A circular containing, among other things, (i) details of the Increase in Authorised Share Capital, (ii) details of the Rights Issue, (iii) the advice and the recommendation of the Independent Board Committee, and (iv) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue, together with (v) a notice convening the EGM is expected to be despatched to the Shareholders on Monday, 7 November 2016.

Subject to the passing of the resolutions approving the Increase in Authorised Share Capital by the Shareholders and the Rights Issue by the Independent Shareholders at the EGM, the Company will send the Prospectus Documents containing, among other things, the Prospectus incorporating details of the Rights Issue, the PAL and the EAF to the Qualifying Shareholders. The Prospectus, but not the PAL and EAF, will be sent to the Excluded Shareholders (if any) for their information.

## V. DEFINITIONS

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

“associates”	has the meaning ascribed to it in the Listing Rules
“Best Global”	Best Global Asia Limited, a company incorporated in the BVI and the entire issued share capital of which is wholly and beneficially owned by Mr. Lam
“Best Global Undertaking”	an irrevocable undertaking to be given by Best Global in favour of the Company and the Underwriter not to dispose of their shareholdings and to subscribe for all the Rights Shares it will be entitled under the Rights Issue
“Board”	the board of Directors or a duly authorised committee thereof
“Brokerage Business”	the business of the principal operating company of the target group, which is licensed to carry on type 1 regulated activity (dealing with securities) under the SFO and to be acquired by the Group as announced by the Company on 5 September 2016
“Business Day”	any day (other than a Saturday, Sunday or public holiday) on which the Stock Exchange is open for the business of dealing in securities
“BVI”	British Virgin Islands
“CCASS”	the Cental Clearing and Settlement System established and operated by HKSCC
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended from time to time)
“Company”	Heng Tai Consumables Group Limited, a company incorporated in the Cayman Islands with limited liability of which its issued Shares are listed on the main board of the Stock Exchange

“Conditions Precedent”	the conditions precedent of the Underwriting Agreement as set out in the section headed “Conditions of the Rights Issue and the Underwriting Agreement”
“Connected Persons”	has the meaning ascribed to it in the Listing Rules
“Directors(s)”	the director(s) of the Company for the time being
“Directors Take-Up Undertakings”	collectively, the Best Global Undertaking and the World Invest Undertaking
“EAF(s)”	the form(s) of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other matters, if any, the Increase in Authorised Share Capital and the Rights Issue (or any adjournment thereof)
“Excluded Shareholders”	those Overseas Shareholders to whom the Company considers it necessary or expedient not to offer the Rights Shares where, in the opinion of the Board (having obtained relevant and necessary legal opinions), it would or might be unlawful or impracticable to offer Rights Shares in such places on account of any legal or regulatory restrictions or special formalities in such places
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Increase in Authorised Share Capital”	the proposed increase in the authorised share capital of the Company from HK\$100,000,000 divided into 1,000,000,000 Shares to HK\$1,000,000,000 divided into 10,000,000,000 Shares by the creation of additional 9,000,000,000 unissued Shares of HK\$0.10 each

“Independent Board Committee”	the independent board committee of the Board comprising all independent non-executive Directors established to advise the Independent Shareholders in respect of the Rights Issue
“Independent Financial Adviser”	Royal Excalibur Corporate Finance Company Limited, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue
“Independent Shareholder(s)”	Shareholder(s) other than (i) the Directors and their respective associates, which as at the date hereof comprise Best Global and World Invest; and (ii) any Shareholders who have a material interest in the Underwriting Agreement and the Rights Issue, who shall be required under the Listing Rules (and if applicable, the Takeovers Code) to abstain from voting on the resolutions to approve the Rights Issue at the EGM
“Independent Third Party(ies)”	to the best knowledge, information and belief and having made all reasonable enquiries by the Directors, the party and its ultimate beneficial owner(s) are third parties independent of the Company and connected persons of the Company
“Last Trading Day”	20 October 2016, being the last day of dealing of the Shares on the Stock Exchange prior to the publication of this announcement
“Latest Time for Acceptance”	being ten Business Days after the Prospectus Posting Date, which is expected to be 4:00 p.m. on Tuesday, 20 December 2016 or such later date as stated in the Prospectus for acceptance of and payment for the Rights Shares as well as the application for the excess Rights Shares.
“Latest Time for Termination”	being 4:00 p.m. on the next Business Day following (but excluding) the Latest Time for Acceptance, i.e. Wednesday, 21 December 2016 or such later time or date as stated in the Prospectus, being the latest time for the Underwriter to terminate the Underwriting Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Mr. Lam”	Mr. Lam Kwok Hing, the Chairman, Chief Executive Officer and an executive Director of the Company and the spouse of Ms. Lee
“Ms. Lee”	Ms. Lee Choi Lin, Joecy, an executive Director of the Company and the spouse of Mr. Lam
“Options”	options granted pursuant to the Share Option Scheme entitling the holders to convert into Shares on exercise of the options
“Option Holders”	holders of the Options
“Overseas Shareholders”	Shareholders with registered addresses as shown in the register of members of the Company on the Record Date which are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) in respect of the Rights Issue to be issued to the Qualifying Shareholders
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus to be issued by the Company relating to the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL and the EAF
“Prospectus Posting Date”	Tuesday, 6 December 2016 or such later time or date as stated in the Prospectus the despatch of the Prospectus Documents to the Qualifying Shareholders and the Prospectus, for information purpose only, to the Excluded Shareholders
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date, other than the Excluded Shareholder(s)
“Record Date”	Monday, 5 December 2016 or such later time or date as stated in the Prospectus for the determination of the entitlements of Shareholders under the Rights Issue

“Rights Issue”	the proposed issue of the Rights Shares, subject to the fulfilment of the Conditions Precedent, for subscription by the Qualifying Shareholders on the basis of one Rights Share for every one existing Share held by a Qualifying Shareholder on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Rights Share(s)”	Not less than 900,348,091 new Shares and not more than 949,525,861 new Shares to be issued by the Company pursuant to the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended from time to time)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Option Scheme”	the share option scheme adopted on 21 December 2009
“Share Option Shares”	up to 49,177,770 Shares which may be allotted and issued by the Company upon exercise of the 49,177,770 outstanding Options
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Event”	an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the representations, warranties or undertakings by the Company contained in the Underwriting Agreement untrue or incorrect in any material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscription Price”	HK\$0.24 per Rights Share
“subsidiary”	has the same meaning ascribed thereto in section 2 of the Companies (WUMP) Ordinance and “subsidiaries” shall be construed accordingly
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers administered by the SFC
“Underwriter”	Astrum Capital Management Limited, a licensed corporation permitted to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
“Underwriting Agreement”	the underwriting agreement dated 20 October 2016 between the Company and the Underwriter in relation to the underwriting and other arrangements in respect of the Rights Issue
“Underwritten Shares”	not less than 762,808,634 Rights Shares and not more than 811,986,404 Rights Shares that the Underwriter has agreed to subscribe or procure subscribers or sub-underwriters to subscribe for, which are not subscribed by the Qualifying Shareholders (other than Best Global and World Invest) pursuant to the Underwriting Agreement
“World Invest”	World Invest Holdings Limited, a company incorporated in the BVI and the entire issued share capital of which is wholly and beneficially owned by Ms. Lee
“World Invest Undertaking”	an irrevocable undertaking to be given by World Invest in favour of the Company and the Underwriter not to dispose of their shareholdings and to subscribe for all the Rights Shares it will be entitled under the Rights Issue

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent

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

Hong Kong, 20 October 2016

*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.*