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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)**

**ADOPTION OF SHARE AWARD PLAN**

The Board is pleased to announce that on 12 June 2020, the Board approved the adoption of a share award plan. The purposes of the Plan are to recognise and reward the contribution of certain Eligible Participants to the growth and development of the Group, to give incentives to Eligible Participants in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

The Plan does not constitute a share option scheme or an arrangement involving the grant of options to participants over new Shares or other new securities of the Company which is analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules and is not required to comply with the rules thereunder. No Shareholders' approval is required for the adoption of the Plan.

**THE SHARE AWARD PLAN**

The Board is pleased to announce that on 12 June 2020, the Board approved the adoption of the Plan. A summary of the principal terms of the Plan is set out in this announcement.

**Purposes of the Plan**

The purposes of the Plan are to recognise and reward the contribution of certain Eligible Participants to the growth and development of the Group, to give incentives to Eligible Participants in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

**Administration**

The Plan shall be subject to the administration of the Board whose decisions on all matters arising in relation to the Plan or its interpretation or effect shall be final, conclusive and binding on all persons who may be affected thereby, provided that such administration shall not prejudice

(i) the powers of the Trustee as provided under the Trust Deed; and (ii) the powers of the Remuneration Committee on recommending and/or deciding the selection of the Selected Participants, the number of Awarded Shares to be awarded to the respective Selected Participants and other related matters as expressly provided under this Plan.

### **Eligibility**

Under the rules constituting the Plan, the following classes of participants (the “**Eligible Participants**”) are eligible for participation in the Plan:

- (a) any employee (whether full time or part time, including any executive director but excluding any non-executive director) of the Company or any Subsidiary (an “**Employee**”);
- (b) any non-executive directors (including independent non-executive directors) of the Company or any Subsidiary; and
- (c) any consultant being a person who, pursuant to a contract for services, renders services to the Company or any Subsidiary which are commonly rendered by an employee of such company.

The eligibility of any of the Eligible Participants to an Award shall be determined by the Board from time to time on the basis of the Board’s opinion as to his contribution and/or future contribution to the development and growth of the Group.

### **Shares Pool**

In order to satisfy any Award to be granted under the Plan from time to time, the Trustee shall maintain a Shares Pool which shall comprise the following:

- (a) such Shares as may be purchased by the Trustee on the Stock Exchange or off the market by utilising the funds allocated by the Board out of the Company’s resources;
- (b) such Shares as may be subscribed for by the Trustee by utilising the funds allocated by the Board out of the Company’s resources subject to the plan limit as described under the paragraph headed “The Share Award Plan — Plan limit” in this announcement;
- (c) such Shares as may be allotted or issued to the Trustee as a holder of Shares, whether by way of scrip dividend or otherwise; and
- (d) such Shares which remain unvested and revert to the Trustee due to the lapse of the Award.

### **Award of Shares**

The Board shall, subject to and in accordance with these rules of the Plan, be entitled to make an Award out of the Shares Pool to any of the Eligible Participants such number of Shares as it

shall determine pursuant to the Plan.

The Board shall notify the Trustee in writing upon the making of an Award under the Plan by giving the Trustee an award notice. The Trustee shall then set aside such number of Awarded Shares from the Shares Pool and hold the same (excluding any dividends declared in respect of such Awarded Shares) on trust pending the vesting of the same to the Selected Participant.

The making of an Award to any Connected Person of the Company shall be subject to compliance with the applicable requirements under Listing Rules.

No Award may be made by the Board during the periods as prescribed under the paragraph “Black-out Period” below.

### **Voting rights of the Shares in the Shares Pool**

The Trustee shall not exercise the voting rights in respect of the Shares held under trust (including but not limited to any Shares in the Shares Pool, the Awarded Shares, the Further Shares, the Returned Shares, any bonus Shares and scrip Shares). The Selected Participants shall not have any right to receive any Awarded Shares set aside for them unless and until the Trustee has transferred and vested the legal and beneficial ownership of such Awarded Shares to and in the Selected Participants.

### **Vesting of the Awarded Shares**

The Board may from time to time, at its discretion, determine the earliest Vesting Date and other subsequent date(s), if any, upon which the Awarded Shares held by the Trustee upon trust and which are referable to a Selected Participant shall vest in that Selected Participant.

During the Vesting Period, any dividends and other distributions (“**Other Distributions**”) declared and made in respect of any Awarded Shares shall belong to the Trustee and the relevant Selected Participant shall not have any right whatsoever in such Other Distributions in respect of any Awarded Shares or otherwise unless and until the relevant Awarded Shares are vested in such Selected Participant.

### **Black-out Period**

The Board may not make any Award, or may not give any instruction to the Trustee to acquire Shares for the purpose of increasing the Shares in the Shares Pool when inside information has come to the Company’s knowledge until such inside information has been published in accordance with the Securities and Futures Ordinance; or during the periods or times in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company. In particular, during the period preceding the publication of financial results in which the Directors are

prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company and up to the date of publication of the relevant financial results, no Award may be made and no instruction may be given by the Board to the Trustee to acquire Shares for the purpose of increasing the Shares in the Shares Pool.

### **Lapse of Award**

In the event that the Selected Participant who is an Employee ceases to be an Employee by virtue of a corporate reorganisation of the Group, then any Award made to such Selected Participant shall forthwith lapse and be cancelled.

An Award (or, as the case may be, the relevant part of an Award) shall, under the following circumstances and subject to the terms of the Plan, automatically lapse forthwith and all the Shares awarded (or, as the case may be, the relevant Shares awarded) shall become Returned Shares:

- (a) the Selected Participant ceases to be an Employee, other than for reason of death, normal retirement or early retirement (with prior written agreement given by the Company or the Subsidiary); or
- (b) the Subsidiary by which a Selected Participant is employed or, in respect of a deceased or retired Selected Participant, was employed immediately prior to his death or retirement, ceases to be a Subsidiary (or of a member of the Group); or
- (c) the Board shall at its absolute discretion determine in respect of a Selected Participant (other than a Selected Participant who is an Employee) that (i) the Selected Participant or his associate has committed any breach of any contract entered into between the Selected Participant or his associate on one part and any member of the Group on the other part as the Board may in its absolute discretion determine; or (ii) the Selected Participant has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (iii) the Selected Participant could no longer make any contribution to the growth and development of any member of the Group by reason of the cessation of its relationship with the Group or by any other reasons whatsoever;
- (d) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company;
- (e) a Selected Participant is found to be an Excluded Participant; or
- (f) subject to the terms of the Plan, a Selected Participant fails to return the duly executed transfer documents prescribed by the Trustee for the relevant Shares awarded under the Plan within the stipulated period.

### **Plan limit**

The maximum number of Shares (“**Max Shares Threshold**”) to be subscribed for and/or purchased by the Trustee by applying the group contribution for the purpose of the Plan shall not exceed 10% of the total number of issued Shares as at the adoption date of the Plan. The maximum number of Shares which may be subject to an award or awards to a Selected Participant shall not in aggregate exceed 1% of the issued share capital of the Company as at the adoption date of the Plan.

### **Rights attaching to the Awards and the Awarded Shares**

An Award shall be personal to the Selected Participant and shall not be transferable or assignable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any security or adverse interest in favour of any third party over or in relation to an Award or enter or purport to enter into any agreement to do so.

The Selected Participants shall not have any right to receive any Awarded Shares set aside for them under any Award unless and until the Trustee has transferred and vested the legal and beneficial ownership of such Awarded Shares to and in the Selected Participants in accordance with the terms of the Plan.

### **Alteration of the Plan**

The Plan may be altered by the prior sanction of a Board resolution together with the prior written consent of the Trustee, provided that no such alteration shall operate to affect adversely any rights of any Selected Participant in respect of his Awarded Shares which remain unvested except with the consent in writing of the relevant Selected Participant, or with the consent of the majority of the Selected Participants of the same class, whose Awarded Shares remained unvested on that date as would be required of the holders of Shares under the articles of association of the Company (as adopted or amended from time to time) for a variation of the rights attached to such Shares.

### **Duration of the Plan and termination of the Plan**

The Plan shall be valid and effective for a period of 10 years commencing from 12 June 2020 but may be terminated earlier as determined by the Board.

Upon termination of the Plan, if the Trustee holds any Share which has not been set aside in favour of any Selected Participant or retains any unutilised funds previously received for the purpose of increasing the Shares in the Shares Pool, then the Trustee shall sell such Shares and remit the proceeds of sale (after making appropriate deductions in respect of stamp duty and other costs, liabilities and expenses in accordance with the Trust Deed) together with such unutilised funds to the Company.

## IMPLICATIONS UNDER THE LISTING RULES

The Plan does not constitute a share option scheme or an arrangement involving the grant of options to participants over new Shares or other new securities of the Company which is analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules and is not required to comply with the rules thereunder. No Shareholders' approval is required for the adoption of the Plan.

## DEFINITIONS

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

“associates”	shall bear the meaning ascribed thereto under the Listing Rules
“Award”	a provisional award of Awarded Shares made in accordance with the Plan
“Awarded Share(s)”	the Share(s) provisionally awarded to a Selected Participant pursuant to an Award
“Board”	the board of Directors, or such committee or such sub-committee or person(s) delegated with the power and authority by the board of directors of the Company to administer the Plan
“Company”	Heng Tai Consumables Group Limited, a company incorporated in the Cayman Islands with limited liability whose Shares are listed on the main board of the Stock Exchange (stock code: 00197)
“Connected Person”	shall have the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company for the time being or the member(s) of a duly authorised committee thereof
“Eligible Participant(s)”	has the meaning ascribed to it under the paragraph headed “The Share Award Plan — Eligibility” in this announcement
“Employee(s)”	has the meaning ascribed to it under the paragraph headed “The Share Award Plan — Eligibility” in this announcement

“Excluded Participant(s)”	any person who is resident in a place where the award of the Awarded Shares and/or the award of the Returned Shares and/or the vesting and transfer of Shares pursuant to the terms of the Plan is not permitted under the laws, regulations, rules, and/or codes of such place or where in the view of the Board or the Trustee (as the case may be) compliance with applicable laws, regulations, rules, and/or codes in such place make it necessary or expedient to exclude such person
“Further Shares”	Shares purchased or subscribed by the Trustee out of net proceeds of sale of non-cash and non-scrip distributions declared and distributed by the Company in respect of Shares held upon the trust constituted by the Trust Deed
“Group”	the Company and its Subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Max Shares Threshold”	has the meaning ascribed to it under the paragraph headed “The Share Award Plan — Plan Limit” in this announcement
“Other Distributions”	has the meaning ascribed to it under the paragraph headed “The Share Award Plan — Vesting of the Awarded Shares” in this announcement
“Plan”	the share award plan of the Company, which was adopted by the Board on 12 June 2020, in its present form or as may be altered from time to time
“Returned Shares”	such Awarded Shares which are not vested and/or forfeited in accordance with the terms of the Plan, or such Shares being deemed to be Returned Shares
“Selected Participant(s)”	any Eligible Participant for whom Shares have been provisionally set aside pursuant to an Award or his personal representative
“Share(s)”	ordinary share(s) of HK\$0.1 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Shares Pool”	the pool of Shares held by the Trustee pursuant to the Trust Deed from which the Award shall be made
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of Division 4 of Part 1 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong or elsewhere
“Trust Deed”	the trust deed dated 12 June 2020 and entered into by the Company as settlor and the Trustee as trustee in respect of Shares and other trust fund (if any) held or to be held by the Trustee subject to the terms thereof, as amended from time to time
“Trustee”	Tricor Trust (Hong Kong) Limited, or such other trustee or trustees as shall be appointed pursuant to and in accordance with the terms of the Trust Deed
“Vesting Date”	in relation to any Selected Participant, the date on which the legal and beneficial ownership of the Awarded Shares are vested in such Selected Participant pursuant to an Award

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

Hong Kong, 12 June 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.*