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## **THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in the Company, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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This circular is provided for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.

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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: 0197)

**(1) RE-ELECTION OF DIRECTORS;**  
**(2) GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES;**  
**(3) PROPOSED REFRESHMENT OF THE SCHEME MANDATE LIMIT;**  
**AND**  
**(4) NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the annual general meeting (the “AGM”) of the Company to be held at InterContinental Hong Kong, Function Room – Catalpa, Second Floor, 18 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong on Friday, 21 December 2012 at 10:30 a.m. is set out on pages 17 to 21 of this circular. A form of proxy for use at the AGM is enclosed with this circular and is also published on the HKExnews website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.hengtai.com.hk](http://www.hengtai.com.hk).

Whether or not you are able to attend the AGM, you are advised to complete the form of proxy in accordance with the instructions printed thereon and deposit the same at the Branch Share Registrar, Union Registrars Limited, at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

21 November 2012

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*Accompanying document – Form of Proxy for the AGM*

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## DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be convened and held at InterContinental Hong Kong, Function Room – Catalpa, Second Floor, 18 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong on Friday, 21 December 2012 at 10:30 a.m. to consider and, if thought fit, to approve, <i>inter alia</i> , the General Mandate, the Proposed Refreshment, the Repurchase Mandate and the re-election of retiring Directors
“AGM Notice”	the notice convening the AGM set out on pages 17 to 21 of this circular
“AGM Record Date”	Friday, 21 December 2012, being the record date for determining entitlements of the Shareholders to vote at the AGM
“Articles of Association”	the articles of association of the Company as amended, supplemented or modified from time to time, and “ <b>Article</b> ” shall mean an article of the Articles of Association
“associate”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Branch Share Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, Union Registrars Limited, at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong
“Company”	Heng Tai Consumables Group Limited, a company incorporated in the Cayman Islands with limited liability and registered in Hong Kong under Part XI of the Companies Ordinance of Hong Kong, the Shares of which are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed to this term under the Listing Rules
“controlling shareholder”	has the meaning ascribed to this term under the Listing Rules
“Director(s)”	the director(s) of the Company

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## DEFINITIONS

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“Existing Options”	share options granted and remaining outstanding under the New Scheme
“General Mandate”	the general and unconditional mandate proposed to be granted to the Directors at the AGM to allot and issue further new Shares (including issue of options, warrants and other securities convertible into new Shares) not exceeding 20% of the then aggregate nominal value of the issued share capital of the Company as at the date of the passing of such resolution
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	19 November 2012, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum of Association”	the memorandum of association of the Company as supplemented or modified from time to time
“New Scheme”	the new share option scheme adopted on 21 December 2009
“Old Scheme”	the old share option scheme adopted on 3 December 2001, amended on 24 September 2005 and terminated on 13 November 2009
“Options”	the options granted under the Schemes to subscribe for Shares in accordance with the terms thereof
“Optionholders”	holders of the Existing Options
“PRC”	the People’s Republic of China, which for the purpose of this circular, shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
“Proposed Refreshment”	the proposed refreshment of the Scheme Mandate Limit under the New Scheme at the AGM
“Register”	the register of members of the Company

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## DEFINITIONS

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“Repurchase Mandate”	the general and unconditional mandate proposed to be granted to the Directors at the AGM to repurchase up to 10% of the then aggregate nominal value of the issued share capital of the Company as at the date of the passing of such resolution
“Schemes”	collectively, the Old Scheme and the New Scheme
“Scheme Mandate Limit”	the total number of Shares which may be issued upon exercise of all options that may be granted under the New Scheme which shall not in aggregate exceed 10% of the Shares in issue as at the date of the passing of the relevant resolution for its refreshment
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to this term under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers published by the Securities and Futures Commission of Hong Kong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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## LETTER FROM THE BOARD

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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: 0197)

*Executive Directors:*

Mr. Lam Kwok Hing (*Chairman*)

Ms. Lee Choi Lin Joecy

Ms. Hung Sau Yung Rebecca

Ms. Gao Qin Jian

*Non-executive Director:*

Ms. Chan Yuk Foebe

*Independent non-executive Directors:*

Mr. John Handley

Ms. Mak Yun Chu

Mr. Poon Yiu Cheung Newman

*Registered office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head office and principal place of  
business in Hong Kong:*

31st Floor

Guangdong Finance Building

88 Connaught Road West

Sheung Wan

Hong Kong

21 November 2012

*To the Shareholders, and for information purpose, the Optionholders*

Dear Sirs or Madam

**(1) RE-ELECTION OF DIRECTORS;  
(2) GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES;  
(3) PROPOSED REFRESHMENT OF THE SCHEME MANDATE LIMIT;  
AND  
(4) NOTICE OF ANNUAL GENERAL MEETING**

**1. INTRODUCTION**

The purpose of this circular is to provide you with (i) the AGM Notice; and (ii) information regarding certain resolutions to be proposed at the AGM to enable you to make informed decision on whether to vote for or against those resolutions.

At the AGM, resolutions will be proposed for the Shareholders to approve, *inter alia*, (i) the re-election of Directors; (ii) the grant of the General Mandate; (iii) the grant of the Repurchase Mandate; (iv) the extension of the General Mandate to include Shares that may be repurchased pursuant to the Repurchase Mandate; and (v) the Proposed Refreshment.

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## LETTER FROM THE BOARD

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### 2. RE-ELECTION OF DIRECTORS

According to Article 108, one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation at every annual general meeting, provided that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

Under Article 112, the Directors have power from time to time to appoint any person as a Director to fill a casual vacancy or as an additional Director, but in no circumstances, the number of Directors shall exceed the maximum number determined by Shareholders. Any Director so appointed shall hold office until the first general meeting of the Company after his appointment and shall then be eligible for re-election.

Accordingly, four directors will retire from office at the AGM and all of them will offer themselves for re-election. Mr. John Handley and Ms. Mak Yun Chu will retire from office by rotation at the AGM pursuant to Article 108 of the Articles of Association and will offer themselves for re-election. Ms. Hung Sau Yung Rebecca and Ms. Gao Qin Jian, who were appointed after the annual general meeting held on 5 December 2011, will retire from office at the AGM pursuant to Article 112 of the Articles and Association and will offer themselves for re-election.

Separate ordinary resolutions will be proposed for each of their re-elections and their particulars are set out in Appendix I to this circular. As Mr. John Handley, an independent non-executive Director, has been serving on the Board for more than 9 years, the reasons for the Board believing that he is still independent and should be re-elected are also set out in Appendix I to this circular.

### 3. THE GENERAL MANDATE AND THE REPURCHASE MANDATE

The General Mandate and the Repurchase Mandate shall be effective until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company; or
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association, or any applicable law of the Cayman Islands to be held; or
- (c) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors.

#### **The General Mandate**

As at the Latest Practicable Date, the Company has an aggregate of 5,455,375,891 Shares in issue. Subject to the passing of the proposed resolution to grant the General Mandate to the Directors and in accordance with the terms therein, the Company would be allowed to allot and issue up to a maximum of 1,091,075,178 Shares, representing

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## LETTER FROM THE BOARD

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20% of the aggregate nominal amount of the issued Shares at the time of the passing of the resolution approving the General Mandate on the basis that no further Shares will be issued or repurchased by the Company prior to the AGM.

A further resolution, if approved at the AGM, will extend the maximum number of Shares that may be issued under the General Mandate set out above by the number of Shares which may be repurchased by the Company under the Repurchase Mandate as described below.

The Directors have no immediate plan to issue any new Shares other than any Shares which may fall to be issued under the Existing Options.

### **The Repurchase Mandate**

Subject to the passing of the proposed resolution to grant the Repurchase Mandate to the Directors and in accordance with the terms therein, the Company would be allowed to repurchase up to a maximum of 545,537,589 Shares, representing 10% of the aggregate nominal amount of the issued Shares at the time of the passing of the resolution approving the Repurchase Mandate on the basis that no further Shares will be issued or repurchased by the Company prior to the AGM.

Under the Listing Rules, the Company is required to give the Shareholders an explanatory statement containing all information which is reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the resolution to grant the Repurchase Mandate to the Directors. The explanatory statement is set out in Appendix II to this circular.

#### **4. THE PROPOSED REFRESHMENT OF THE SCHEME MANDATE LIMIT**

Under the New Scheme, the original Scheme Mandate Limit was refreshed at 10% of the Shares in issue as at the date of the last annual general meeting held on Monday, 5 December 2011, i.e. 346,373,072 Shares, which represented the maximum number of Shares that might be issued upon the exercise of all Options under the New Scheme. Subject to prior Shareholders' approval, the Company may, at any time thereafter, refresh the Scheme Mandate Limit to the extent not exceeding 10% of the Shares in issue as at the date of Shareholders' approval.

Pursuant to the Scheme Mandate Limit refreshed on 5 December 2011, a total of 334,288,377 Options were granted, of which a number of 242,377 Options were lapsed, and none of the Options was cancelled nor exercised. A further of 12,327,072 Options which may be converted into same number of Shares may be granted under the existing Scheme Mandate Limit and have not been utilised as at the Latest Practicable Date.

As at the Latest Practicable Date, the total number of outstanding Options was 474,046,000 since the adoption of the New Scheme. Upon exercise of all the 474,046,000 outstanding Options, a number of 474,046,000 Shares, representing approximately 8.69% of the issued share capital of the Company as at the Latest Practicable Date, would fall to be issued.



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## LETTER FROM THE BOARD

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Pursuant to Rule 17.03 of the Listing Rules, the total number of Shares which may be issued upon the exercise of all options to be granted under the New Scheme must not exceed 10% of the Shares in issue as at the date of approval of the refreshed Scheme Mandate Limit. Options previously granted under the Schemes (including without limitation those outstanding, cancelled, lapsed or exercised in accordance with the Schemes) will not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed.

As at the Latest Practicable Date, the Company has 5,455,375,891 Shares in issue. Pursuant to the terms of the New Scheme and in compliance with the Listing Rules, the maximum number of Shares which may be issued upon the exercise of all Options to be granted under the New Scheme under the Scheme Mandate Limit as refreshed should be 545,537,589 Shares (assuming no further issue or repurchase of Shares prior to the AGM and not taking into account new Shares which may be issued under the Existing Options), representing 10% of the issued share capital of the Company as at the date of approval of the Proposed Refreshment by the Shareholders at the AGM.

It is proposed that subject to the Stock Exchange granting the listing of, and permission to deal in the Shares to be issued pursuant to the exercise of Options to be granted under the refreshed Scheme Mandate Limit and the passing of the relevant resolution at the AGM, the Scheme Mandate Limit be refreshed so that the total number of Shares, which may be issued upon exercise of all Options to be granted under the New Scheme of the Company, shall not exceed 10% of the Shares in issue as at the date of approval of the Proposed Refreshment by the Shareholders at the AGM.

Pursuant to the Listing Rules, the Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Scheme and any other schemes at any time will not exceed 30% of the Shares in issue from time to time. No Options shall be granted under any share option schemes of the Company or any of its subsidiaries if this will result in the 30% limit being exceeded.

The Proposed Refreshment will enable the Company to grant further Options to eligible persons so as to attract and retain best available personnel and to provide additional incentive or rewards to, inter alia, employees and directors of the Group and eligible persons for their contribution to the Company.

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## LETTER FROM THE BOARD

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Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of Options to be granted under the refreshed Scheme Mandate Limit.

### **5. THE AGM AND CLOSURE OF REGISTER FOR AGM**

The AGM will be held at InterContinental Hong Kong, Function Room – Catalpa, Second Floor, 18 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong, on Friday, 21 December 2012 at 10:30 a.m. The AGM Notice giving you notice of the AGM is set out on pages 17 to 21 of this circular.

A form of proxy for use at the AGM is enclosed with this circular and is also published on the HKExnews website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.hengtai.com.hk](http://www.hengtai.com.hk). Whether or not you are able to attend the AGM, you are advised to complete the form of proxy in accordance with the instructions printed thereon and deposit the same at the Branch Share Registrar,

**Union Registrars Limited**  
**18th Floor, Fook Lee Commercial Centre, Town Place**  
**33 Lockhart Road, Wanchai, Hong Kong**

as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

All resolutions set out in the AGM Notice will be decided by poll in accordance with the Articles of Association and the Listing Rules, except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. For the purpose of the Listing Rules, procedural or administrative matters are those that:

- (1) are not on the agenda of the AGM or in any supplementary circular to members; and
- (2) which relate to the chairman's duties to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively dealt with, whilst allowing the Shareholders a reasonable opportunity to express their views.

The Register will be closed from Thursday, 20 December 2012 to Friday, 21 December 2012 (both days inclusive) in order to determine the Shareholders' entitlements to attend and vote at the AGM, during which no transfer of Shares will be registered. In order to qualify for attending and voting at the AGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Branch Share Registrar for registration not later than 4:00 p.m. on Wednesday, 19 December 2012.

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## LETTER FROM THE BOARD

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Shareholders whose names appear on the Register on the AGM Record Date will be entitled to attend and vote at the AGM.

### 6. RESPONSIBILITY STATEMENT OF DIRECTORS

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

### 7. RECOMMENDATIONS

The Directors consider the retiring Directors have been serving the Company well during their respective terms in office and believe they will continue to contribute their expertise and dedication to the Group in the coming years.

The Directors believe that an exercise of the General Mandate to allot and issue new Shares will enable the Company to take advantage of market conditions to raise additional capital for and/or as means of payment by the Company.

The Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets value of the Company and its net assets and/or earnings per Share and will only be made when the Directors believe that a repurchase of Shares will benefit the Company and the Shareholders as a whole. An exercise of the Repurchase Mandate in full could have a material adverse impact on the working capital and gearing position of the Company compared with that as at 30 June 2012, being the date of its latest published audited consolidated accounts. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

The Directors consider that the Proposed Refreshment will enable the Group to continue rewarding the staff and eligible persons for their contributions to the Group under the New Scheme.

In view of the reasons set out above and in this circular, the Directors believe that the re-election of Directors, the proposed grant of the General Mandate, the Repurchase Mandate and the Proposed Refreshment are in the best interests of the Company and the Shareholders as a whole. The Directors therefore recommend you to vote in favour of the relevant resolutions to be proposed at the AGM.

Yours faithfully  
For and on behalf of the Board of  
**Heng Tai Consumables Group Limited**  
**Lam Kwok Hing**  
*Chairman*

**Hung Sau Yung Rebecca**

Ms. Hung Sau Yung Rebecca, aged 46, has been appointed the executive Director since January 2012. Ms. Hung received her Bachelor Degree in Business majoring in accounting from Queensland University of Technology in Australia. Ms. Hung has over 20 years of experience in accounting and administration. Prior to joining the Group in 1998, she worked as an administration and accounting manager in a Hong Kong trading company. Ms. Hung is also the General Manager of the Group overseeing the Group's administration and accounting. Ms. Hung has not held any other directorships in listed public companies in the last three years.

Ms. Hung has entered into a service contract with the Company for her appointment as an executive Director for an initial term of three years commencing on 1 January 2012, subject to (i) re-election by the Shareholders at the first general meeting of the Company after her appointment; and (ii) retirement by rotation at least once every three years, or in any event, no later than the third annual general meeting after she was last elected or re-elected in accordance with the Articles of Association. Pursuant to the service contract, Ms. Hung will receive a director's emolument of HK\$1,220,000 per annum. Ms. Hung's emoluments are determined by the Remuneration Committee of the Company by reference to the prevailing market rate, her time, effort and expertise devoted to the Company's affairs and the Company's remuneration policy. The service contract can be terminated by either party by giving at least three months' prior notice in writing.

As at the Latest Practicable Date, Ms. Hung held 30,000,000 Options, and none of these Options has yet been exercised, lapsed or cancelled. The exercise of these Options in full on the Latest Practicable Date would result in her interests in 30,000,000 Shares, representing approximately 0.55% of the entire issued share capital of the Company. Save as disclosed above, Ms. Hung was not interested in any Shares or underlying shares in or any debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO, nor does she have any relationship with any Directors, senior management, substantial or controlling shareholders of the Company.

There is no information relating to Ms. Hung that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules and there is no other matter that needs to be brought to the attention of Shareholders.

**Gao Qin Jian**

Ms. Gao Qin Jian, aged 52, has been appointed the executive Director since January 2012. Ms. Gao received her bachelor degree in business, majoring in business administration from Fudan University, the PRC. Ms. Gao has over 20 years of experience in accounting and finance, as well as extensive managerial experience in the distribution and logistics industries. Prior to joining the Group in 2004, she was the deputy general manager of one of the renowned retail chain stores in the PRC. Ms. Gao is also the General Manager of the Group overseeing much of the Group's FMCG Trading Business in China and she holds three directorships in the subsidiaries of the Company as at the Latest Practicable Date. Ms. Gao has not held any other directorships in listed public companies in the last three years.

Ms. Gao has entered into a service contract with the Company for her appointment as an executive Director for an initial term of three years commencing on 1 January 2012, subject to (i) re-election by the Shareholders at the first general meeting of the Company after her appointment; and (ii) retirement by rotation at least once every three years, or in any event, no later than the third annual general meeting after she was last elected or re-elected in accordance with the Articles of Association. Pursuant to the service contract, Ms. Gao will receive a director's emolument of HK\$1,004,000 per annum. Ms. Gao's emoluments are determined by the Remuneration Committee of the Company by reference to the prevailing market rate, her time, effort and expertise devoted to the Company's affairs and the Company's remuneration policy. The service contract can be terminated by either party by giving at least three months' prior notice in writing.

As at the Latest Practicable Date, Ms. Gao held 30,000,000 Options, and none of these Options has yet been exercised, lapsed or cancelled. The exercise of these Options in full on the Latest Practicable Date would result in her interests in 30,000,000 Shares, representing approximately 0.55% of the entire issued share capital of the Company. Save as disclosed above, Ms. Gao was not interested in any Shares or underlying shares in or any debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO, nor does she have any relationship with any Directors, senior management, substantial or controlling shareholders of the Company.

There is no information relating to Ms. Gao that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules and there is no other matter that needs to be brought to the attention of Shareholders.

### **John Handley**

Mr. John Handley, aged 69, has been appointed the independent non-executive Director since November 2001. Mr. Handley holds a Postgraduate Diploma in Export Marketing and has over 30 years of experience in marketing consumer products in Australia and the Far East. During the past 20 years, he has completed a number of business consultancy contracts in the PRC and Asia for major European manufacturers. Mr. Handley is a member of the Institute of Export in United Kingdom and the Hong Kong Institute of Marketing and a voting member of the Hong Kong Jockey Club. Mr. Handley has not held other positions with the Group nor any other directorships in listed public companies in the last three years.

Mr. Handley has entered into a service agreement with the Company for a term of three years expiring on 5 November 2013. Mr. Handley is entitled to receive a director's fee which was determined by reference to his duties and responsibilities to the Company and is reviewed by the Remuneration Committee from time to time. His appointment is subject to normal retirement and re-election by the Shareholders pursuant to the Articles of Association. For the financial year ended 30 June 2012, Mr. Handley received a director's fee of HK\$50,000.

The Company has continued to receive written confirmation from Mr. Handley annually on his independence taking into account the factors of independence as set out in Rule 3.13 of the Listing Rules and there is no evidence that his tenure has had any impact on his

independence. Accordingly, the Board resolved that Mr. Handley is still independent and should be re-elected as an independent non-executive Director at the AGM. The re-appointment of Mr. Handley at the AGM will be in accordance with the relevant provision as set out in the Corporate Governance Code in Appendix 14 to the Listing Rules, which requires, *inter alia*, the approval of a separate resolution by Shareholders.

As at the Latest Practicable Date, Mr. Handley held 21,394,500 Options, and none of these Options has yet been exercised, lapsed or cancelled. The exercise of these Options in full on the Latest Practicable Date would result in his interests in 21,394,500 Shares, representing approximately 0.39% of the entire issued share capital of the Company. Save as disclosed above, Mr. Handley was not interested in any Shares or underlying shares in or any debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO, nor does he have any relationship with any Directors, senior management, substantial or controlling shareholders of the Company.

There is no information relating to Mr. Handley that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules and there is no other matter that needs to be brought to the attention of Shareholders.

#### **Mak Yun Chu**

Ms. Mak Yun Chu, aged 54, has been appointed the independent non-executive Director since April 2004 and is currently the chairman of the audit committee, remuneration committee and nomination committee of the Company. Ms. Mak is a fellow member of the Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, and has over 10 years of experience in accounting and administration. Ms. Mak is also an independent non-executive director of Wealth Glory Holdings Limited, a company listed on the Growth Enterprise Market of the Stock Exchange. Save as disclosed above, Ms. Mak has not held other positions with the Group nor any other directorships in listed public companies in the last three years.

Ms. Mak has entered into a service agreement with the Company for a term of three years expiring on 7 April 2013. Ms. Mak is entitled to receive a director's fee which was determined by reference to her duties and responsibilities to the Company and is reviewed by the remuneration committee from time to time. Her appointment is subject to normal retirement and re-election by the Shareholders pursuant to the Articles of Association. For the financial year ended 30 June 2012, Ms. Mak received a director's fee of HK\$50,000.

As at the Latest Practicable Date, Ms. Mak held 21,394,500 Options, and none of these Options has yet been exercised, lapsed or cancelled. The exercise of these Options in full on the Latest Practicable Date would result in her interests in 21,394,500 Shares, representing approximately 0.39% of the entire issued share capital of the Company. Save as disclosed above, Ms. Mak was not interested in any Shares or underlying shares in or any debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO, nor does she have any relationship with any Directors, senior management, substantial or controlling shareholders of the Company.

There is no information relating to Ms. Mak that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules and there is no other matter that needs to be brought to the attention of Shareholders.

This Appendix II serves as an explanatory statement, as required by the Listing Rules, to provide requisite information for you to make informed decision on whether to vote for or against the ordinary resolution to approve the Repurchase Mandate at the AGM.

## **1. REPURCHASE OF SECURITIES FROM CONNECTED PARTIES**

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their own shares on the Stock Exchange subject to certain restrictions and obtaining prior Shareholders' approval. The Listing Rules, however, prohibit a company from knowingly purchasing securities on the Stock Exchange from a connected person and a connected person is prohibited from knowingly selling his securities to the Company.

## **2. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 5,455,375,891 fully paid Shares.

Subject to the passing of the proposed resolution for the approval of the Repurchase Mandate and on the basis that no further Shares are issued or repurchased by the Company prior to the AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 545,537,589 fully paid Shares, representing 10% of the total issued Shares as at the date of the AGM.

## **3. REASONS FOR THE REPURCHASE**

Although Directors have no present intention to repurchase any Shares, Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders as a whole. An exercise of the Repurchase Mandate may, depending on market conditions and funding arrangements at the time being, lead to an enhancement of net assets per Share and/or earnings per Share. Such repurchase will only be made when the Directors believe that a repurchase will benefit the Company and the Shareholders as a whole.

## **4. FUNDING OF REPURCHASES**

Pursuant to the Repurchase Mandate, repurchases would be funded entirely from the Company's available cash flow or working capital facilities which will be funds legally available under the applicable laws of Cayman Islands, Hong Kong and the Memorandum of Association and Articles of Association for such purpose.

The Repurchase Mandate may, depending on market conditions and funding arrangements at the time being, lead to an enhancement of net assets value of the Company and its net assets and/or earnings per Share and will only be made when the Directors believe that a repurchase of Shares will benefit the Company and the Shareholders as a whole. An exercise of the Repurchase Mandate in full could have a material adverse impact on the working capital and gearing position of the Company compared with that as at 30



June 2012, being the date of its latest published audited consolidated accounts. The Directors do not intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

## **5. SHARE PRICES**

The highest and lowest prices at which the Shares have traded on the Stock Exchange in each of the previous twelve calendar months were as follows:

	<b>Share prices</b>	
	<b>Highest</b> <i>(HK\$)</i>	<b>Lowest</b> <i>(HK\$)</i>
<b>2011</b>		
November	0.391	0.346
December	0.368	0.317
<b>2012</b>		
January	0.357	0.293
February	0.350	0.283
March	0.390	0.305
April	0.315	0.205
May	0.212	0.182
June	0.208	0.180
July	0.203	0.180
August	0.201	0.159
September	0.165	0.153
October	0.188	0.156
November (up to and including the Latest Practicable Date)	0.231	0.165

## **6. DISCLOSURE OF INTERESTS**

None of the Directors or, to the best of their knowledge and having made all reasonable enquiries, any of their associates, have any present intention to sell to the Company or its subsidiaries any of the Shares in the Company in the event that the Repurchase Mandate is approved at the AGM and exercised.

Further, no connected persons of the Company have notified the Company that they have present intention to sell any Shares to the Company nor any such connected persons have undertaken not to sell any of the Shares held by him to the Company in the event that the Repurchase Mandate is approved.

**7. DIRECTORS' UNDERTAKING AND MINIMUM PUBLIC HOLDING**

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules, the Articles of Association and the applicable laws of Cayman Islands and Hong Kong.

The Company will not repurchase Shares which would result in the amount of Shares held by the public being reduced to less than 25%.

At as the Latest Practicable Date, Directors have no intention to repurchase any Shares under the Repurchase Mandate.

**8. EFFECTS OF THE TAKEOVERS CODE**

If a Shareholder's proportionate interest in the voting rights of the Company increases upon the Company exercising its powers to repurchase Shares pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rules 26 and 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, Best Global Asia Limited, a company wholly owned by Mr. Lam Kwok Hing, who is the Chairman, the Chief Executive Officer and executive Director of the Company, held about 11.54% of the Shares, and World Invest Holdings Limited, a company wholly owned by Ms. Lee Choi Lin, Joecy, who is an executive Director, held about 4.09% of the Shares. Ms. Lee is the spouse of Mr. Lam and pursuant to the SFO, they are deemed to be interested in the Shares held by the other. Accordingly, each of them is deemed to be interested in aggregate about 15.63% of the issued Shares. Although the Directors have no present intention to repurchase any Shares pursuant to the Repurchase Mandate, if the Directors were to exercise the Repurchase Mandate in full, such Shares would represent approximately 17.36% of the then issued share capital of the Company, which would not give rise to an obligation of them to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors are not aware of any consequences which the exercise in full of the Repurchase Mandate would arise under the Takeovers Code.

**9. SHARES REPURCHASE MADE BY THE COMPANY**

No repurchases of Shares have been made by the Company (whether on the Stock Exchange or otherwise) during the six months immediately prior to the Latest Practicable Date.

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## THE AGM NOTICE

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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: 0197)

### NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an annual general meeting (the “**AGM**”) of Heng Tai Consumables Group Limited (the “**Company**”) will be held at InterContinental Hong Kong, Function Room – Catalpa, Second Floor, 18 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong on Friday, 21 December 2012 at 10:30 a.m. to transact the following business:

#### AS ORDINARY BUSINESS

1. to receive, consider and adopt the audited consolidated financial statements and the reports of the directors of the Company (the “**Directors**”) and auditor for the financial year ended 30 June 2012;
2.
  - (a) to re-elect Ms. Hung Sau Yung Rebecca as executive Director;
  - (b) to re-elect Ms. Gao Qin Jian as executive Director;
  - (c) to re-elect Mr. John Handley as independent non-executive Director;
  - (d) to re-elect Ms. Mak Yun Chu as independent non-executive Director;
  - (e) to authorise the board of Directors (“**Board**”) to fix the remuneration of Directors;
3. to re-appoint auditor and to authorise the Board to fix their remuneration;

#### AS SPECIAL BUSINESS

4. to consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT:**

- (a) subject to paragraph (c) below, pursuant to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with unissued shares of the Company of HK\$0.01 each (the “**Shares**”) and to make or grant offers, agreements, options, warrants

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## THE AGM NOTICE

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and other securities to subscribe for or convertible into Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;

- (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements, options, warrants and other securities to subscribe for or convertible into Shares which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the exercise of any options granted under the share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares, shall not exceed the aggregate of:
  - (aa) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and
  - (bb) (provided that resolution nos. 5 and 6 are passed) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution), and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (d) for the purposes of this resolution:

**“Relevant Period”** means the period from the date of the passing of this resolution until whichever is the earliest of:

  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws of Cayman Islands to be held; and
  - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution;

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## THE AGM NOTICE

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**“Rights Issue”** means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register of members on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange).”

5. to consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

**“THAT:**

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as defined below) of all powers of the Company to purchase the Shares on the Stock Exchange or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong (the “SFC”) and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the SFC, the Stock Exchange and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which may be purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period (as defined below) shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purposes of this resolution:

**“Relevant Period”** means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law of Cayman Islands to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.”

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## THE AGM NOTICE

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6. to consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** subject to the ordinary resolution nos. 4 and 5 above being duly passed, the unconditional general mandate granted to the Directors to exercise the powers of the Company to allot, issue and deal with unissued Shares pursuant to resolution no. 4 above be and is hereby extended by the addition thereon of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company subsequent to the passing of this resolution, provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the issued Shares on the date of the passing of resolution no. 5.”

7. to consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** subject to and conditional upon the Stock Exchange granting approval of the listing of, and permission to deal in, the shares in the share capital of the Company to be issued pursuant to the exercise of options which may be granted under the Refreshed Scheme Mandate Limit (as defined below), the refreshment of the limit in respect of the granting of share options under the existing share option scheme (the “**Scheme**”) of the Company adopted on 21 December 2009 up to a new 10 per cent. limit (the “**Refreshed Scheme Mandate Limit**”) be approved provided that:

- (a) the total number of shares in the share capital of the Company which may be issued upon exercise of options to be granted under the Scheme after the date of the passing of this resolution must not exceed 10 per cent. of the number of shares in the share capital of the Company in issue as at the date of passing this resolution;
- (b) options granted prior to the date of passing this resolution under the Scheme (including without limitation those outstanding, cancelled, lapsed or exercised in accordance with the Scheme or such other scheme(s) of the Company) shall not be counted for the purpose of calculating the Refreshed Scheme Mandate Limit; and
- (c) any director of the Company be and is hereby authorised to do such act and execute such document to effect the Refreshed Scheme Mandate Limit.”

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

Hong Kong, 21 November 2012

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## THE AGM NOTICE

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*Registered office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Head office and principal place of  
business in Hong Kong:*

31st Floor  
Guangdong Finance Building  
88 Connaught Road West  
Sheung Wan  
Hong Kong

*Notes:*

1. A member of the Company, who is the holder of two or more Shares, entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and vote in his stead. A proxy can vote on a poll. A proxy need not be a member of the Company. If more than one proxy is appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is appointed.
2. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, and deposit the same at the branch share registrar and transfer office of the Company in Hong Kong, Union Registrars Limited, at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong ("**Branch Share Registrar**") as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof.
3. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the AGM or any adjournment thereof, should he so wish. In such event, the instrument appointing the proxy shall be deemed to be revoked.
4. The register of members of the Company will be closed from Thursday, 20 December 2012 to Friday, 21 December 2012 (both days inclusive) during which no transfer of Shares will be registered. The record date for determining shareholders of the Company who will be entitled to attend the AGM will be on Friday, 21 December 2012. In order to qualify for attending and voting at the AGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Branch Share Registrar for registration not later than 4:00 p.m. on Wednesday, 19 December 2012.
5. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.