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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 proxy form 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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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) RE-ELECTION OF DIRECTORS;
(2) GENERAL MANDATES TO ISSUE AND BUY-BACK SHARES;
AND
(3) NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the AGM of the Company to be held at Pacific Room on 2/F, Island Pacific Hotel, 152 Connaught Road West, Hong Kong on Friday, 20 December 2019 at 10:30 a.m. is set out on pages 18 to 23 of this circular. A proxy form for use at the AGM is enclosed with this circular and is also published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.hengtai.com.hk.

Whether or not you are able to attend the AGM, you are advised to complete the proxy form in accordance with the instructions printed thereon and deposit the same at the Branch Share Registrar, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, 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 proxy form will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

31 October 2019

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Accompanying document – Proxy form for the AGM

EXPECTED TIMETABLE

Latest time for lodging transfers of Shares in order to qualify
for attending and voting at the AGM 4:00 p.m. on Monday,
16 December 2019

Record Date for determination of entitlements to attend
and vote at the AGM Monday, 16 December 2019

Latest time for lodging the proxy forms
for use at the AGM 10:30 a.m. on Wednesday,
18 December 2019

Date and time of the AGM 10:30 a.m. on Friday,
20 December 2019

Announcement of the poll results of the AGM to be
posted on the website of the Stock Exchange
at www.hkexnews.hk and the Company's
website at www.hengtai.com.hk after 4:30 p.m. on Friday,
20 December 2019

Notes:

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

DEFINITIONS

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 Pacific Room on 2/F, Island Pacific Hotel, 152 Connaught Road West, Hong Kong on Friday, 20 December 2019 at 10:30 a.m.
“AGM Notice”	the notice dated 31 October 2019 convening the AGM set out on pages 18 to 23 of this circular
“AGM Record Date”	Monday, 16 December 2019, being the record date for determining entitlements of the Shareholders to attend and vote at the AGM
“Articles of Association”	the articles of association of the Company as amended, supplemented or modified from time to time, and “Article” shall mean an article of the Articles of Association
“associate”	has the meaning ascribed to this term under the Listing Rules
“Best Global”	Best Global Asia Limited, a company incorporated in the BVI with limited liability and its entire issued share capital is beneficially owned by Mr. Lam
“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 Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong
“Buy-back Mandate”	the general and unconditional mandate proposed to be granted to the Directors at the AGM to exercise the powers of the Company to buy-back Shares up to a maximum number equivalent to 10% of the number of shares in issue in the manner set out in the ordinary resolution number 5 of the AGM Notice

DEFINITIONS

“BVI”	British Virgin Islands
“Company”	Heng Tai Consumables Group Limited, a company incorporated in the Cayman Islands with limited liability and its issued Shares are listed on the main board of the Stock Exchange
“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
“Glazy Target”	Glazy Target Limited, a company incorporated in the BVI with limited liability and its entire issued share capital is beneficially owned by Mr. Chan
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Mandate”	the general and unconditional mandate proposed to be granted to the Directors at the AGM to allot, issue and/or deal with Shares in the manner set out in the ordinary resolution number 4 of the AGM Notice
“Latest Practicable Date”	25 October 2019, 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
“Mr. Chan”	Mr. Chan Cheuk Yu Stephen, an Executive Director of the Company

DEFINITIONS

“Mr. Lam”	Mr. Lam Kwok Hing, the Chairman, Executive Director and Chief Executive Officer and of the Company
“New Scheme”	the existing share option scheme of the Company adopted on 21 December 2018
“Old Scheme”	the old share option scheme of the Company adopted on 21 December 2009 and terminated on 21 December 2018
“Optionholder(s)”	holder(s) of the Options
“Option(s)”	the option(s) granted under the Old Scheme and New Scheme and outstanding to subscribe for Shares in accordance with the terms thereof
“PRC”	the People’s Republic of China, which for the purpose of this circular, shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
“Register”	the register of members of the Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“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 Codes on Takeovers and Mergers and Share Buy-Backs published by the Securities and Futures Commission of Hong Kong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Lam Kwok Hing (*Chairman*)

Ms. Lee Choi Lin Joecy

Ms. Gao Qin Jian

Mr. Chan Cheuk Yu Stephen

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Independent non-executive Directors:

Ms. Mak Yun Chu

Mr. Poon Yiu Cheung Newman

Mr. Hung Hing Man

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

31st Floor

Guangdong Finance Building

88 Connaught Road West

Sheung Wan

Hong Kong

31 October 2019

To the Shareholders,

Dear Sirs or Madam

**(1) RE-ELECTION OF DIRECTORS;
(2) GENERAL MANDATES TO ISSUE AND BUY-BACK SHARES;
AND
(3) 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.

LETTER FROM THE BOARD

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 Issue Mandate; (iii) the grant of the Buy-back Mandate; and (iv) the extension of the Issue Mandate to include Shares that may be bought-back pursuant to the Buy-back Mandate.

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.

The Nomination Committee of the Company, when recommending candidates including proposing independent non-executive directors, for re-election as a member of the Board at the AGM, has considered the candidates' commitment to their respective roles and functions and a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. Accordingly, the Nomination Committee has proposed three directors, Mr. Lam Kwok Hing, Mr. Chan Cheuk Yu Stephen and Mr. Poon Yiu Cheung Newman, who will retire from their offices by rotation at the AGM and being eligible, to be re-elected at the AGM. Having considered the recommendation of the Nomination Committee and with due regard for the benefits of diversity, the Board is satisfied that each of the proposed Directors has contributed effectively to the operation of the Board in the past year and believes that the re-election of such proposed Directors will allow the Board to continuously benefit from the sharing of their invaluable experience, contribution and participation.

Separate ordinary resolutions will be proposed for each of their re-elections and their particulars of perspectives, skills and experience that they can bring to and contribute to the diversity of the Board are set out in Appendix I to this circular. As Mr. Poon Yiu Cheung Newman, 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.

LETTER FROM THE BOARD

3. THE ISSUE MANDATE AND THE BUY-BACK MANDATE

The Issue Mandate and the Buy-back Mandate shall be effective until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) 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
- (iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors.

The Issue Mandate

As at the Latest Practicable Date, the Company has an aggregate of 1,872,696,182 Shares in issue and 45,448,000 Options were outstanding entitling the holders to convert into 45,448,000 Shares.

Subject to the passing of the proposed resolution to grant the Issue 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 (i) 374,539,236 Shares, representing 20% of the number of issued Shares at the time of the passing of the resolution approving the Issue Mandate on the basis that no further Shares will be issued or bought-back by the Company prior to the AGM, and (ii) 383,628,836 Shares, representing 20% of the number of issued Shares at the time of the passing of the resolution approving the Issue Mandate on the basis that all Optionholders have exercised their right and converted all Options into Shares prior to the date of the AGM.

A further resolution, if approved at the AGM, will extend the maximum number of Shares that may be issued under the Issue Mandate set out above by the number of Shares which may be bought-back by the Company under the Buy-back Mandate as described below.

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

LETTER FROM THE BOARD

The Buy-back Mandate

Subject to the passing of the proposed resolution to grant the Buy-back Mandate to the Directors and in accordance with the terms therein, the Company would be allowed to buy-back up to a maximum of (i) 187,269,618 Shares, representing 10% of the number of issued Shares at the time of the passing of the resolution approving the Buy-back Mandate on the basis that no further Shares will be issued or bought-back by the Company prior to the AGM and (ii) 191,814,418 Shares, representing 10% of the number of issued Shares at the time of the passing of the resolution approving the Buy-back Mandate on the basis that all Optionholders have exercised their right and converted all Options into Shares prior to the date of 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 Buy-back Mandate to the Directors. The explanatory statement is set out in Appendix II to this circular.

4. THE AGM AND RECORD DATE FOR THE AGM

The AGM will be held at Pacific Room on 2/F, Island Pacific Hotel, 152 Connaught Road West, Hong Kong on Friday, 20 December 2019 at 10:30 a.m. The AGM Notice giving you notice of the AGM is set out on pages 18 to 23 of this circular.

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

Union Registrars Limited
Suites 3301-04, 33/F.,
Two Chinachem Exchange Square,
338 King's Road, North Point,
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 proxy form will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

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:

- (i) are not on the agenda of the AGM or in any supplementary circular to members; and
- (ii) 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.

To qualify for attending and voting at the AGM, a Shareholder must be registered as a member of the Company on the Record Date. The latest time for lodging transfers of Shares in order to qualify for attending and voting at the AGM is 4:00 p.m. on Monday, 16 December 2019.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the matters to be proposed at the AGM or is required to abstain from voting.

5. 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.

6. 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 Issue 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.

LETTER FROM THE BOARD

The Buy-back 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 buy-back of Shares will benefit the Company and the Shareholders as a whole. An exercise of the Buy-back 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 2019, being the date of its latest published audited consolidated accounts. The Directors do not, however, intend to make any buy-back in circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

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 Issue Mandate and the Buy-back Mandate 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

Mr. Lam Kwok Hing

Mr. Lam Kwok Hing, aged 63, is the Chairman, Managing Director, Executive Director and the Chief Executive Officer of the Company. He is a member of the Remuneration Committee and the Nomination Committee of the Company. Mr. Lam has been appointed the Executive Director since April 2001 and is the overall strategic visionary of the Group. He also holds certain directorships in the subsidiaries of the Company. Mr. Lam founded the original group company with other founding shareholders in 1994. He manages the strategic planning, corporate policy development, marketing strategy and high level management for the Group's macro business activities. Over the past decade, Mr. Lam was instrumental in shaping the development and evolution of the Group and building the business from a small-scale packaged food trading house to an integrated distribution and logistics enterprise. Since March 2012, the Board has appointed Mr. Lam as Chief Executive Officer in view of Mr. Lam's in-depth experience in the industry and the Group's overall operation. In the context of the challenging business environment, the Board believes that the arrangement would provide the Group with strong and consistent leadership, and allow for effective and efficient planning and implementation of business decisions and strategies which can general benefits for the Group and the shareholders as a whole. Mr. Lam is the spouse of Ms. Lee Choi Lin Joecy, who is also the Executive Director and co-founder of the Company. Mr. Lam is also a director of Best Global, a substantial shareholder of the Company within the meaning of Part XV of the SFO.

Mr. Lam has not held any other directorships in listed public companies in the past three years. Save that Mr. Lam is the spouse of Ms. Lee, Mr. Lam does not have any relationship with any Directors, senior management, substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Lam had a total interest of 275,078,914 Shares held by Best Global, which was wholly and beneficially owned by Mr. Lam, representing approximately 14.69% of the total issued Shares. Save as disclosed above, Mr. Lam 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.

Mr. Lam has entered into a service agreement with the Company for an initial term of three years commencing on 1 July 2001 renewable automatically for successive terms of one year after the expiry of the then current term until terminated by not less than three months' notice in writing served by either party. He is subject to retirement by rotation and re-election at annual general meetings at least once for every three years in accordance with the Articles of Association. Mr. Lam is entitled to a director's emolument, a discretionary management bonus and retirement fund scheme which are determined by reference to prevailing market rate, his time, effort and expertise devoted to the Company's affairs and the Company's remuneration policy and subject to review by the Remuneration Committee from time to time. For the financial year ended 30 June 2019, Mr. Lam was entitled to receive a total director's emoluments of approximately HK\$2,894,000.

Save as disclosed above, there is no information in relation to the re-election of Mr. Lam which is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules and there are no other matters which need to be brought to the attention of the Shareholders.

Mr. Chan Cheuk Yu Stephen

Mr. Chan Cheuk Yu Stephen, aged 42, has been appointed the Executive Director since February 2017 and holds certain directorships in the subsidiaries of the Company. Mr. Chan received his Bachelor's degree with first honour in Financial Economics from Coventry University, UK and a Master's degree in Finance from University of London, Imperial College of Science, Technology and Medicine. He was an executive director of the institutional sales of a reputable brokerage firm immediately prior to joining the Company. He has more than 12 years' experience in investment banking, securities, IPOs, corporate actions and derivatives.

Mr. Chan has not held any other directorships in listed public companies in the past three years nor does he have any relationship with any Directors, senior management, substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Chan had a total interest of 492,955,073 Shares held by Glazy Target, which was wholly and beneficially owned by Mr. Chan, representing approximately 26.32% of the total issued Shares. Save as disclosed above, Mr. Chan 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.

Mr. Chan has entered into a service agreement with the Company for a term of three years commencing from 6 February 2017. He is subject to retirement by rotation and re-election at annual general meetings at least once for every three years in accordance with the Articles of Association. Mr. Chan is entitled to a director's emolument, a discretionary management bonus and retirement fund scheme which are determined by reference to prevailing market rate, his time, effort and expertise devoted to the Company's affairs and the Company's remuneration policy and subject to review by the Remuneration Committee from time to time. For the financial year ended 30 June 2019, Mr. Chan was entitled to receive a total director's emoluments of approximately HK\$1,818,000.

Save as disclosed above, there is no information in relation to the re-election of Mr. Chan which is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules and there are no other matters which need to be brought to the attention of the Shareholders.

Mr. Poon Yiu Cheung Newman

Mr. Poon Yiu Cheung Newman, aged 65, has been appointed the Independent Non-executive Director since November 2003. He is also a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. Mr. Poon received his Bachelor of Arts Degree, majoring in accounting and economics from the University of Alberta in Canada. Mr. Poon was a senior executive in a multinational insurance company and now holds a senior accounting position in a renowned hotel and has over 30 years' experience in insurance and accounting.

Mr. Poon has not held any other directorships in listed public companies in the past three years nor does he have any relationship with any Directors, senior management, substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Poon held 1,560,000 Options. The exercise of these Options in full would result in his interests in 1,560,000 Shares, representing approximately 0.08% of the entire issued share capital of the Company. Save as disclosed above, Mr. Poon 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.

Mr. Poon has entered into a service agreement with the Company for a term of three years commencing on 26 November 2018. He is subject to retirement by rotation and re-election at annual general meetings at least once for every three years in accordance with the Articles of Association. Pursuant to the service agreement, Mr. Poon is entitled to receive a director's fee which was determined by reference to prevailing market rate, his time, effort and expertise devoted to the Company's affairs and the Company's remuneration policy and subject to review by the Remuneration Committee from time to time. For the financial year ended 30 June 2019, Mr. Poon was entitled to receive a director's fee of HK\$150,000.

The Board noted that Mr. Poon has served the Company for more than 9 years. The Company has continued to receive a written confirmation on his independence from Mr. Poon annually. Mr. Poon fully satisfied with 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 considered that Mr. Poon is still independent and should be re-elected as an independent non-executive Director at the AGM. The re-appointment of Mr. Poon 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. Save as disclosed above, there is no information in relation to the re-election of Mr. Poon which is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules and there are no other matters which need to be brought to the attention of the 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 Buy-back Mandate at the AGM.

1. BUY-BACK OF SECURITIES FROM CONNECTED PARTIES

The Listing Rules permit companies whose primary listings are on the Stock Exchange to buy-back 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 buying-back securities on the Stock Exchange from a connected person and a connected person is prohibited from knowingly selling his/her securities to the Company.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,872,696,182 fully paid Shares and 45,448,000 Options were outstanding entitling the holders to convert into 45,448,000 Shares.

Subject to the passing of the proposed resolution for the approval of the Buy-back Mandate, (i) on the basis that no further Shares are issued or bought-back by the Company prior to the AGM, the Company will be allowed under the Buy-back Mandate to buy-back a maximum of 187,269,618 fully paid Shares, representing 10% of the total number of issued Shares as at the date of the AGM and (ii) on the basis that all Optionholders have exercised their right and converted all Options into Shares prior to the date of the AGM, the Company will be allowed under the Buy-back Mandate to buy-back a maximum of 191,814,418 Shares, representing 10% of the number of issued Shares as at the date of the AGM.

3. REASONS FOR THE BUY-BACK

Although Directors have no present intention to buy-back any Share, Directors believe that the Buy-back Mandate is in the best interests of the Company and the Shareholders as a whole. An exercise of the Buy-back 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 buy-back will only be made when the Directors believe that a buy-back will benefit the Company and the Shareholders as a whole.

4. FUNDING OF BUY-BACK

Pursuant to the Buy-back Mandate, buy-back 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 Buy-back 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 buy-back of Shares will benefit the Company and the Shareholders as a whole. An exercise of the Buy-back 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 2019, being the date of its latest published audited consolidated accounts. The Directors do not intend to make any buy-back 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:

	Share prices	
	Highest (HK\$)	Lowest (HK\$)
2018		
October	0.350	0.220
November	0.285	0.217
December	0.285	0.230
2019		
January	0.275	0.231
February	0.270	0.235
March	0.270	0.210
April	0.265	0.220
May	0.246	0.212
June	0.237	0.212
July	0.242	0.225
August	0.233	0.191
September	0.220	0.174
October (up to and including the Latest Practicable Date)	0.218	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 Buy-back 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 Buy-back 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 buy-back pursuant to the Buy-back 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 buy-back 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 buy-back any Shares under the Buy-back Mandate.

8. EFFECTS OF THE TAKEOVERS CODE

If, as a result of a share buy-back, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder, or group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the interest of the Shareholder(s) but subject to the latitude provided by the 2% creeper provision under Rule 26 of the Takeovers Code, could obtain or consolidate control of the Company and thereby become obliged to make a mandatory general offer in accordance with Rule 26 of the Takeovers Code and the provisions thereof may otherwise apply as a result of any such increase.

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, Best Global, a company wholly owned by Mr. Lam, held about 14.69% of the issued Shares; Glazy Target, a company wholly owned by Mr. Chan, held about 26.32% of the issued Shares. If Mr. Lam and Mr. Chan act in concert (the “**Concert Group**”), they would be interested in approximately 41.01% of the total number of issued Shares. In the event that the Directors exercised the Buy-back Mandate in full, the shareholdings of the Concert Group would become approximately 45.57% of the total number of issued Shares. As a result of the exercise of the Buy-back Mandate in full, the Concert Group would become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Assuming all Optionholders have exercised their right and converted all Options into Shares prior to the date of the AGM, the Concert Group would become interested in approximately 40.04% of the total number of issued Shares. As a result of the exercise of the Buy-back Mandate in full, the Concert Group would still become obliged to make a mandatory general offer in accordance with Rules 26 of the Takeovers Code. However, it is not the present intention of the Directors to exercise the Buy-back Mandate in such manner as to trigger off any general offer obligations.

Save as disclosed above, the Directors are not aware of any consequences which the exercise in full of the Buy-back Mandate would arise under the Takeovers Code.

9. SHARES BUY-BACK MADE BY THE COMPANY

No buy-back 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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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)

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 Pacific Room on 2/F, Island Pacific Hotel, 152 Connaught Road West, Hong Kong on Friday, 20 December 2019 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 2019;
2.
 - (a) to re-elect Mr. Lam Kwok Hing as an Executive Director;
 - (b) to re-elect Mr. Chan Cheuk Yu Stephen as an Executive Director;
 - (c) to re-elect Mr. Poon Yiu Cheung Newman as an Independent Non-executive Director; and
 - (d) to authorise the board of Directors (“**Board**”) to fix the remuneration of Directors;
3. to re-appoint the Company’s auditor and to authorise the Board to fix their remuneration;

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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**”), all applicable laws and the articles of associations of the Company, 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 (the “**Shares**”) or securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares or such convertible securities, 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 number of Shares which may be 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 number of issued Shares on the date of the passing of this resolution; and

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- (bb) (provided that resolutions no. 5 and 6 are passed) the number of issued Shares bought-back by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the number of Shares 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;

“**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).”

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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 buy-back 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, all other applicable laws and the articles of association of the Company in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the number of Shares which may be bought-back 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 number of issued Shares 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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6. to consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** subject to the ordinary resolutions no. 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 the number of issued Shares bought-back by the Company subsequent to the passing of this resolution, provided that such amount shall not exceed 10 per cent. of the number of the issued Shares on the date of the passing of resolution no. 5.”

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

Hong Kong, 31 October 2019

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

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Notes:

1. A member of the Company 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 proxy form 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 Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, 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.
3. Completion and return of a proxy form 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 record date for determining shareholders of the Company who will be entitled to attend and vote at the AGM will be Monday, 16 December 2019 and the latest time for lodging transfers of Shares in order to qualify for attending and voting at AGM will be 4:00 p.m. on Monday, 16 December 2019.
5. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 7:00 a.m. on the date of the AGM, the meeting will be postponed. The Company will post an announcement on the website of Company at www.hengtai.com.hk and on the website of the Stock Exchange at www.hkexnews.hk to notify Shareholders of the date, time and place of the rescheduled meeting.
6. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.