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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

**If you have sold or transferred** all your shares in Heng Tai Consumables Group Limited, you should at once hand this circular with the accompanying proxy form to the purchaser or transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or 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) MAJOR TRANSACTION PROPOSED EXTENSION OF THE MATURITY DATE OF THE 6% BOND DUE 2020 ISSUED BY CHINA HEALTHWISE HOLDINGS LIMITED AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

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Capitalised terms used in this cover page have the same meanings as defined in this circular.

A letter from the Board is set out on pages 7 to 33 of this circular.

The notice convening the EGM of the Company to be held at Pacific Room, 2/F, Island Pacific Hotel, 152 Connaught Road West, Hong Kong on Wednesday, 7 October 2020 at 10:30 a.m. is set out on pages 44 to 47 in this circular and a proxy form for use at the EGM is enclosed. Whether or not you intend to attend the EGM, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon together with any power of attorney or other authority (if any) under which it is signed or a certified copy of such power of attorney to the office of 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 but in any event not less than 48 hours before the time scheduled for the EGM or any adjournment thereof.

Completion and return of the proxy form will not preclude you from attending or voting in person at the EGM or any adjourned meeting thereof should you so wish.

#### PRECAUTIONARY MEASURES FOR THE EGM

In view of the ongoing COVID-19 pandemic and with a view to minimize the Shareholders' and attendees' risk of infection, the Company will implement the following precautionary measures at the EGM:

- (1) Compulsory temperature screening/checks and compulsory health declaration
- (2) Compulsory wearing of surgical face mask prior to admission and throughout the EGM – no mask will be provided at the EGM venue
- (3) Seat will be assigned at the EGM venue to ensure social distancing
- (4) No distribution of corporate gifts
- (5) No provision of refreshments or drinks or refreshment packs
- (6) Hand sanitizers will be provided at the EGM venue

Attendees who do not comply with the above precautionary measures may be denied entry into the EGM venue, at the absolute discretion of the Company as permitted by the laws of Hong Kong.

**For the health and safety of Shareholders, the Company encourages Shareholders to exercise their right to vote at the EGM by appointing the Chairman of the EGM as their proxy and to return their proxy forms by the time specified herein, or through HKSCC Nominees Limited by giving instructions to their brokers and custodians, instead of attending the EGM in person.**

The Company will keep the evolving COVID-19 situation under review and may implement additional measures which it will announce closer to the date of the EGM (if any).

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## PRECAUTIONARY MEASURES FOR THE EGM

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For the health and safety of Shareholders, the Company encourages Shareholders to exercise their right to vote at the EGM by appointing the Chairman of the EGM as their proxy and to return their proxy forms by the time specified herein, or through HKSCC Nominees Limited by giving instructions to their brokers and custodians, instead of attending the EGM in person.

In view of the ongoing COVID-19 pandemic and with a view to minimize the Shareholders' and attendees' risk of infection, the Company will implement the following precautionary measures at the EGM:

- (1) Compulsory temperature screening/checks and compulsory health declaration. Anyone with a body temperature above the reference range quoted by the Department of Health, Hong Kong from time to time, or is exhibiting flu-like symptoms may be denied entry into the EGM venue and be requested to leave the EGM venue;
- (2) Compulsory wearing of surgical face mask prior to admission and throughout the EGM. Please note that no mask will be provided at the EGM venue;
- (3) A seat will be assigned to each attendee at the EGM venue to ensure social distancing;
- (4) There is no distribution of corporate gifts;
- (5) No provision of refreshments or drinks or refreshment packs at the EGM venue; and
- (6) Hand sanitizers will be provided at the EGM venue.

Attendees who do not comply with the above precautionary measures may be denied entry into the EGM venue, at the absolute discretion of the Company as permitted by the laws of Hong Kong. To the extent permitted under the laws of Hong Kong, the Company reserves the right to deny entry into the EGM venue or require any person to leave the EGM venue in order to ensure the safety of other attendees at the EGM.

The Company will keep the evolving COVID-19 situation under review and may implement additional measures which it will announce closer to the date of the EGM (if any). Shareholders should check the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and of the Company ([www.hengtai.com.hk](http://www.hengtai.com.hk)) for future announcements and updates on the EGM arrangements.

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## EXPECTED TIMETABLE

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2020

Closure of Register (both dates inclusive) . . . . . Wednesday, 30 September to  
Wednesday, 7 October

Latest time for lodging the proxy forms for  
use at the EGM . . . . . 10:30 a.m. on  
Monday, 5 October

Record Date for determination of  
entitlements to the EGM . . . . . Wednesday, 7 October

Date and time of EGM . . . . . 10:30 a.m. on  
Wednesday, 7 October

Announcement of the poll results of the EGM  
to be posted on the HKExnews website of  
the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and  
the Company's website at [www.hengtai.com.hk](http://www.hengtai.com.hk) . . . . . After 4:00 p.m. on  
Wednesday, 7 October

*Notes:*

1. All dates and time set out in this circular refer to Hong Kong dates and time.
2. 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 HKExnews website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.hengtai.com.hk](http://www.hengtai.com.hk) as and when appropriate and in accordance with the Listing Rules.
3. The EGM will be held on Wednesday, 7 October 2020 as scheduled regardless of whether or not an amber or red rainstorm warning signal is in force in Hong Kong at any time on that day. However, if Typhoon Signal No. 8 or above, or a "black" rainstorm warning or "extreme conditions after super typhoons" announced by the Hong Kong Government is/are in effect at 7:30 a.m. on the date of the EGM, the EGM will be postponed. The Company will post an announcement at the HKExnews website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.hengtai.com.hk](http://www.hengtai.com.hk) to notify Shareholders of the date, time and place of the rescheduled meeting.

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## DEFINITIONS

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

“2018 Announcements”	the announcements of the Company dated 8 October, 11 October and 22 November 2018 in relation to the subscription of the Bond by the Subscriber
“Agri-Products Business”	the trading of agri-products and the upstream farming business
“Announcements”	the announcements of the Company dated 28 August 2020 and 15 September 2020 in relation to the Supplemental Agreement and the transactions contemplated thereunder
“Board”	the board of Directors
“Bond”	the convertible bond, in the aggregate principal amount of HK\$120,000,000, which is unsecured and issued by China Healthwise to the Subscriber on 11 October 2018 of which HK\$85,500,000 remaining outstanding and held by the Subscriber as at the date of this circular
“Bondholder”	holder of the Bond
“Branch Share Registrar”	Union Registrars Limited, the branch share registrar and transfer office of the Company in Hong Kong, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong
“Business Day”	any day (excluding a Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Certificate”	the definitive certificate of the Bond

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## DEFINITIONS

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“China Healthwise”	China Healthwise Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (Stock Code: 00348)
“Company”	Heng Tai Consumables Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (Stock Code: 00197)
“Conditions Precedent”	the conditions precedent under the Supplemental Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Conversion Period”	any time up to 4:00 pm (Hong Kong time) immediately prior to and exclusive of the Maturity Date
“Conversion Rights”	the rights attached to the Bond to convert the principal amount (or any part(s) thereof) of the Bond into Conversion Shares at the Conversion Price during the Conversion Period, subject to the conditions of the Bond
“Conversion Shares”	the new shares to be allotted and issued by China Healthwise upon the exercise of the Conversion Rights
“Directors”	directors of the Company
“Effective Date”	10 October 2020 (provided only that all the Conditions Precedent have been satisfied on or before the Long Stop Date)
“EGM”	the extraordinary general meeting of the Company to be held at Pacific Room, 2/F, Island Pacific Hotel, 152 Connaught Road West, Hong Kong on Wednesday, 7 October 2020 at 10:30 a.m., or any adjournment thereof
“EGM Notice”	the notice dated 18 September 2020 convening the EGM set out on pages 44 to 47 of this circular

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## DEFINITIONS

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“FMCG Trading Business”	the trading of packaged foods, beverages, and household consumable products
“General Mandate”	the general mandate granted to the directors of China Healthwise at its annual general meeting held on 16 June 2020, to allot, issue and deal with additional ordinary shares of China Healthwise and to make or grant offers, agreements and options (including warrants, bonds, debentures, notes and other securities which carry rights to subscribe for or are convertible into ordinary shares of China Healthwise) of up to 1,556,611,672 shares of China Healthwise at par value of HK\$0.10 each
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Instrument”	the instrument dated 11 October 2018 executed by China Healthwise by way of a deed poll constituting the Bond (and includes any instrument which is executed in accordance with its provisions and expressed to be supplemental thereto, i.e. the Supplemental Bond Instrument)
“Interest Payment Date”	interest payable annually or with respect of last payment on the Maturity Date
“Issue Date”	11 October 2018
“Latest Practicable Date”	14 September 2020, being the latest practicable date prior to the publication 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
“Logistics Services Business”	the provision of cold chain logistics services and value-added post-harvest food processing

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## DEFINITIONS

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“Long Stop Date”	9 October 2020, where all of the Conditions Precedent have to be satisfied
“Material Adverse Change”	<p>(a) any change in circumstances that has, or constitutes, or would result in a Material Adverse Effect; or</p> <p>(b) any change in any relevant laws in any of the jurisdictions or sectors in which China Healthwise and/or its subsidiaries do/does business that could reasonably be expected to materially and adversely affect China Healthwise and/or its subsidiaries taken as a whole</p>
“Material Adverse Effect”	<p>a material adverse effect on:</p> <p>(a) the business, operations, prospect, property or condition (financial or otherwise) of China Healthwise and/or its subsidiaries taken as a whole;</p> <p>(b) the share price of China Healthwise;</p> <p>(c) the ability of the China Healthwise to perform its obligations under the Transaction Documents; or</p> <p>(d) the validity or enforceability of the Transaction Documents or the rights or remedies of any holder of the Bond under the Transaction Documents</p>
“Maturity Date”	10 October 2020, being the original maturity date of the Bond, and is conditionally subject to extension to 10 October 2022 (or if that day is not a Business Day, the immediately following Business Day) under the Supplemental Agreement
“Mr. Lam”	Mr. Lam Kwok Hing, the Chairman and an executive Director and the spouse of Ms. Lee Choi Lin, Joecy, an executive Director



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## DEFINITIONS

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“PRC”	the People’s Republic of China, which for the purpose of this circular shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Proposed Amendments”	the conditional amendments to the Bond as regards the extension of the Maturity Date for two years and to utilize the General Mandate in lieu of the Specific Mandate for the Conversion Shares
“Record Date”	Wednesday, 7 October 2020
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended from time to time)
“Shareholders”	holders of the Shares
“Shares”	ordinary shares in the Company of HK\$0.10 each
“Specific Mandate”	the specific mandate for the allotment and issuance of the Conversion Shares up to the original Maturity Date granted to the directors of China Healthwise by the shareholders of China Healthwise at the extraordinary general meeting of China Healthwise held on 15 November 2018
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Heng Tai Finance Limited, a wholly-owned subsidiary of the Company
“Subscription”	the subscription of the Bond pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 8 October 2018 entered into between the Subscriber and China Healthwise in relation to the subscription of the Bond
“Supplemental Agreement”	the supplemental agreement dated 28 August 2020 entered into by the Subscriber and China Healthwise in relation to the Proposed Amendments

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## DEFINITIONS

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“Supplemental Bond Instrument”	the supplemental bond instrument of the Bond which is supplemental to the Instrument to be executed by China Healthwise as a deed poll in favour of the Bondholder(s)
“Transaction Documents”	means, collectively, (a) the Subscription Agreement, (b) the Instrument, (c) the Supplemental Agreement, (d) the Supplemental Bond Instrument, and (e) the relevant documents required to be executed or delivered pursuant to such documents, and is each designated as a “Transaction Document”
“%”	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: 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

18 September 2020

*To the Shareholders*

Dear Sir or Madam,

**(1) MAJOR TRANSACTION  
PROPOSED EXTENSION OF THE MATURITY DATE OF  
THE 6% BOND DUE 2020 ISSUED BY  
CHINA HEALTHWISE HOLDINGS LIMITED  
AND  
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**I. INTRODUCTION**

Reference is made to the Announcements in relation to the Supplemental Agreement and the transactions contemplated thereunder.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with, among other things, further details of (i) the Supplemental Agreement and the transactions contemplated thereunder (including the right to exercise the Conversion Rights by the Subscriber), and (ii) a notice convening the EGM.

As stated in the 2018 Announcements, China Healthwise as issuer and the Subscriber as subscriber entered into the Subscription Agreement in relation to the issue and subscription of the Bond. The Bond in the principal amount of HK\$120,000,000 was issued to the Bondholder pursuant to the Subscription Agreement on 11 October 2018, and with effect from 22 November 2018, the Conversion Rights attached to the Bond have become unconditional and irrevocable.

On 24 January 2020, 28 February 2020, 19 June 2020, 28 July 2020, 6 August 2020 and 19 August 2020, China Healthwise has respectively redeemed HK\$4,000,000, HK\$4,000,000, HK\$13,000,000, HK\$3,500,000, HK\$5,000,000 and HK\$5,000,000 of the Bond. So far, China Healthwise has redeemed in total HK\$34,500,000 of the Bond and China Healthwise has paid all interest due in accordance with the terms of the Instrument. So far as the Board is aware and up to the Latest Practicable Date, China Healthwise has not committed any event of default in relation to the Bond and no adjustment event has occurred which required the adjustment to the Conversion Price.

As at the date of this circular, the aggregate principal amount of HK\$85,500,000 remains outstanding under the Bond held by the Subscriber, being the sole Bondholder.

## II. SUPPLEMENTAL AGREEMENT

On 28 August 2020, the Subscriber and China Healthwise entered into the Supplemental Agreement for amending the Subscription Agreement and the terms and conditions of the Instrument.

The principal terms of the Supplemental Agreement are as follows:

Date: 28 August 2020

Parties: the Subscriber; and  
China Healthwise

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, China Healthwise and its ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company.

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## LETTER FROM THE BOARD

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### **Proposed Amendments**

China Healthwise and the Subscriber have conditionally agreed to amend and extend the original Maturity Date of the Bond of 10 October 2020 for another two years to 10 October 2022 (or if that day is not a Business Day, the immediately following Business Day), where HK\$85,500,000 of the principal amount remaining outstanding.

Further, since China Healthwise has to utilize the General Mandate for the Conversion Shares for the extended period of the Maturity Date instead of the previous Specific Mandate which will expire on the original Maturity Date of the Bond, necessary amendments to give effect to such changes are also made to the Instrument.

Other than the extension of the Maturity Date and the amendments regarding the utilization of the General Mandate in lieu of the Specific Mandate (and the necessary administrative matters to give effect to such changes), no other terms and conditions of the Instrument constituting the Bond have been changed.

### **Conditions Precedent**

The obligations of the parties to the Supplemental Agreement including (i) the approval of the Subscriber, being the sole Bondholder, to amend the Instrument under the Supplemental Agreement, and (ii) the obligations of China Healthwise to give effect to the Proposed Amendments provided under the Supplemental Agreement is conditional upon the following conditions precedent having been satisfied on or before the Long Stop Date:

1. the passing by the Shareholders at the Company's extraordinary general meeting to be convened of the necessary resolution(s) to approve the Supplemental Agreement and the transactions contemplated thereunder;
2. the representations and warranties of China Healthwise as set out in the Subscription Agreement (as amended by the Supplemental Agreement) remaining true, accurate and not misleading in each case in accordance with their terms;
3. since the date of the Supplemental Agreement, there having been, in the opinion of the Subscriber, no Material Adverse Change;
4. the Stock Exchange having granted the listing of, and permission to deal in, the Conversion Shares to China Healthwise;
5. the Stock Exchange having granted approval for the amendments to the Bond;

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## LETTER FROM THE BOARD

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6. there exist sufficient amount of the General Mandate to be utilized for the initial conversion of the principal amount of the Bond into Conversion Shares; and
7. China Healthwise delivering to the Subscriber a cashier's order or a cheque issued by a bank licensed in Hong Kong in the amount of HK\$5,144,054.79 payable to the Subscriber, being the outstanding accrued interests on the original maturity date of the outstanding principal amount of the Bond.

The Subscriber and China Healthwise shall use their respective best endeavours to procure the fulfilment of the Conditions Precedent, and in the event that any of such conditions is not fulfilled by 5:00 p.m. on the Long Stop Date (without prejudice to the Subscriber's rights under the Supplemental Agreement, and under the Subscription Agreement and the Instrument), the Supplemental Agreement will automatically be terminated.

So far as the Board is aware and as at the Latest Practicable Date, none of the Conditions Precedent has been satisfied.

If the Supplemental Agreement is terminated, the Proposed Amendments will not become effective and China Healthwise shall redeem the entire outstanding principal amount of the Bond together with all accrued interests on 10 October 2020 (being the original Maturity Date) in accordance with the Conditions of the Bond.

As explained in the section "The Conversion Rights considered to be an option pursuant to the Listing Rules" below, the Company will seek a separate resolution of the Shareholders to approve prior to the exercise of any Conversion Rights under the Bond in compliance with Rule 14.76(2) of the Listing Rules. The two resolutions are not inter-conditional to each other. This second resolution will not affect the fulfilment of the Conditions Precedent and the Board considers it will still be in the interest of the Company and its Shareholder to proceed with the proposed extension of the Maturity Date of the Bond even if the second resolution is not passed at the EGM as further explained in that section.

### **China Healthwise's obligations on or before the Effective Date**

Subject to and upon satisfaction of the Conditions Precedent on or before the Long Stop Date, China Healthwise shall do and deliver to the Subscriber (on or before the Effective Date) the following documents with effect from the Effective Date:

- (a) an original Supplemental Bond Instrument dated the Effective Date duly executed and delivered as a deed poll by China Healthwise reflecting the Proposed Amendments;

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## LETTER FROM THE BOARD

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- (b) an original revised new Certificate duly executed by China Healthwise evidencing the principal outstanding amount of HK\$85.5 million of the Bond held by the Subscriber;
- (c) an original confirmation dated the Effective Date substantially in the form as agreed by the Subscriber;
- (d) a certified true copy of the resolutions of China Healthwise approving the terms of, the transactions contemplated by, and the execution and performance of the Supplemental Agreement and the Supplemental Bond Instrument, issuing the revised new Certificate to the Subscriber as the sole Bondholder, confirming the availability and validity of the General Mandate and the listing approval from the Stock Exchange for the Conversion Shares, and resolving that it executes and delivers all relevant documents to the Subscriber to which it is a party;
- (e) a certified true copy of the members resolutions of China Healthwise passing the necessary resolution relating to the General Mandate; and
- (f) a certified true copy of the listing approval granting the listing of, and permission to deal in, the Conversion Shares.

China Healthwise undertakes to do and deliver all the matters as set out above on or before the Effective Date. In the event that any of such matter is not fulfilled by the Effective Date (without prejudice to the Subscriber's rights under the Supplemental Agreement and under the Subscription Agreement and the Instrument), the Subscriber shall be entitled at its absolute discretion to:

- (a) demand China Healthwise to continue to complete any outstanding matter with such necessary modifications taking into account any specific circumstances giving rise to the failure to do so by China Healthwise (provided always that any of such modifications shall not in any way amend any of the terms of the Subscription Agreement, the Instrument or the Supplemental Agreement, and shall not cause any party to have committed any breach of applicable laws, rules, regulations, codes and the Listing Rules); or
- (b) treat that China Healthwise has breached the terms of the Supplemental Agreement and has failed to extend the original maturity date of the Bond, and accordingly China Healthwise shall redeem the entire outstanding principal amount of the Bond on its original maturity date together with all accrued interests.

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## LETTER FROM THE BOARD

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China Healthwise has undertaken not to redeem any of the remaining outstanding principal amount of the Bond on or before the Effective Date for so long that the Supplemental Agreement has not been terminated for whatever reasons.

The Subscriber does not have any current intention to exercise any of the Conversion Rights.

### Terms of the Bond

Outstanding principal amount:	HK\$85,500,000
	<i>Note:</i> All previously issued amount of the Bond which has been redeemed by China Healthwise has been cancelled and cannot be reissued by China Healthwise pursuant to the terms of the Bond.
Issue price:	100% of the principal amount of the Bond
Form and denomination:	The Bond is in registered form in such denomination and manner as the Subscriber may direct but in any event not less than HK\$5,000,000 each.
Interest rate:	The Bond shall bear interest on the outstanding principal amount from and including the date of its issue at 6% per annum. Interest shall be accrued daily on a 365 days basis and is payable annually or with respect to the last payment, on the Maturity Date.
Maturity Date:	10 October 2020 (proposed to be extended to 10 October 2022)
	<i>Note:</i> The Maturity Date is conditionally subject to be extended to 10 October 2022 (or if that day is not a Business Day, the immediately following Business Day) under the Supplemental Agreement.
Redemption on maturity:	Any amount of the Bond outstanding as at the Maturity Date shall be redeemed automatically on the Maturity Date at its then outstanding principal amount together with accrued interests.



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## LETTER FROM THE BOARD

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Redemption on notice by  
China Healthwise:

China Healthwise may at any time before the Maturity date by serving at least seven (7) days' prior written notice to the Bondholder with the total amount proposed to be redeemed from the Bondholder specified therein, redeem the Bond (in whole or in part) at par together with accrued interests provided always that no conversion notice has been served by the Bondholder on or prior to the date the redemption notice is served by China Healthwise to the Bondholder.

Redemption upon Event  
of Default:

If an event of default has occurred, the Bondholder may require China Healthwise to redeem all or a portion of its Bond, and China Healthwise shall, in addition to and without prejudice to any of its other payment obligations under the Instrument, pay to the Bondholder an additional amount of interest as default interest which shall be payable monthly in cash, such that a total interest rate of 10% per annum shall accrue on the aggregate unpaid principal, interest and/or other amounts owed by China Healthwise to such Bondholder from the relevant due date of such unpaid amount until the date on which has been fully paid by China Healthwise to such Bondholder.

Event of Default:

The Bond contains customary events of default provisions which provide that, on the occurrence of certain events of default specified in the terms and conditions of the Bond, the Bondholder shall be entitled to demand for immediate repayment of the principal amount outstanding under the relevant Bond.

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## LETTER FROM THE BOARD

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Status of the Bond: The Bond constitutes direct, unconditional, unsubordinated and unsecured obligations of China Healthwise and shall at all times rank pari passu and without any preference among themselves. The payment obligations of China Healthwise under the Bond shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

Conversion Period: Any time up to 4:00 pm (Hong Kong time) immediately prior to and exclusive of the Maturity Date.

Conversion Price: The conversion price at which the Bond is to be converted into a Conversion Share, which shall be HK\$0.1 per Conversion Share, subject to the adjustments provisions by multiplying the current Conversion Price with the fractions as follows:

- (i) an alteration of the nominal amount of the shares of China Healthwise by reason of any consolidation or subdivision:

$$\frac{A}{B}$$

Where:

A = the revised nominal amount of one share of China Healthwise immediately after such alteration; and

B = the nominal amount of one share of China Healthwise immediately before such alteration;

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## LETTER FROM THE BOARD

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- (ii) an issue (other than in lieu of a cash dividend) by China Healthwise of its shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account, contributed surplus account or capital redemption reserve fund):

$$\frac{C}{D}$$

Where:

C = the aggregate nominal amount of the issued shares of China Healthwise immediately before such issue; and

D = the aggregate nominal amount of the issued shares of China Healthwise immediately after such issue;

- (iii) a Capital Distribution being made by China Healthwise, whether on a reduction of capital or otherwise, to holders of its shares in their capacity as such:

$$\frac{E - F}{E}$$

Where:

E = the market price on the day on which the Capital Distribution is publicly announced; and

F = the fair market value on the day of such announcement determined by an approved merchant bank or the auditors of China Healthwise of the portion of the Capital Distribution attributable to one share of China Healthwise;

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## LETTER FROM THE BOARD

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“Capital Distribution” shall include, summarily, distributions in cash or specie, a reduction of capital, certain types of dividends (excluding issue of shares paid out of profits or reserves and issued in lieu of a cash dividend), or the grant of rights to acquire for cash assets of China Healthwise or any of its subsidiaries;

For the purpose of this and the remaining adjustment events, “market price” means the average of the closing prices of one share of China Healthwise for each of the last five dealing days on which dealings in the shares of China Healthwise on the Stock Exchange took place ending on the last such dealing day preceding the day on or as of which the market price is to be ascertained;

- (iv) an offer or grant being made by China Healthwise to holders of its shares by way of rights or options or warrants to subscribe for new shares at a price which is less than 90 per cent. of the market price:

$$\frac{G + H}{G + I}$$

Where:

G = the number of shares of China Healthwise in issue immediately before the date of the announcement of such offer or grant;

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## LETTER FROM THE BOARD

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H = the number of shares of China Healthwise which the aggregate of the amount (if any) payable for the rights or options or warrants and of the amount payable for the total number of new shares of China Healthwise comprised therein would purchase at the market price; and

I = the aggregate number of shares of China Healthwise offered or comprised in the grant;

- (v) an issue wholly for cash being made by China Healthwise of securities convertible into or exchangeable for or carrying rights of subscription for new shares, if in any case the total Effective Consideration per Share initially receivable for such securities is less than 90 per cent of the market price, or the terms of any such rights of conversion or exchange or subscription attached to any such securities being modified so that the said total Effective Consideration per share initially receivable for such securities is less than 90 per cent. of the market price:

$$\frac{J + K}{J + L}$$

J = the number of shares of China Healthwise in issue immediately before the date of the issue (or modification);

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## LETTER FROM THE BOARD

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K = the number of shares of China Healthwise which the total Effective Consideration receivable for the securities issued at the initial (or modified) conversion or exchange rate or the subscription price would purchase at such market price; and

L = the number of shares of China Healthwise to be issued upon conversion or exchange of such securities or subscription of new shares conferred by such securities at the initial (or modified) conversion or exchange rate or the subscription price;

“total Effective Consideration” for this adjustment event means the consideration receivable for such securities is less than 90% of the market price at the date of the announcement of the terms of issue (or modification) of such securities;

(vi) an issue being made by China Healthwise wholly for cash of shares at a price per share less than 90 per cent. of the market price:

$$\frac{M + N}{M + O}$$

M = the number of shares of China Healthwise in issue immediately before the date of such announcement;

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## LETTER FROM THE BOARD

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N = the number of shares of China Healthwise which the aggregate amount payable for the issue would purchase at such market price; and

O = the number of shares of China Healthwise allotted pursuant to such issue; and

- (vii) an issue being made by China Healthwise of its shares for the acquisition of asset at a total Effective Consideration per share less than 90 per cent. of the market price;

$$\frac{P/Q}{R}$$

Where:

P = the total Effective Consideration;

Q = the number of shares of China Healthwise to be issued in connection with the acquisition; and

R = the market price per share of China Healthwise;

“total Effective Consideration” for this adjustment event means the aggregate consideration credited as being paid for such shares of China Healthwise by China Healthwise on acquisition of the relevant asset without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof.

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## LETTER FROM THE BOARD

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Any adjustment to the Conversion Price shall be made to the nearest one-tenth of a cent so that any amount under half of one-tenth of a cent shall be rounded down and any amount of half of one-tenth of a cent or more shall be rounded up. No adjustment shall be made to the Conversion Price in any case in which the amount by which the same would be reduced would be less than one-tenth of cent and any adjustment which would otherwise then be required shall not be carried forward.

China Healthwise shall take all necessary action prior to carrying out any action that may render the Conversion Price being adjusted so that on conversion the Conversion Price shall fall to be issued at a discount to their nominal value, failing which China Healthwise shall compensate the Bondholder all losses as a result thereto including but not limited to such amount that the Bondholder would be entitled under the adjustment but was being prevented and all costs and expenses.

If any adjustment to be made will render the total number of the Conversion Shares exceeding the Specific Mandate, the Bondholder shall be entitled to convert up to the maximum number of the Conversion Shares and the remaining portion of the principal amount shall be redeemed on the Maturity Date on a dollar-to-dollar basis together with accrued interests.

*Note:* The conversion authority of the Conversion Shares is conditionally subject to be changed to the General Mandate under the Supplemental Agreement.



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## LETTER FROM THE BOARD

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Conversion Shares:

Based on the initial Conversion Price of HK\$0.10 per Conversion Shares, a maximum of 855,000,000 new shares may be allotted and issued by China Healthwise under the Bond upon exercise of the Conversion Rights, subject to the terms of the Instrument, or otherwise pursuant to the terms of the Instrument.

*Note:*

1. As at the Latest Practicable Date, China Healthwise has 7,704,808,360 ordinary shares of HK\$0.10 each in issue. Upon full conversion to the Conversion Shares at the initial Conversion Price, the Conversion Shares represent: (a) approximately 11.10% of the existing issued share capital of China Healthwise; and (b) approximately 9.99% of the issued share capital of China Healthwise as enlarged by the allotment and issue of the Conversion Shares to be allotted and issued upon the exercise of the Conversion Rights in full (assuming there is no other change in the share capital of China Healthwise).

For illustration purposes only, the Conversion Price of HK\$0.1 per Conversion Share represents:

- (a) a premium of approximately 69.49% over the closing price per share of China Healthwise of HK\$0.059 as quoted on the Stock Exchange on the last trading day immediately prior to the date of the Subscription Agreement;
- (b) a premium of approximately 67.22% over the average closing price per Share of HK\$0.0598 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement;
- (c) a premium of approximately 300% over the closing price of HK\$0.025 per share of China Healthwise as quoted on the Stock Exchange on the date of the Supplemental Agreement;

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## LETTER FROM THE BOARD

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- (d) a premium of approximately 284.62% over the average closing price of HK\$0.026 per share of China Healthwise as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Supplemental Agreement; and
  - (e) a premium of approximately 284.62% over the average closing price of HK\$0.026 per share of China Healthwise as quoted on the Stock Exchange on the Latest Practicable Date.
2. The Company notes that China Healthwise proposed to consolidate every 10 of its issued and unissued shares of par value of HK\$0.1 each into one share of HK\$1.0 each in its share capital. Assuming the proposed share consolidation of China Healthwise is approved by its shareholders:
- (a) a maximum of 85,500,000 new shares of par value of HK\$1.0 each may be allotted and issued by China Healthwise under the Bond upon exercise of the Conversion Rights with the adjusted Conversion Price of HK\$1.00 per consolidated share of China Healthwise, subject to the terms of the Instrument, or otherwise pursuant to the terms of the Instrument; and
  - (b) upon full conversion to the Conversion Shares at the initial Conversion Price (as adjusted after the proposed share consolidation of China Healthwise), the Conversion Shares shall also represent: (i) approximately 11.10% of the existing issued share capital of China Healthwise; and (ii) approximately 9.99% of the issued share capital of China Healthwise as enlarged by the allotment and issue of the Conversion Shares to be allotted and issued upon the exercise of the Conversion Rights in full (assuming there is no other change in the share capital of China Healthwise save and except its proposed share consolidation).

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## LETTER FROM THE BOARD

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3. For illustration purpose only and based on the public information disclosed by China Healthwise, the shareholding structure of China Healthwise as at the Latest Practicable Date and the shareholding structure assuming full conversion of the Bond by the Company are as follows:

Shareholder of China Healthwise	Number of shares of China Healthwise as at the Latest Practicable Date	Approximate percentage (%)	Number of shares of China Healthwise assuming full conversion of the Bond by the Company	Approximate percentage (%)
Eternity Finance Group Limited	1,534,328,240 <i>(Note 1)</i>	19.91%	1,534,328,240	17.92%
Other shareholders	6,170,480,120	80.09%	6,170,480,120	72.09%
The Subscriber	-	-	855,000,000	9.99%
<b>Total</b>	<b>7,704,808,360</b>	<b>100.00%</b>	<b>8,559,808,360</b>	<b>100.00%</b>

*Note 1:* These shares were registered in the name of Eternity Finance Group Limited, a wholly-owned subsidiary of Riche (BVI) Limited, which in turn is wholly-owned by Eternity Investment Limited, the shares of which are listed on the Main Board of the Stock Exchange under stock code: 764.

*Note 2:* If the proposed share consolidation of China Healthwise becomes effective, the total number of shares held by each shareholder of China Healthwise will be divided by ten and their respectively approximate percentage of shareholding will remain unchanged.

### Ranking of Conversion Shares:

The Conversion Shares will in all respects rank pari passu with the shares of China Healthwise in issue on the date of allotment and issue of such Conversion Shares and accordingly shall entitle the holders to participate in all dividends or other distributions declared, paid or made on or after the relevant conversion date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the relevant conversion date.

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## LETTER FROM THE BOARD

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- Listing: No application will be made for a listing of the Bond on the Hong Kong Stock Exchange or any other stock exchange.
- Transferability: The Bondholder may only assign or transfer the Bond to the transferee subject to the consent of China Healthwise.

### Information of China Healthwise

China Healthwise and its subsidiaries are principally engaged in sale of toys, Chinese health products, money lending business and investment in financial instruments. According to the 2019 annual report of China Healthwise published in April 2020, the Board notes that although the businesses of China Healthwise have been negatively affected by the local social unrest and the COVID-19 pandemic, China Healthwise:

- (i) would continue to invest in the health care business and to develop their retail business of “Sum Yung”(參茸) dried seafood products and other healthy food products in Hong Kong with an aim to broaden their revenue base especially to the youth generation and middle class consumers, and they expect the number of tourists to Hong Kong will rebound as soon as the situation in relation to the COVID-19 pandemic becomes stable to have a positive future impact on the retail market of Hong Kong and China Healthwise’s performance on Chinese health products. According to the 2020 interim report of China Healthwise published in August 2020, there were 10 retail shops of Nam Pei Hong as at 30 June 2020;
- (ii) had started shifting some of their production of toys from their Chinese suppliers to an Indonesia manufacturer in 2019 and are partnering with a major third party on-line reseller in 2020 to increase their on-line sales of toys (in this connection, the Board notes that China Healthwise by an announcement dated 19 August 2020 announced that they had conditionally agreed to sell their subsidiaries that carry on this line of business, which transaction has not been completed as at the Latest Practicable Date); and
- (iii) in relation to their investment in financial instruments, will change their equity portfolio mix from time to time and realise the equities held by their group into cash as and when appropriate.

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## LETTER FROM THE BOARD

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As stated in the annual report of China Healthwise as at 31 December 2019, China Healthwise had audited consolidated net assets of approximately HK\$326,673,000. The net loss before and after taxation of China Healthwise for the 9 months ended 31 December 2019 were approximately HK\$126,327,000 and HK\$126,874,000 respectively. The net loss before and after taxation of China Healthwise for the year ended 31 March 2019 were approximately HK\$106,379,000 and HK\$104,412,000 respectively.

### **Reasons for and benefits of the Proposed Amendments**

The Group is principally engaged in (i) the trading of packaged foods, beverages and household consumable products; (ii) the trading of agri-products and the upstream farming business; (iii) the provision of cold chain logistics services and value-added post-harvest food processing; and (iv) other businesses primarily arising from the securities brokerage business and the tourist retailing business.

### ***Investment opportunities of our Group and our financial resources***

Since the rate of return of the Bond is generally more favourable and higher than the interest rates of fixed deposits in Hong Kong dollars between 0.14% annualized rate per annum for 30-days fixed deposits to upto 0.83% per annum for one-year fixed deposits offered by well-recognised financial institutions in Hong Kong, the Directors are of the view that the extension of the maturity date of the Bond would continue to generate better interest income for the Group, and by extending the maturity date of the Bond, the Company can reduce additional costs, risks and workload on conducting market research, due diligence and negotiation with other third parties for similar investments in convertible securities. The Company has developed, among other business strategies, an investment plan to invest in investment products in order to better utilize the cash and current assets and seek to make a better return instead of the low interest income from depositing into financial institutions in Hong Kong and set up an investment department with an investment manager who reports directly to the Board periodically. Since 2016, the Company has been investing in various listed debt and equity securities in Hong Kong. After the Board has become familiar to the terms of the debt and equity securities and their risks and benefits, and when an investment opportunity arose to subscribe the Bond in 2018, in particular noticing the benefits of the higher interest rate being offered as compared to the lower gross rate of return of other listed debt securities of around 4-6% per annum and the fixed deposits interest rate as mentioned above, further coupled with the conversion rights the Company would be entitled to exercise, the Board considered that subscribing for the Bond, and hence seeking extension of the Bond, is clearly better than other available investment opportunities.

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## LETTER FROM THE BOARD

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As set out in the section “Material Adverse Change” in Appendix I to this circular, the Company has suffered several material adverse changes since the last audited financial results for the year ended 30 June 2019. The Board considers that the Company has sufficient available financial resources for the Group as a whole without resorting to any additional fund raising activities and extending the Bond would not create any squeeze or stress on the working capital and solvency position of the Group as a whole. Further, facing the uncertain and volatile global markets due to major countries escalating trade wars and imposing tariffs without timely advance warning where our Group’s trading business have been affected, coupled with the civil protests and coronavirus pandemic, the Board has been very prudent and expect the market condition to continue to be so in the coming months. Therefore, the Board does not wish to commit significant investments on new projects which require substantial capital expenditure or upfront investment costs, as any of these may run the risk of being jeopardized by any of the major global or local uncertain events. Therefore, this is also one of the reasons that the Board considers extending the Maturity Date of the Bond would be appropriate in the current market condition.

### ***Factors relating to China Healthwise***

Since the Conversion Rights is one of the integral terms of the Bond as the parties to the Bond has originally agreed and was issued about two years ago when trade wars between major countries and new tariffs imposed were not as severe as recently, and the Board could not have anticipated at that time the soon to happen widespread civil unrest in Hong Kong and the global coronavirus pandemic. These events all have material and adverse effect to the trading industry as a whole including our Group’s trading and logistics business and also the retail and trading business of China Healthwise. Adverse impacts come in all possible ways and channels including but not limited to trading logistics being disrupted, losing existing business partners due to closure of markets or trading channels and requiring looking for alternative business partners, increased costs, time delays, complete loss of businesses due to suppliers and/or customers closing down, reduced demand, etc. As a result of these, the business and financial results of our Group have been negatively affected, and as far as the Board is aware, China Healthwise is in more or less similar situation and the Board believes that these factors possibly contributed to the fall in the share price of China Healthwise.

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## LETTER FROM THE BOARD

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As explained above, the Board believes that the fall of the share price of China Healthwise since the issue of the Bond has in effect increased the premium of the Conversion Price as compared with the latest quoted price of China Healthwise. As the Board has explained, the Conversion Rights is one of the integral terms of the Bond which was issued about two years ago, and during the course of the term, various unknown and material effects could and actually have happened that have affected many things, from the macro global business and social community to the business and financial performance of our Group, and also of China Healthwise. The Board considers that if and when the major incidents and the adverse effects caused to the industry and the market by these major incidents could be resolved or stabilised or by adopting new measures, the market sentiment and demand could rebound and in particular, the retail and trading business of our Group and the trading of Chinese dried and health food products under the brand “Nam Pei Hong” by China Healthwise would be able to pick up lost business opportunity. Hence, the Board considers the share price of China Healthwise may pick up in the future to reflect the better business results of China Healthwise by analogy to the falling share price reflecting the deteriorating business results of China Healthwise in the past. If the share price of China Healthwise increases in the future, the premium will be lowered in the course of the extended Maturity Date of the Bond similar to the increased premium during the original course of the Bond. Further, the Board is optimistic that when the retail and trading business are resumed, terms of the cooperation plans with China Healthwise will more likely to be able to be finalized, and if so, the Company will publish announcement(s) to inform the Shareholders of the business progress.

Notwithstanding the above, the Board has no obligation to exercise any of the Conversion Rights at all and currently has no intention to exercise, and would not exercise the Conversion Rights if it is not in the interests of the Company and the Shareholders as a whole. More importantly, the Board would like to emphasize that with or without the Conversion Rights, and whether any potential cooperation with China Healthwise could be materialized or not, the proposed extension of the Maturity Date of the Bond, when lay bare, is to provide the Company a better rate of return than other potential investments with an annual interest rate of 6% and neither the Conversion Rights or potential cooperation with China Healthwise will affect this return of investments. Without this extended Bond, the Company most likely will be able to generate a meagre return on average of an aggregate of about 2% based on the possible investments of listed debt securities which are comparatively smaller in size than the Bond with the bulk of the remaining fund likely to be placed on fixed deposits. The Conversion Rights and the potential cooperation with China Healthwise will provide the Company potential benefits if the exercise of the Conversion Rights is in the interests of the Company and the Shareholders as a whole, for example, if the Conversion Price becomes comparable to the share price of China Healthwise and if the Company could expand the trading business by selling Chinese dried and health food products under the brand “Nam Pei Hang” and finalizing the cooperation with China Healthwise. Since these two factors are not certain, and if either or both fail to materialize, it would not cause any adverse effect to the Group as a whole. Therefore, taking into account all the factors explained, the Board considers that the extension of the Maturity Date of the Bond is in the interests of the Company and its Shareholders.

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## LETTER FROM THE BOARD

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In fact, the Group has been in discussion with China Healthwise for exploring the development and distribution of Chinese and other pharmaceutical products and health products in the PRC market currently sold under the brand name “Nam Pei Hong”. However, due to the civil protests in Hong Kong last year and global coronavirus pandemic this year, negotiation process have been severely affected and disrupted and the parties have not been able to finalize any terms in the meantime. Although several preliminary cooperation plans have been put forward, neither parties during the past two years were able to agree on various material and forecast variables and any potential adverse consequences that might happen caused by any of these social events or other unexpected events in the coming short to medium terms. As a result, all those negotiations and progress made became obsolete under the then and current market conditions. The Board is optimistic that the Bond to be extended would continue to strengthen the relationship between the Group and China Healthwise in their business development because the Bond creates an existing relationship between the two parties which is beneficial to the Company as explained in this circular and the Board also believes would be beneficial to China Healthwise as it provides liquidity to them. Save for the Bond, there was no cooperation between the Company and China Healthwise in the past.

### ***Other factors relating to our Group***

The Supplemental Agreement was determined by China Healthwise and the Subscriber on an arm’s length basis with reference to, among other things, (i) the interest rate of 6% per annum under the Instrument; (ii) the length of the extension of the maturity date of the Bond to 10 October 2022; and (iii) no premium, costs or any amounts will be given by either party to the other party to give effect to the Proposed Amendments.

As disclosed in the Annual Report of the Company dated 30 September 2019 (the latest financial statements of the Company), the fair value of the Bond, being an unlisted debt investments in the principal amount of HK\$120,000,000 as at 30 June 2019 has been valued by a firm of independent professional qualified valuers derived from estimations of the equity component and debt component value by using Binomial Option Pricing Model in which the credit spread derived from comparable bonds with similar maturities and credit rating by build-up method, was approximately HK\$109,774,000 as at 30 June 2019.



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## LETTER FROM THE BOARD

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The Board would like to emphasize that although the then fair value of the Bond as at 30 June 2019 was less than the nominal value of the Bond based on technical valuation model, there are other qualitative factors and issues happening in the overall global community that cannot adequately be included in its calculation and determination as to its attractiveness. The Board considered that, taking into all the factors and issues as explained in this section “Reasons for and benefits of the Proposed Amendment” as a whole, extending the Maturity Date of Bond would be in the interests of the Company and its Shareholders.

Since the Conversion Rights is one of the integral terms of the Bond, and the Company has the right, but not the obligation to exercise the Conversion Rights to convert the Bond into the shares of China Healthwise. Further, the Conversion Rights give the Company a further potential benefit to convert the Bond into the shares of China Healthwise if the Company considers it is in the interests of the Company and its Shareholders to do so.

As explained in paragraph 4 “Effects on the earnings and assets and liabilities of the Company” on Appendix I to this circular, the benefits of the Bond will give the Company an estimated interest income of approximately HK\$10.3 million during the course of the extended term of the Bond (assuming there is no early redemption or conversion of the Bond) and if the Company does exercise the Conversion Rights and convert the Bond into the shares of China Healthwise, the Company is expected to hold about 9.99% of the issued share capital of China Healthwise as enlarged by the allotment and issue of the Conversion Shares and these equity interest of the Group in China Healthwise will be accounted for as an available-for-sale financial assets booked at fair value.

Other than the Bond, the Board currently does not have any other interest, and has no intention to further increase any equity interests or securities convertible into equity interests in China Healthwise. The Board further does not anticipate seeking any board nomination to the board of China Healthwise. Given that upon full conversion, the Company will hold about 9.99% of the entire issued share capital of China Healthwise (assuming there will be no further change to its shareholding structure), the Board considers that the Company will hold such shares as investments for sale. Because of this, the Board does not have any current intention to exercise any of the Conversion Rights, and will only exercise if it is in the interests of the Company and its Shareholders as a whole. Not exercising the Conversion Rights at all will not have any adverse impact to the Company.

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## LETTER FROM THE BOARD

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### **The Conversion Rights considered to be an option pursuant to the Listing Rules**

Since the right to exercise the Conversion Rights by the Subscriber is considered to be an option pursuant to Rule 14.76(2) of the Listing Rules, as such, any exercise of the Conversion Rights by the Subscriber shall also be subject to Shareholders' approval, and a second resolution will be proposed at the EGM to approve the right to exercise the Conversion Rights by the Subscriber, in addition to the first resolution to approve the Supplemental Agreement and the transactions contemplated thereunder.

The two resolutions are not inter-conditional to each other. If the first resolution is not passed (whether or not the second resolution is passed), the proposed extension of the Maturity Date will not become effective and the Bond will be redeemed by China Healthwise on the original Maturity Date in accordance with the original terms of the Bond. If the first resolution is passed but the second resolution is not passed, the Board will proceed with the proposed extension of the Maturity Date of the Bond but the Conversion Rights will not be exercised during the extended period of the Bond. And if both resolutions are passed, the Board will proceed with the proposed extension of the Maturity Date of the Bond and will only exercise the Conversion Rights at the appropriate time and circumstances which will be in the interests of the Company and the Shareholders as a whole.

Since the Conversion Rights is one of the integral terms of the Bond, no additional cost or premium has been or will be paid by either the Subscriber or China Healthwise to the other party. As explained in the section "Reasons for and benefits of the Proposed Amendments", the Board considers that even without the right to exercise the Conversion Rights, the baseline benefits that by extending the Bond for purely steady interest income that will bring is still in the interest of the Company and its Shareholders especially in this volatile and uncertain global market conditions.

The Directors are of the view that the terms of the Supplemental Agreement and the transaction contemplated thereunder (including the right to exercise the Conversion Rights by the Subscriber) are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

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## LETTER FROM THE BOARD

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### **Listing Rules implications**

Since the Proposed Amendments under the Supplemental Agreement constitute material variation of the terms of the Bond, one of the applicable percentage ratios is more than 25% but less than 100%, the transactions contemplated under the Supplemental Agreement (including the right to exercise the Conversion Rights by the Subscriber) constitute a major transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement, circular and Shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

### **III. EGM**

The EGM will be held at 10:30 a.m. on Wednesday, 7 October 2020 at Pacific Room, 2/F, Island Pacific Hotel, 152 Connaught Road West, Hong Kong to consider and, if thought fit, passing the resolutions to approve (1) the Supplemental Agreement and the transactions contemplated thereunders; and (2) the right to exercise the Conversion Rights by the Subscriber.

The EGM Notice convening the EGM is set out on pages 44 to 47 in this circular and a proxy form for use at the EGM is enclosed.

Any Shareholder and his close associates with a material interest in (i) the Supplemental Agreement and the transactions contemplated thereunder, or (ii) the right to exercise the Conversion Rights by the Subscriber will need to abstain from voting on the resolutions approving the Supplemental Agreement and the transactions contemplated thereunder and the right to exercise the Conversion Rights by the Subscriber.

To the best of the Directors' knowledge, information and belief, no Shareholder is required to abstain from voting on the resolutions to be proposed at the EGM under the Listing Rules.

To qualify for attending and voting at the EGM, a Shareholder must be registered as a member of the Company on the Record Date. The register of members of the Company will be closed from Wednesday, 30 September 2020 to Wednesday, 7 October 2020 (both dates inclusive) for the purpose of determining the right to attend and vote at the EGM, during which no transfer of Shares will be registered. In order to qualify for attending and voting at the EGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with 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, for registration not later than 4:00 p.m. on Tuesday, 29 September 2020.

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## LETTER FROM THE BOARD

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Whether or not you intend to attend the EGM, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon together with any power of attorney or other authority (if any) under which it is signed or a certified copy of such power of attorney to the office of 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 but in any event not less than 48 hours before the time scheduled for the EGM or any adjournment thereof.

Completion and return of the proxy form will not preclude you from attending or voting in person at the EGM or any adjourned meeting thereof should you so wish.

The EGM will be held on Wednesday, 7 October 2020 as scheduled regardless of whether or not an amber or red rainstorm warning signal is in force in Hong Kong at any time on that day. However, if Typhoon Signal No. 8 or above, or a "black" rainstorm warning or "extreme conditions after super typhoons" announced by the Hong Kong Government is/are in effect at 7:30 a.m. on the date of the EGM, the EGM will be postponed. The Company will post an announcement at the HKExnews website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.hengtai.com.hk](http://www.hengtai.com.hk) to notify shareholders of the date, time and place of the rescheduled meeting.

#### IV. RECOMMENDATION

The Directors are of the opinion that the terms and conditions of the Supplemental Agreement and the transactions contemplated (including the right to exercise the Conversion Rights by the Subscriber) are fair and reasonable and are in the interest of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions to approve the Supplemental Agreement and the transactions contemplated thereunder and the right to exercise the Conversion Rights by the Subscriber to be proposed at the EGM.

The two resolutions are not inter-conditional to each other. If the first resolution is not passed (whether or not the second resolution is passed), the proposed extension of the Maturity Date will not become effective and the Bond will be redeemed by China Healthwise on the original Maturity Date in accordance with the original terms of the Bond. If the first resolution is passed but the second resolution is not passed, the Board will proceed with the proposed extension of the Maturity Date of the Bond but the Conversion Rights will not be exercised during the extended period of the Bond. And if both resolutions are passed, the Board will proceed with the proposed extension of the Maturity Date of the Bond and will only exercise the Conversion Rights at the appropriate time and circumstances which will be in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### V. FURTHER INFORMATION

Your attention is drawn to the additional information set out in appendices to this circular.

This circular is in English and Chinese. In the case of any inconsistency, the English version shall prevail.

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

**1. THREE-YEAR AUDITED FINANCIAL INFORMATION**

The audited consolidated financial statements of the Group for the years ended 30 June 2017, 2018 and 2019 together with the relevant notes thereto can be found from pages 37 to 115 of the annual report of the Company for the year ended 30 June 2017 ([http://doc.irasia.com//listco/hk/hengtai/annual/ar183168-e0197\\_170922\\_ar.pdf](http://doc.irasia.com//listco/hk/hengtai/annual/ar183168-e0197_170922_ar.pdf)), pages 39 to 113 of the annual report of the Company for the year ended 30 June 2018 ([https://doc.irasia.com/listco/hk/hengtai/annual/ar202972-e0197\\_180928\\_ar1.pdf](https://doc.irasia.com/listco/hk/hengtai/annual/ar202972-e0197_180928_ar1.pdf)) and pages 42 to 137 of the annual report of the Company for the year ended 30 June 2019 ([https://doc.irasia.com/listco/hk/hengtai/annual/ar220103-e\\_00197ar\\_30092019.pdf](https://doc.irasia.com/listco/hk/hengtai/annual/ar220103-e_00197ar_30092019.pdf)).

The said annual reports of the Company are available on the Company's website at [www.hengtai.com.hk](http://www.hengtai.com.hk) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

**2. INDEBTEDNESS**

At the close of business on 31 August 2020, being the latest practicable date for the purpose of ascertaining certain information relating to this indebtedness statement prior to the printing of this circular, the Group had an aggregate outstanding indebtedness of approximately HK\$22.7 million, which was comprised of:

	<b>At 31 August 2020</b>
	<i>HK\$'000</i>
Bank loans	15,134
Lease liabilities	7,591
	<hr/>
	22,725
	<hr/> <hr/>

The Group's bank loans were secured by corporate guarantees executed by the Company and certain subsidiaries of the Company and a charge over the Group's pledged bank deposits amounting to HK\$15.1 million at 31 August 2020. The Group's lease liabilities amounting to approximately HK\$0.5 million were secured by rental deposits paid by the Group and approximately HK\$7 million were unsecured at 31 August 2020.

Save for the aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, at the close of business on 31 August 2020, the Group did not have any debt securities issued and outstanding, or any other borrowings or indebtedness including bank overdrafts and liabilities under acceptances (other than normal trade payables) or acceptance credits or hire purchases commitments, or any other borrowings subject to mortgages or charges, or any other material contingent liabilities or guarantees.

**3. WORKING CAPITAL**

The Directors are of the opinion that, taking into account the cash flows generated from the operating activities, the financial resources presently available to the Group and the existing banking facilities available, the Group has sufficient working capital for its present requirements and for at least twelve months from the date of this circular in the absence of unforeseen circumstances.

**4. EFFECTS ON THE EARNINGS AND ASSETS AND LIABILITIES OF THE COMPANY****Earnings**

As disclosed in the Company's annual report for the year ended 30 June 2019, the Group recorded the audited consolidated loss of approximately HK\$286.0 million. Upon the Proposed Amendments becoming effective, it is expected that the extension of the original Maturity Date of the Bond will continue to generate interest income for the Group which will impact the earnings of the Group. The Bond bears interest at the rate of 6% per annum for the 24-month period from (and including) 11 October 2020 to (and including) 10 October 2022 on the outstanding principal amount of the Bond; it is estimated that the interest income accrued for the said 24-month period of the Bond will be approximately HK\$10.3 million assuming no early redemption is made by China Healthwise and the Subscriber does not exercise any of the Conversion Rights.

**Assets and liabilities**

As disclosed in the Company's annual report for the year ended 30 June 2019, the audited total assets of the Group was approximately HK\$1,981.8 million and the audited total liabilities of the Group was approximately HK\$145.7 million as at 30 June 2019. Upon full conversion to the Conversion Shares at the initial Conversion Price, the Conversion Shares represent approximately 9.99% of the issued share capital of China Healthwise as enlarged by the allotment and issue of the Conversion Shares to be allotted and issued upon the exercise of the Conversion Rights in full (assuming there is no other change in the share capital of China Healthwise), and the equity interest of the Group in China Healthwise will be accounted for as an available-for-sale financial assets booked at fair value.

The Board does not expect that the entering into of the Supplemental Agreement would have any adverse financial impact on the earnings, assets and liabilities of the Group.

## 5. MATERIAL ADVERSE CHANGE

As disclosed in the announcements dated 4 September 2020 and 10 September 2020, based on information then available, the unaudited consolidated financial results of the Group for year ended 30 June 2020 (the “**2019/20 Annual Results**”) are expected to record a decrease in revenue of about 35% and an increase in loss from operations as compared to the previous corresponding financial period.

As disclosed in the announcement of the Company dated 21 February 2020, the Group’s decrease in revenue has been adversely affected by the continuous weakening demand in the PRC consumer market and continuous competition from domestic and international brands against the consumable goods and agri-products which the Group are trading coupled with the unfavorable and ongoing adverse global trading environment and the coronavirus pandemic. Although the Chinese authorities have been slowly easing lockdown and restrictive measures brought in to tackle the coronavirus pandemic, the Group is still facing poor market sentiment and disruptions caused, where our FMCG Trading Business segment and Agri-Products Business segment have been adversely affected.

Notwithstanding the decrease in revenue, our gross profit has been more severely affected as compared to the previous corresponding financial period. Our gross profit margin has been squeezed from all sides as the weakened demand from customers and fierce competitions have prevented us to pass all the increased costs to customers, and on the contrary, more aggressive pricing strategies including special promotions and discounts have been offered to induce additional sales in this difficult market condition.

Further and as a result of the poor performing industry as a whole and taking into account that there is currently no concrete evidence that the coronavirus pandemic and the effects it has caused to the global community as a whole will be resolved in the short to medium term, the Board therefore concludes that a significant impairment will have to be made to the assets and receivables of our Group’s two business segments mostly affected by the pandemic, namely our FMCG Trading Business segment and Agri-Products Business segments.

On the other hand, part of our loss has been offset by a slight reduction of our overhead expenses and an increase in the interest income from our investments in convertible bonds.



As the Board was still finalizing the 2019/20 Annual Results during that time and given the uncertain market conditions, the Board was unable to determine with reasonable confidence the impairment loss that would have to be made, although the Board was aware that the final amount to be made would be significant given the adverse impact that have already been made on the global and local market and are continuing.

As disclosed in the announcement dated 10 September 2020, the Board has assessed the impairment loss to be made would be approximately HK\$210 million, and the result of which will impact materially to our financial position, and together with all other factors, will likely cause an increase in loss from operations of approximately 10% as compared to the previous corresponding financial period. However, these figures are still subject to assessment and final determination and may not accurately reflect the final audited figures to be set out in the 2019/20 Annual Results.

As at the Latest Practicable Date, saved as disclosed above, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 30 June 2019, being the date to which the latest published audited financial statements of the Group were made up.

## **6. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

The Group's income was derived from four business units: (i) the FMCG Trading Business; (ii) the Agri-Products Business; (iii) the Logistics Services Business; and (iv) the other business primarily arising from the securities brokerage business and the tourist retailing business.

The outbreak of the novel coronavirus disease 2019 (COVID-19) (the “**epidemic**”) posed an unprecedented challenge to the global economy. China's economy shrank by 6.8 per cent in the first quarter of 2020, the first contraction for more than 40 years caused by an extensive economic shutdown to battle with the epidemic. The retail sales growth also recorded a dramatic collapse with contractions for seventh straight months till July 2020.

As a result, the Group's business performance is expected to encounter a more difficult environment in near future provided that there are many uncertainties ahead such as the development of the epidemic as well as other unpredictable economic and political risks including but not limited to the intensifying tensions among different nations and the increasingly volatile foreign exchange market. Therefore, the Group will retain cautious stance in business development and focus on business and investment the Group is familiar with.

For the traditional trading businesses including the FMCG Trading Business and the agri-products trading business, the Group will continue to reinforce their operations by reinforcing the relationship with suppliers, in particular considering the increasing popularity of cross-border internet shopping. The Group will resume its procurement network expansion when the global traffic returns to normal to ensure stable product portfolio and variety. The Group will implement relatively aggressive pricing strategies to maintain competitiveness amid the weak market conditions.

For the upstream farming business, the Group is cautiously optimistic on its development considering the improved agricultural operations and distribution channels. Therefore, the Group will continue to carefully invest in this business unit such as development of a food processing center near the farming base, which is expected to help facilitate brand building and distribution network expansion for the Group's self-grown products.

For the securities brokerage business and the tourist retailing business, the Group will decelerate its developments in such uncertain and volatile market conditions. The Group will focus on cost saving initiatives for these business units until the market shows signs of recovery.

The financial results are expected to be hindered by the deteriorating macro environment. There are many uncertainties ahead including the development of the epidemic, the political tension among different major nations, and the global economic slowdown. The Group will take a more cautious stance for future development and continue to implement cost-saving initiatives, as well as ensure a strong and healthy financial position to weather any unforeseeable headwinds.

Save as disclosed, there is no material change in the trend of business of the Group since 30 June 2019 up to the Latest Practicable Date. Save for any unforeseen events, the Group is cautiously optimistic on the prospect and the financial performance over coming years.

## 1. RESPONSIBILITY STATEMENT

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.

## 2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, the Directors and chief executive of the Company had the following interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (a) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO); or (b) are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

### Directors' and chief executive's interests in the Shares

Name of Directors	Capacity/ Nature of interest	Number of Shares held		Approximate percentage of interest as at the Latest Practicable Date
		Long position	Short position	
Mr. Lam Kwok Hing (Mr. Lam)	Interest in controlled corporation	275,078,914 <i>(note 1)</i>	–	14.69
Ms. Lee Choi Lin, Joecy (Ms. Lee)	Family interest	275,078,914 <i>(note 1)</i>	–	14.69
Mr. Chan Cheuk Yu, Stephen	Interest in controlled corporation	436,755,073 <i>(note 2)</i>	–	23.32

*Note 1:* Mr. Lam is deemed interested in the 275,078,914 Shares held by Best Global Asia Limited, a company incorporated in the British Virgin Islands and is wholly owned by Mr. Lam. Ms. Lee is the spouse of Mr. Lam and is deemed interested in all the Shares Mr. Lam is interested. The interests of Best Global Asia Limited, Mr. Lam and Ms. Lee in the said Shares duplicate each other.

*Note 2:* Mr. Chan Cheuk Yu Stephen is the sole legal and beneficial owner of the entire issued capital of Glazy Target Limited. Mr. Chan is deemed interested in the 436,755,073 Shares held by Glazy Target Limited, and his interests duplicate those of Glazy Target Limited.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (a) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO); or (b) are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

### **3. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, no Directors had any existing or proposed service contracts with the Company or any member of the Group which is not expiring or determinable by the Director within one year without payment of compensation other than statutory compensation.

### **4. MATERIAL CONTRACTS**

The following contracts have been entered into by the Group (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this circular and is or may be material:

- (a) the Subscription Agreement and the Instrument;
- (b) a subscription agreement dated 29 October 2018 entered into between the Subscriber and Global Mastermind Holdings Limited for the subscription of the 8% unsecured convertible bond issued by Global Mastermind Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM of the Stock Exchange (Stock Code: 8063) in the aggregate principal amount of HK\$80,000,000;

- (c) a subscription and shareholders' agreement dated 29 November 2018 entered into between Fiorfie Holdings Limited (a wholly-owned subsidiary of the Company) (“**Fiorfie**”), Richic Mind Limited (“**RCL**”), and its then three existing shareholders relating to the subscription of 7,000 shares in RCL by Fiorfie at the consideration of HK\$7,000,000;
- (d) a memorandum of understanding dated 8 March 2019 entered into between Fiorfie and King's DFS Holdings Limited for the possible acquisition by Fiorfie of the controlling interest of King's Royal DFS Trading Company Limited;
- (e) an agreement dated 20 June 2019 entered into between Fiorfie and Volkers Limited for the disposal of 7,000 shares in RCL by Fiorfie at the consideration of HK\$5,000,000;
- (f) an agreement dated 22 June 2020 entered into between Sui Tai & Associates Limited (“**STAL**”) and Tan Ye Lam Mark for the acquisition of the 6% bond due 2022 issued by Earthasia International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Stock Exchange (Stock Code: 6128) in the aggregate principal amount of HK\$5,500,000;
- (g) an agreement dated 22 June 2020 entered into between STAL and 吳文杯 (Wu Wenbei\*) for the acquisition of the 6% bond due 2022 issued by Earthasia International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Stock Exchange (Stock Code: 6128) in the aggregate principal amount of HK\$20,000,000; and
- (h) the Supplemental Agreement (which also contains the agreed form Supplemental Bond Instrument).

\* *English transliteration/translation of the Chinese name is for identification purpose only.*

## **5. LITIGATION**

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation, arbitration or claims of material importance and no litigation, arbitration or claims of material importance is known to the Directors to be pending or threatened against any member of the Group.

**6. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS OF THE GROUP**

None of the Directors had any interest, either direct or indirect, in any assets which had been since 30 June 2019 (being the date to which the latest published audited accounts of the Company were made up) and up to the Latest Practicable Date, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

None of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

**7. DIRECTORS' INTERESTS IN COMPETING BUSINESS**

As at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

**8. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours between 10:00 a.m. – 4:00 p.m. on Monday to Friday (except public holiday) at the head office and principal place of business of the Company in Hong Kong at 31st Floor, Guangdong Finance Building, 88 Connaught Road West, Sheung Wan, Hong Kong up to and including 7 October 2020:

- (a) the memorandum and articles of association of the Company;
- (b) annual reports of the Group for the three years ended 30 June 2017, 2018 and 2019;
- (c) the letter from the Board;
- (d) the material contracts referred to under the section headed “Material Contracts” in this Appendix; and
- (e) this circular.

**9. GENERAL**

- (a) The Company Secretary of the Company is Mr. Wong Siu Hong, who is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and the CPA Australia.
- (b) In the event of inconsistency, the English version of this circular shall prevail over the Chinese version.

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## NOTICE OF EGM

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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 EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of Heng Tai Consumables Group Limited (the “**Company**”) will be held at Pacific Room, 2/F, Island Pacific Hotel, 152 Connaught Road West, Hong Kong on Wednesday, 7 October 2020 at 10:30 a.m. for considering and, if thought fit, passing (with or without amendment) the following resolutions of the Company:

#### ORDINARY RESOLUTIONS

1. “**THAT:**
  - (a) the supplemental agreement dated 28 August 2020 (the “**Supplemental Agreement**”) entered into between Heng Tai Finance Limited (the “**Subscriber**”) as the subscriber and China Healthwise Holdings Limited (“**China Healthwise**”) as the issuer in relation to the proposed extension of the maturity date of the 6% unsecured redeemable convertible bond due 2020 issued on 11 October 2018 by China Healthwise in the aggregate outstanding principal amount of HK\$85,500,000 (the “**Bond**”) to 10 October 2022 pursuant to the subscription agreement dated 8 October 2018 entered into between the Subscriber and China Healthwise (the “**Subscription Agreement**”) (a copy each of the Supplemental Agreement, the Subscription Agreement, and the instrument constituting the Bond is produced to the Meeting and marked “**A**”, “**B**” and “**C**” and initialled by the Chairman of the Meeting for identification purpose) and the transactions contemplated thereunder be and is hereby approved, confirmed and ratified; and



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## NOTICE OF EGM

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(b) the directors of the Company be and are hereby authorized to do all such acts, deeds and things and to sign, execute and deliver all such documents as they may, in their absolute discretion, consider necessary, desirable or expedient to give effect, determine, revise, supplement or complete any matters relating to or in connection with the Supplemental Agreement and the transactions contemplated thereunder.”

2. “**THAT:**

(a) the exercise by the Subscriber during the term of the Bond (as amended from time to time) of all the powers to determine whether to exercise the rights to convert the Bond (the “**Conversion Rights**”) into the shares of China Healthwise under the terms and conditions of the Bond be and is hereby generally and unconditionally approved; and

(b) the directors of the Company be and are hereby authorized to, and procure the directors of the Subscriber to, do all such acts, deeds and things and to sign, execute and deliver all such documents as they may, in their absolute discretion, consider necessary, desirable or expedient to give effect, determine or complete any matters relating to or in connection with the exercise of the Conversion Rights.”

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

Hong Kong, 18 September 2020

*Registered Office:*

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

*Principal place of business*

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

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## NOTICE OF EGM

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*Notes:*

- (1) In view of the ongoing COVID-19 pandemic and with a view to minimize the shareholders' and attendees' risk of infection, the Company will implement the following precautionary measures at the Extraordinary General Meeting ("EGM"), (a) compulsory temperature screening/checks and compulsory health declaration; (b) compulsory wearing of surgical face mask prior to admission and throughout the EGM and no mask will be provided at the EGM venue; (c) seat will be assigned at the EGM venue to ensure social distancing; (d) no distribution of corporate gifts; (e) no provision of refreshments or drinks or refreshment packs; and (f) hand sanitizers will be provided at the EGM venue.
- (2) For the health and safety of Shareholders, the Company encourages Shareholders to exercise their right to vote at the EGM by appointing the Chairman of the EGM as their proxy and to return their proxy forms by the time specified herein, or through HKSCC Nominees Limited by giving instructions to their brokers and custodians, instead of attending the EGM in person.
- (3) The Company will keep the evolving COVID-19 situation under review and may implement additional measures which it will announce closer to the date of the EGM (if any).
- (4) Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him.
- (5) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
- (6) In the case of joint holders of a share if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.
- (7) In order to be valid, the instrument appointing a proxy and (if required by the Board) the power of attorney or their authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company's branch share registrar in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting thereof.
- (8) A member may appoint a proxy in respect of part only of his holding of shares in the Company. A proxy need not be a member. In addition, a proxy or proxies representing either a member who is an individual, or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.
- (9) Completion and return of a proxy form will not preclude a member from attending or voting in person at the above meeting or any adjourned meeting thereof, should he so wish.
- (10) Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the shareholders at a general meeting must be taken by poll. Therefore, the Chairman of the meeting will demand that all resolutions will be voted by way of poll at the meeting.

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## NOTICE OF EGM

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- (11) To qualify for attending and voting at the EGM, a Shareholder must be registered as a member of the Company on the Record Date. The register of members of the Company will be closed from Wednesday, 30 September 2020 to Wednesday, 7 October 2020 (both dates inclusive) for the purpose of determining the right to attend and vote at the EGM, during which no transfer of Shares will be registered. In order to qualify for attending and voting at the EGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with 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, for registration not later than 4:00 p.m. on Tuesday, 29 September 2020.
- (12) The EGM will be held on Wednesday, 7 October 2020 as scheduled regardless of whether or not an amber or red rainstorm warning signal is in force in Hong Kong at any time on that day. However, if Typhoon Signal No. 8 or above, or a "black" rainstorm warning or "extreme conditions after super typhoons" announced by the Hong Kong Government is/are in effect at 7:30 a.m. on the date of the EGM, the EGM will be postponed. The Company will post an announcement at the HKExnews website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.hengtai.com.hk](http://www.hengtai.com.hk) to notify shareholders of the date, time and place of the rescheduled meeting.