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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 SUBSCRIPTION OF CONVERTIBLE BONDS OF GLOBAL MASTERMIND 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 6 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 Tuesday, 10 November 2020 at 10:30 a.m. is set out on pages 42 to 45 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 and 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) not more than 50 persons will be arranged to sit in the EGM venue;
- (2) seating at the EGM venue will be arranged so as to allow for appropriate social distancing with limited capacity on a "first-come-first-served" basis;
- (3) compulsory body temperature screening;
- (4) compulsory of wearing surgical face mask at the EGM venue and throughout the EGM;
- (5) compulsory health declaration prior to entry into the EGM venue;
- (6) attendee who has any flu-like symptoms or is subject to any Hong Kong Government prescribed quarantine or has close contact with any person under quarantine will be denied entry into the EGM venue;
- (7) no refreshments or drinks or refreshment packs will be served at the EGM;
- (8) no corporate gifts will be distributed at the EGM; and
- (9) 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) Shareholders who will be physically attending the EGM (in person or by proxy) will be arranged to sit in EGM venue with not more than 50 persons (including Shareholders and supporting staff for the EGM);
- (2) seating at the EGM venue will be arranged so as to allow for appropriate social distancing. Accordingly, there will be limited capacity for Shareholders to attend the EGM. Only Shareholders and/or their proxies will be admitted to the EGM venue and shall be on a "first-come-first served" basis. Shareholders subsequently arriving may not be permitted to enter the EGM venue;
- (3) compulsory body temperature checks will be conducted for every Shareholder, proxy or other attendee at the entrance of the EGM venue. Any person with a body temperature of 37.4 degrees Celsius or above will be denied entry into the EGM venue, or be required to leave the EGM venue;
- (4) every attendee will be required to wear a surgical face mask at the EGM venue and throughout the EGM and to sit at a safe distance from other attendees. Those not wearing face masks will be denied entry to the EGM venue. Please note that no masks will be provided at the EGM venue and attendees should bring and wear their own masks;
- (5) every attendee will be required to submit a completed health declaration form prior to entry into the EGM venue. Please note that the health declaration form will be available for your completion and signing at the entrance of the EGM venue;
- (6) any attendee who has any flu-like symptoms or is subject to any Hong Kong Government prescribed quarantine or has close contact with any person under quarantine will be denied entry into the EGM venue;
- (7) no refreshments or drinks or refreshment packs will be served at the EGM;
- (8) no corporate gifts will be distributed at the EGM; and
- (9) hand sanitizers will be provided at the EGM venue.

The Company reserves the right to deny entry into or require any person to leave the EGM venue if such person refuses to comply with any of the above precautionary measures in order to ensure the safety of the attendees at the EGM.

Subject to the development of COVID-19, the Company may implement further precautionary measures, and may issue further announcement(s) on such measures as and when appropriate. 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) . . . . . Thursday, 5 November, to  
Tuesday, 10 November

Latest time for lodging the proxy forms for  
use at the EGM . . . . . 10:30 a.m. on  
Sunday, 8 November

Record Date for determination of  
entitlements to the EGM . . . . . Tuesday, 10 November

Date and time of EGM . . . . . 10:30 a.m. on  
Tuesday, 10 November

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  
Tuesday, 10 November

*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 Tuesday, 10 November 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 Bonds”	the 8% unsecured convertible bonds due 2020 in the principal amount of HK\$80,000,000 issued by Global Mastermind to the Subscriber on 13 November 2018, which will mature on 12 November 2020
“Agri-Products Business”	the trading of agri-products and the upstream farming business
“Announcement”	the announcement of the Company dated 25 September 2020 in relation to the Subscription Agreement and the transactions contemplated thereunder
“Board”	the board of Directors
“Bondholder(s)”	holder(s) of the Convertible Bonds
“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(s)”	means any day (excluding a Saturday, Sunday and public holiday) on which commercial banks generally are open for business in Hong Kong
“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)
“Completion”	completion of the Subscription
“Completion Date”	12 November 2020 or such other date as Global Mastermind and the Subscriber may agree in writing, provided only that the Conditions Precedents having been waived by the Subscriber in writing or satisfied on or before the Long Stop Date

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## DEFINITIONS

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“Conditions Precedent”	the conditions precedent under the Subscription Agreement that have to be satisfied or waived before the Long Stop Date
“connected person”	has the meaning ascribed to it under the Listing Rules
“Conversion Period”	any time (subject to any applicable fiscal or other laws or regulations and as provided under the Instrument) commencing from the Issue Date and ending on the fifth Business Day prior to the Maturity Date
“Conversion Price”	the conversion price per Conversion Share, initially being HK\$0.0710 (subject to adjustment provisions under the Instrument)
“Conversion Rights”	the rights attached to the Convertible Bonds to convert the principal amount (or any part(s) thereof) of the Convertible Bonds into Conversion Shares at the Conversion Price during the Conversion Period, subject to the conditions of the Convertible Bonds
“Conversion Share(s)”	the new shares to be allotted and issued by Global Mastermind upon the exercise of the conversion right attached to the Convertible Bonds
“Convertible Bond(s)”	a 8% guaranteed convertible bond, in the aggregate principal amount of HK\$60,000,000 proposed to be issued by Global Mastermind to the Subscriber pursuant to the Subscription Agreement
“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 Tuesday, 10 November 2020 at 10:30 a.m., or any adjournment thereof
“EGM Notice”	the notice dated 23 October 2020 convening the EGM set out on pages 42 to 45 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
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Global Mastermind”	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)
“Global Mastermind Group”	Global Mastermind and its subsidiaries
“GM General Mandate”	the general mandate granted to the directors of Global Mastermind at its annual general meeting held on 16 June 2020 to allot, issue and deal with up to 852,573,410 unissued shares of Global Mastermind and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of Global Mastermind)
“Group”	the Company and its subsidiaries
“Guarantee”	the unconditional and irrevocable guarantee to be executed by the Guarantor in favour of the Bondholder(s) to secure Global Mastermind’s outstanding indebtedness under the Instrument, as amended and/or supplemented from time to time
“Guarantor”	Mr Cheung Kwok Wai Elton, an executive director of Global Mastermind
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Instrument”	the instrument to be executed Global Mastermind by way of a deed poll constituting the Convertible Bonds to be issued upon completion of the Subscription

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## DEFINITIONS

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“Issue Date”	the date the Instrument is made and created by Global Mastermind
“Latest Practicable Date”	19 October 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
“Long Stop Date”	11 November 2020 or such other date as the Subscriber and Global Mastermind may agree in writing
“Maturity Date”	in respect of each Convertible Bond, the date falling on the twenty-four months from the Issue Date (both dates inclusive)
“Mr. Lam”	Mr. Lam Kwok Hing, the Chairman and an executive Director and the spouse of Ms. Lee Choi Lin, Joecy, an executive Director
“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
“Record Date”	Tuesday, 10 November 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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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“Subscriber”	Heng Tai Finance Limited, a wholly-owned subsidiary of the Company
“Subscription”	the subscription of the Convertible Bonds pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 25 September 2020 entered into between the Subscriber and Global Mastermind in relation to the subscription of the Convertible Bonds
“Subscription Price”	an aggregate of HK\$60,000,000 for the Subscription
“%”	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

23 October 2020

*To the Shareholders*

Dear Sir or Madam,

**(1) MAJOR TRANSACTION  
SUBSCRIPTION OF CONVERTIBLE BONDS OF  
GLOBAL MASTERMIND HOLDINGS LIMITED  
AND  
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**I. INTRODUCTION**

Reference is made to the Announcement in relation to the Subscription 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 Subscription Agreement and the transactions contemplated thereunder (including the right to exercise the Conversion Rights), and (ii) a notice convening the EGM.

The Subscriber had previously subscribed the 2018 Bonds issued by Global Mastermind in the principal amount of HK\$80,000,000 which will mature on 12 November 2020 and no part of the 2018 Bonds have been repaid, redeemed or converted as at the Latest Practicable Date. And so far as the Directors are aware, Global Mastermind has complied with all the terms of the 2018 Bonds. The Company intends to utilize part of the redemption moneys from the 2018 Bonds as subscription moneys for the Convertible Bonds. No additional subscription price from internal resources of the Company is required.

As stated in the Announcement, the Subscriber, a wholly-owned subsidiary of the Company, agreed to subscribe for the Convertible Bonds in an aggregate principal amount of HK\$60,000,000 in one tranche pursuant to the Subscription Agreement.

### II. THE SUBSCRIPTION AGREEMENT

Date: 25 September 2020

Parties: (1) Global Mastermind, as the issuer of the Convertible Bonds  
(2) Heng Tai Finance Limited, as the Subscriber

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

#### Subscription Price

Subject to the fulfilment of the Conditions Precedent set out below, the Subscriber agreed to subscribe for the Convertible Bonds in the principal amount of HK\$60,000,000. The Subscription Price for the Convertible Bonds shall be satisfied in cash by the Subscriber upon completion of the Subscription and shall be set-off and deducted on a dollar-to-dollar basis from the repayment of the sums due under the 2018 Bonds payable by Global Mastermind to the Subscriber due on 12 November 2020.

The Subscription Price was determined after arm's length negotiations between Global Mastermind and the Subscriber.

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## LETTER FROM THE BOARD

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### Conditions Precedent

Completion of the Convertible Bonds subscription is conditional upon the fulfilment of the following conditions precedent:

- (a) the passing by the shareholders of the Company at its extraordinary general meeting to be convened of the necessary resolution(s) to approve the Subscription Agreement and the transactions contemplated hereunder;
- (b) the Stock Exchange having granted the listing of, and permission to deal in, the Conversion Shares;
- (c) the warranties of Global Mastermind contained in the Subscription Agreement shall be true, correct and not misleading as at the date of the Subscription Agreement and the Completion Date;
- (d) there has been no material breach by Global Mastermind of any provision contained in the Subscription Agreement and the Instrument; and
- (e) there has been no material adverse change to the Global Mastermind Group taken as a whole since the date of the Subscription Agreement (which includes but not limited to the occurrence of an event of default).

The Subscriber and Global Mastermind shall use their best endeavours to procure the fulfilment of the Conditions Precedents. At any time on or before 5:00 p.m. on the Long Stop Date, the Subscriber may waive part or all of the above conditions (c), (d) and (e) by written notice to Global Mastermind on any terms it decides.

The Board would like to state that the warranties given are common and more or less standard in transactions of similar nature, and include summarily, warranties as to the validity and legality of the corporate entities of Global Mastermind, their business operation and assets, the compliance of applicable laws and rules for the issue of the Convertible Bonds, the validity and legality of the Convertible Bonds and the Conversion Shares to be issued and when it is issued, the information contained in their formal published disclosures including the financial results, announcement and circulars are true and accurate, and that there are no material adverse event or change since the date of the Subscription Agreement which is, or is reasonably likely to be, materially adverse to Global Mastermind Group taken as a whole.

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## LETTER FROM THE BOARD

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The Board also considers that since several elements contained in the conditions precedent (c)(d) and (e) are inevitably subject to subjective and qualitative interpretation, and some are outside the control of either party to the Subscription Agreement, it is common to allow the incoming investor or subscriber with extended completion timeframe to have the waiving provisions to give the flexibility to waive certain parts of these conditions precedent on terms it decides, so that the Subscriber may exercise its decision (taken into account all factors on the Completion Date) to determine if any marginal situation or uncertain events which may be subject to different interpretation as being complying or not complying with the conditions precedent. Further, these waiving provisions available only to the Subscriber will erase the incentive for the counterparty to use or argue any of such non-compliance or market events as justification that these conditions precedent are not satisfied and thus cause the termination of the transaction under the Subscription Agreement. As explained, the Board will only exercise these waiving provisions if doing so would not cause any hardship or detriment to the Company and the Shareholders as a whole.

In the event any of the Conditions Precedent are not fulfilled by 5:00 p.m. on the Long Stop Date or otherwise waived according to the terms of the Subscription Agreement, the Subscription Agreement shall cease and determine, save for any liability arising out of any antecedent breaches thereof.

So far as the Board is aware and as at the Latest Practicable Date, other than condition (b) where the Stock Exchange has conditionally granted the listing approval of the Conversion Shares on 30 September 2020 to Global Mastermind, none of the other Conditions Precedent has been satisfied.

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 Convertible Bonds 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 is in the interest of the Company and its Shareholder to subscribe the Convertible Bonds even if the second resolution is not passed at the EGM as further explained in that section.

### **Completion**

Subject to the fulfilment of the above Conditions Precedent, Completion shall take place on the Completion Date whereby Global Mastermind shall issue the Convertible Bonds to the Subscriber.

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## LETTER FROM THE BOARD

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### Principal terms of the Convertible Bonds

The principal terms of the Convertible Bonds are summarised as follows:

Principal amount:	HK\$60,000,000
Issue price:	100% of the principal amount of the Convertible Bonds.
Form and denomination:	The Convertible Bonds is in registered form in denomination of HK\$5,000,000 each.
Interest rate:	<p>The Convertible Bonds shall bear interest on the outstanding principal amount from and including the date of its issue at the rate of 8% per annum.</p> <p>Interest shall accrue from day to day and shall be calculated on the basis of the actual number of days elapsed in a year of 365 days, at the interest rate on the principal amount of the Convertible Bonds which may be outstanding from time to time.</p>
Maturity date:	The date falling on the twenty-four months from the Issue Date (both dates inclusive).
Early Redemption by Global Mastermind:	In the absence of any event of default, Global Mastermind may at any time from the Issue Date of the Convertible Bonds but before the Maturity Date redeem part or all of the outstanding Convertible Bonds held by a Bondholder in integral multiples of HK\$1,000,000 or the aggregate principal amount of all outstanding Convertible Bonds held by such Bondholder, whichever is lesser together with any accrued but unpaid interest, fee or any other amount on, in respect of or in connection with, such outstanding Convertible Bond incurred and due and payable up to (but not including) the redemption date.

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## LETTER FROM THE BOARD

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Early Redemption  
triggered by breach  
of the Guarantee:

Upon any failure or breach having occurred under the Guarantee by the Guarantor, which is not capable of being rectified, or which is capable of being rectified but have not been rectified and have been continuing for more than five Business Days under the Guarantee, Global Mastermind shall forthwith notify the Bondholder as the case may be. The Bondholder is entitled to (but is not obliged to), notify Global Mastermind in writing and demand Global Mastermind to redeem all but not part of the outstanding principal amount of the Convertible Bonds and pay to the Bondholder all the principal amount of the Convertible Bonds then outstanding together with accrued interests calculated up to the date of actual payment.

If Global Mastermind fails to notify the Bondholder of such failure or breach by the Guarantor, or fails to redeem all Convertible Bonds then outstanding and payment of all accrued interests, such failure(s) shall constitute an event of default under the Instrument.

Redemption on maturity:

Unless previously converted or cancelled or redeemed as provided in the Instrument, each Convertible Bond will be redeemed at 100% of the principal amount outstanding on the Maturity Date.

Redemption upon  
event of default:

If any of events of default occurs, a Bondholder may give notice in writing to Global Mastermind that the principal amount of the Convertible Bonds then outstanding has, on the giving of such notice, become immediately due and payable, whereupon the outstanding principal amount of the Convertible Bonds shall become immediately due and payable in an amount which is 100% of the principal amount of the Convertible Bonds then outstanding.

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## LETTER FROM THE BOARD

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Event of default:	The Convertible Bonds contain customary events of default provisions which provide that, on the occurrence of certain events of default specified in the Instrument, the Bondholder of each Convertible Bond shall be entitled to demand for immediate repayment of the principal amount outstanding under the relevant Convertible Bonds.
Status of the Convertible Bonds:	Save for the guarantee provided under the Guarantee, each Convertible Bond constitutes a direct unconditional, unsubordinated and unsecured obligations of Global Mastermind and at all times ranks pari passu and rateably without preference (with the exception of obligations in respect of taxes and certain other statutory exceptions) equally with all other unsecured and unsubordinated obligations of Global Mastermind. The payment obligations of Global Mastermind under the Convertible Bonds shall, save for such exceptions as may be provided by applicable legislation, rank at least equally with all its other present and future unsecured and unsubordinated obligations.
Conversion Period:	Except as provided in the Instrument, the Bondholder of each Convertible Bond shall have the right to convert such Convertible Bonds into Conversion Shares, at any time (subject to any applicable fiscal or other laws or regulations and as thereafter provided) commencing from the Issue Date and ending on the fifth Business Day prior to the Maturity Date.

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## LETTER FROM THE BOARD

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Conversion Price:

The conversion price at which the Convertible Bonds is to be converted into a Conversion Share, which shall be HK\$0.0710 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 Global Mastermind by reason of any consolidation or subdivision or reclassification;

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

Where:

A = the nominal amount of one share of Global Mastermind immediately after such alteration; and

B = the nominal amount of one share of Global Mastermind immediately before such alteration;

- (ii) an issue (other than in lieu of a cash dividend) by Global Mastermind of its shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);

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

Where:

C = the aggregate nominal amount of the shares of Global Mastermind in issue immediately before such issue; and

D = the aggregate nominal amount of the shares of Global Mastermind immediately after such issue;

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## LETTER FROM THE BOARD

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- (iii) any capital distribution (including, summarily, distributions in cash or specie, any dividend charged or provided for in the accounts for any financial period (whenever paid and however described) be deemed to be a capital distribution, or the grant of rights to acquire for cash assets of Global Mastermind or any of its subsidiaries) being made by Global Mastermind to holders of its shares in their capacity as such;

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

Where:

E = the closing price per share of Global Mastermind on the dealing day immediately preceding the date on which the capital distribution is publicly announced; and

F = the fair market value on the day of such announcement or the grant determined in good faith by an approved independent financial adviser;

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## LETTER FROM THE BOARD

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- (iv) an offer by Global Mastermind to all or substantially all holders of its shares any securities or new shares for subscription by way of rights, or shall grant to all or substantially all holders of shares any securities, options or warrants to subscribe for new shares which is less than 90% of the market price at the date of the relevant announcement;

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

Where:

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

H = the number of shares of Global Mastermind which the aggregate amount (if any) payable for the shares of Global Mastermind issued by rights or options or warrants or other rights and for the total number of new shares of Global Mastermind comprised therein would purchase at such market price per share of Global Mastermind; and

I = the aggregate number of shares of Global Mastermind issued or comprised in the grant;

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## LETTER FROM THE BOARD

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For the purpose of this and the remaining adjustment events, “**market price**” means the average of the closing prices of one share of Global Mastermind for the five consecutive dealing days on each of which there is a closing price ending on the last such dealing day immediately preceding the day on or as of which the market price is to be ascertained;

- (v) an issue wholly for cash being made by Global Mastermind of any securities which by their terms are convertible into or exchangeable for or carrying rights of conversion for new shares of Global Mastermind, or the modifications of any terms, and the total effective consideration per new share initially receivable for such securities is less than 90% of the market price at the date of the announcement of the terms of issue of such securities;

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

Where:

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

K = the number of shares of Global Mastermind which the total effective consideration receivable for the securities would purchase at such market price; and

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## LETTER FROM THE BOARD

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L = the maximum number of new shares of Global Mastermind to be issued upon full conversion or exchange of such securities or subscription of new shares conferred by such securities at their relative initial (or modified) conversion or exchange rate or the subscription price;

For the purpose of this adjustment event, “total effective consideration” per new share means the aggregate consideration receivable for such securities divided by the maximum number of new shares of Global Mastermind to be issued upon full conversion or exchange or subscription at the initial (or modified) price being 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 of new shares of Global Mastermind wholly for cash at a price per share which is less than 90% of the market price at the date of the relevant announcement;

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

Where:

M = the number of shares of Global Mastermind in issue immediately before the date of such announcement;

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

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## LETTER FROM THE BOARD

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O = the number of shares of Global Mastermind allotted pursuant to such issue;

- (vii) an issue of new shares of Global Mastermind by way of a scrip dividend where the market price of such shares exceeds the amount of the cash dividend declared by Global Mastermind or the relevant part thereof and which would not have constituted a distribution; and

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

Where:

P = the aggregate nominal amount of the issued shares of Global Mastermind immediately before such issue;

Q = the aggregate nominal amount of shares of Global Mastermind issued by way of such scrip dividend multiplied by a fraction of which (i) the numerator is the amount of the whole, or the relevant part, of the cash dividend declared and (ii) the denominator is the market price of the shares of Global Mastermind issued by way of scrip dividend in respect of each existing share in lieu of the whole, or the relevant part, of the cash dividend declared; and

R = the aggregate nominal amount of shares of Global Mastermind issued by way of such scrip dividend;

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## LETTER FROM THE BOARD

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- (viii) an issue being made by Global Mastermind of its shares for the acquisition of asset at a total effective consideration per share less than 90% of the market price as at the date of the relevant announcement.

$$\frac{S + T}{S + U}$$

Where:

S = the number of shares of Global Mastermind in issue immediately before the date of such announcement;

T = the number of shares of Global Mastermind which the aggregate amount receivable for the issue would purchase at such market price; and

U = the number of shares of Global Mastermind so issued;

For the purpose of this adjustment event, “**total effective consideration**” means the aggregate consideration credited as being paid for such shares of Global Mastermind by Global Mastermind 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, and the total effective consideration per share shall be the total effective consideration divided by the number of shares issued as aforesaid;

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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. 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 1% and any adjustment that would otherwise then to be made shall not be carried forward.

For illustration purposes only, the Conversion Price of HK\$0.071 per Conversion Share represents:

- (a) a premium of approximately 57.78% over the closing price per share of Global Mastermind of HK\$0.0450 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 63.59% over the average closing price per share of Global Mastermind of HK\$0.0434 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement; and
- (c) a premium of approximately 54.35% over the closing price per share of Global Mastermind of HK\$0.046 as quoted on the Stock Exchange on the Latest Practicable Date.

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## LETTER FROM THE BOARD

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The Conversion Price HK\$0.071 was determined by the Company and Global Mastermind on an arm's length basis with reference to (i) the then net asset value per share of Global Mastermind of approximately HK\$0.106 per share, which represented a discount of approximately 33%. The net asset value per share of Global Mastermind was computed based on the total net asset of Global Mastermind as at 30 June 2020 of approximately HK\$453 million and the number of issued shares was 4,262,867,050 as disclosed in its unaudited interim report; (ii) the higher interest rate of 8% per annum obtained under the Convertible Bonds; (iii) the additional benefit obtained under the Guarantee; and (iv) the period of the Convertible Bonds for two years.

As explained in this circular, the principal factor for the Company to subscribe for the Convertible Bonds is to take advantage of the higher rate of return than other alternative investment opportunities. The Company agrees with the view from Global Mastermind that part of the reasons that their depressed share prices were due to global and outside factors that may become less severe in the future, for example, that potential vaccines for the coronavirus may become available from the second quarter of 2021 and hence there was a higher premium of the Conversion Price than the 2018 Bonds. However, the Company is more concerned on the higher rate of return and the safety of the investments, and hence the Guarantor has agreed to guarantee the payment obligations of Global Mastermind in respect of the Convertible Bonds.

The Board considers that, taking into account the above factors and the terms of the Convertible Bonds as a whole, the Conversion Price is fair and reasonable and in the interest of the Company and the Shareholders.

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## LETTER FROM THE BOARD

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Conversion Shares:

Based on the initial Conversion Price of HK\$0.0710 per Conversion Shares, a maximum of 845,070,422 new shares may be allotted and issued by Global Mastermind under the Convertible Bonds upon exercise of the Conversion Rights utilizing the available unissued shares that may be allotted and issued under the GM General Mandate.

As at the Latest Practicable Date, Global Mastermind has 4,262,867,050 ordinary shares of HK\$0.01 each in issue. Upon full conversion of up to 845,070,422 Conversion Shares at the initial Conversion Price, the 845,070,422 Conversion Shares represent:

- (a) approximately 19.82% of the existing issued share capital of Global Mastermind; and
- (b) approximately 16.54% of the issued share capital of Global Mastermind 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 Global Mastermind).

If the exercise of any Conversion Right would ultimately require Global Mastermind to allot and issue Shares in excess of 852,573,410 unissued Shares under the GM General Mandate, the Bondholder would be entitled to convert the relevant Convertible Bond(s) up to the maximum of 852,573,410 Conversion Shares and Global Mastermind will issue new certificate(s) evidencing all remaining portion of the principal amount under the relevant Convertible Bond(s) not being converted into Conversion Shares to the Bondholder.

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## LETTER FROM THE BOARD

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If any adjustment made to the Conversion Price would require Global Mastermind to allot and issue shares in excess of 852,573,410 unissued shares under the GM General Mandate granted, the Bondholders would be entitled to convert up to the maximum of 852,573,410 shares of Global Mastermind and all remaining portion of the principal amount will be redeemed on a dollar-to-dollar basis plus interest accrued on the date of redemption.

For illustration purpose only and based on the public information disclosed by Global Mastermind, the shareholding structure of Global Mastermind as at the Latest Practicable Date and the shareholding structure assuming full conversion of the Convertible Bonds by the Company are as follows:

Shareholder of Global Mastermind	Number of shares of Global Mastermind as at the Latest Practicable Date	Approximate percentage (%)	Number of shares of Global Mastermind assuming full conversion of the Convertible Bonds by the Company	Approximate percentage (%)
Eternity Finance Group Limited	1,269,250,000 <i>(Note)</i>	29.77	1,269,250,000	24.85
Other shareholders	2,993,617,050	70.23	2,993,617,050	58.61
The Subscriber	—	—	845,070,422	16.54
<b>Total</b>	<b>4,262,867,050</b>	<b>100.00</b>	<b>5,107,937,472</b>	<b>100.00</b>

*Note:* 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.

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## LETTER FROM THE BOARD

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Ranking of Conversion  
Shares:

The Conversion Shares allotted and issued on conversion will be fully paid and will rank *pari passu* in all respects with, and within the same class as, the shares of Global Mastermind in issue on the registration date, except that the Conversion Shares so allotted will not rank for any dividend or other distribution declared or paid or made by reference to a record date for the payment of a dividend or other distribution with respect to the shares on or prior to the registration date in respect of the Convertible Bonds converted into such Conversion Shares.

Listing:

No application will be made for the listing of, or permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange but listing will be made for the listing of, or permission to deal in, the Conversion Shares on the Stock Exchange.

Transferability:

The Convertible Bonds are only transferable subject to the consent of Global Mastermind (where such consent shall not be unreasonably delayed or withheld) provided that the transfers of the Convertible Bonds are in compliance with all rules and requirements under the GEM Listing Rules and laws and regulations applicable to Global Mastermind and/or the holder(s) of the Convertible Bonds.

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## LETTER FROM THE BOARD

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Guarantee:

The Guarantor, Mr Cheung Kwok Wai Elton, an executive director of Global Mastermind, as personal guarantor of Global Mastermind's payment obligations under the Instrument in favour of the Bondholder(s), will execute the Guarantee on the Completion Date.

No payment, fees, indemnity or any benefits will be paid or given by Global Mastermind to the Guarantor in respect of the Guarantor executing the Guarantee in favour of the Bondholders under the Instrument.

As confirmed by the Guarantor, he is not a shareholder of Global Mastermind or the Company. Other than the interests under the Guarantee, the Company does not have any other dealing with the Guarantor. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Guarantor is a third party independent of the Company and connected persons of the Company.

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## LETTER FROM THE BOARD

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The Company considers that the subscription of the Convertible Bonds is primarily to take advantage of the higher interest rate return compared to other available potential investments or bank deposits. As stated in Global Mastermind's latest unaudited interim report as at 30 June 2020, it has total assets of about HK\$758 million and net assets of about HK\$453 million and net asset value per share of about HK\$0.106 per share. Although Global Mastermind is not immune and has been affected by the global adverse events such as trade wars among major countries, riots and disruptions caused to the Hong Kong business community, and the coronavirus pandemic, the Company considers that subscribing to the Convertible Bonds, in addition to the above factors and the reasons set out in the section "Reasons for and benefits of the Subscription" below, would be relatively safer as Global Mastermind is a company listed on GEM in Hong Kong. Our view is that in a worst case scenario, Global Mastermind would be comparatively easier to carry out refinancing than other private companies on the one hand, and if that is not feasible, we have the benefit of the payment obligations guarantee under the Guarantee. As far as the Board is aware, the Guarantor is a wealthy businessman of repute in Hong Kong and has sufficient financial resources to meet the payment obligations under the Guarantee.

The Company did seek to obtain some form of security, instead of the guarantee, but since the assets of Global Mastermind are located in different jurisdictions, there are legal complexities to perfect the securities that may be charged and also it would not be practical to enforce such securities in different jurisdictions let alone the time, costs and uncertainties that may be faced, and further taking into account that travelling overseas are still severely restricted by the coronavirus pandemic in the foreseeable future. Therefore, the Guarantee is preferred.

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## LETTER FROM THE BOARD

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### III. INFORMATION OF GLOBAL MASTERMIND

Global Mastermind is an investment holding company and its subsidiaries are principally engaged in the provision and operation of travel business, treasury management business, money lending business and provision of securities, futures, asset management and financial advisory services.

As stated in the annual report of Global Mastermind for the year ended 31 December 2019, Global Mastermind had audited consolidated net assets of approximately HK\$616,894,000. The net loss before and after taxation of Global Mastermind for the year ended 31 December 2019 were approximately HK\$55,900,000 and HK\$54,593,000 respectively. The net loss before and after taxation of Global Mastermind for the year ended 31 December 2018 were approximately HK\$66,119,000 and HK\$64,656,000 respectively.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for Mr. Lai Hok Lim and the Guarantor who are currently common directors of Global Mastermind and China Healthwise Holdings Limited (which is the issuer of another convertible bonds in the outstanding principal amount of HK\$85.5 million where the Subscriber has subscribed and the maturity date was extended to 10 October 2022 (please refer to the circular dated 18 September 2020 and the announcement dated 12 October 2020 for further details), a company incorporated in the Cayman Islands with limited liability, and its issued shares are listed on the Stock Exchange (Stock Code 348), there is no other relationship between Global Mastermind and China Healthwise Holdings Limited.

Other than the 2018 Bonds, and the subscription of the Convertible Bonds pursuant to the Subscription Agreement, the Company does not have any other cooperation with Global Mastermind in the past or planned for the future.

### IV. REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

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.

The Company has obtained a money lending business license in 2017 but has never commenced money lending business since then. The Company currently does not have any plan to commence money lending business because after market analysis and research were made then, the Company considers that it did not have sufficient safeguards and expertise to manage the potential risks inherent in this business.

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## LETTER FROM THE BOARD

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Since the rate of return of the bonds is generally more favourable and higher than the interest rates of fixed deposits between 0.41% per annum to 0.85% per annum for two-year fixed deposits offered by well-recognised financial institutions in Hong Kong, the Directors are of the view that subscription of the Convertible Bonds would continue to generate better interest income for the Group by better utilizing the available financial resources of the Group. By the subscription of the Convertible Bonds, 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 above fixed deposits rates are set out for illustration purposes only and do not reflect that the Company will and can place any fixed deposits at the said rates as these rates are subject to changes periodically by the financial institutions from time to time.

The Company has developed since 2016, among other business strategies, an investment plan to invest in investment products in order to (i) better utilize the cash and current assets, (ii) seek to make a better return instead of the low interest income from depositing into financial institutions in Hong Kong, and (iii) set up an Investment Department in 2016 with an investment manager who reports directly to the Board periodically. The Investment Department comprised an executive Director, the Chief Financial Officer and the Chief Investment Officer of our Group where the Chief Investment Officer is responsible for overseeing the management of the Investment Department, including exploring and reviewing investment opportunities and risks assessments. If suitable investment opportunities arrives, the Investment Department will made recommendation to the Board for further review and action.

The Chief Investment Officer joined the Group in May 2012 and holds a Master of Science Degree in Accounting and Finance from the London School of Economics with Distinction and a Bachelor of Business Administration Degree from the Hong Kong University of Science and Technology. He is a member of the CFA Institute and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. He has over 15 years' experience in corporate finance and accounting.

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 2018 Bonds 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 Convertible Bonds is better than other available investment opportunities.

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## LETTER FROM THE BOARD

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In addition to other factors mentioned in this circular, the Company has considered the returns of subscribing for the Convertible Bonds is a lot higher than depositing into financial institutions which has a very lower rate of return due to the perceived view that they are comparatively safer as regards counterparty default. Comparing the Convertible Bonds with other listed debt and equity investments in Hong Kong where the Company had previously invested in and may continue to do so in future, the Convertible Bonds do generate a higher rate of return and does not face any foreign exchange risks as those other listed investments are generally denominated and settled in foreign currencies, and that the Company is unable to negotiate for any terms that may be favourable to the Company. Further, the Company would not consider subscribing for the Convertible Bonds if they are not being issued by a company listed on the Stock Exchange. Therefore, based on all factors explained in this circular, the Board considers that subscribing for the Convertible Bonds will make the best use of the available financial resources of the Company by giving a good rate of return with reasonable and manageable risks factors.

Currently, the Group is holding HK\$85,500,000 convertible bonds issued by China Healthwise Holdings Limited, HK\$80,000,000 convertible bonds issued by Global Mastermind and HK\$25,500,000 bonds issued by Earthasia International Holdings Limited for investment purposes. At present, the Group does not intend to use further fund for similar investment. The amount of funds that the Company proposes to be used for its investment purposes are subject to periodic review so that the Group will always be able to meet its working capital requirements and other investment or development projects when opportunities arise.

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 the subscription of the Convertible Bonds (the Subscription Price will be paid by setting off and deducted on a dollar-to-dollar basis from the repayment of sums due under the 2018 Bonds payable by Global Mastermind) 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. On the other hand, the Company has earmarked sufficient internal financial resources to develop, maintain and improve its existing business operation on a regular basis. Therefore, this is also one of the reasons that the Board considers subscription of the Convertible Bonds would be appropriate in the current market condition.

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## LETTER FROM THE BOARD

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Regarding the Conversion Rights, 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, the subscription of the Convertible Bonds, when lay bare, is to provide the Company a better rate of return than other potential investments with an annual interest rate of 8% and the Conversion Rights will not affect this return of investments. Without the subscription of the Convertible Bonds, 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 Convertible Bonds with the bulk of the remaining fund likely to be placed on fixed deposits. The Conversion Rights 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 Global Mastermind. Since it is still uncertain as to whether to exercise the Conversion Rights, and if it fails 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 subscription of the Convertible Bonds is in the interests of the Company and its Shareholders.

The Group had previously subscribed the 2018 Bonds issued by Global Mastermind which will expire on 12 November 2020. The Board considers that since Global Mastermind desired to issue another convertible bond after expiry of the 2018 Bonds, the Company agreed to subscribe for it since the terms and conditions are satisfactory to the Company, but subject to Shareholders' approval in accordance with the Listing Rules.

The Subscription Agreement and the transactions contemplated thereunder was determined by the Company and Global Mastermind on an arm's length basis with reference to, among other things, (i) the interest rate of 8% per annum under the Instrument; (ii) the length of the terms of the Convertible Bonds of two years; (iii) the payment obligations will be guaranteed by an executive director of Global Mastermind; and (iv) the convertible rights under the Bonds.

The Directors are of the view that the terms of the Subscription Agreement and the transaction contemplated thereunder (including the Conversion Rights under the Instrument) 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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### **V. 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 Subscription 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 Subscription Agreement shall lapse and the Subscriber will not subscribe the Convertible Bonds. If the first resolution is passed but the second resolution is not passed, the Board will proceed with the Subscription of the Convertible Bonds but the Conversion Rights will not be exercised during the period of the Convertible Bonds. And if both resolutions are passed, the Board will proceed with the Subscription of the Convertible Bonds 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 Convertible Bonds, no additional cost or premium has been or will be paid by either the Subscriber or Global Mastermind to the other party. As explained in the section "Reasons for and benefits of the Subscription", the Board considers that even without the right to exercise the Conversion Rights, the baseline benefits that by subscription of the Convertible Bonds 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 therefore of the view that the terms of the Subscription 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.

### **VI. LISTING RULES IMPLICATIONS**

Since one of the applicable percentage ratios is more than 25% but less than 100%, the transactions contemplated under the Subscription 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.

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## LETTER FROM THE BOARD

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### VII. EGM

The EGM will be held at 10:30 a.m. on Tuesday, 10 November 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 Subscription Agreement and the transactions contemplated thereunder; and (2) the right to exercise the Conversion Rights by the Subscriber.

The EGM Notice convening the EGM is set out on pages 42 to 45 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 Subscription 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 Subscription 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 Thursday, 5 November 2020 to Tuesday, 10 November 2020 (both dates inclusive) for the purpose of determining the right to attend and vote at the EGM, during which period 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 Wednesday, 4 November 2020.

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 and voting in person at the EGM or any adjourned meeting thereof should you so wish.

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## LETTER FROM THE BOARD

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The EGM will be held on Tuesday, 10 November 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.

### VIII. RECOMMENDATION

The Directors are of the opinion that the terms and conditions of the Subscription 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 Subscription 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 Subscription Agreement shall lapse and the Subscriber will not subscribe the Convertible Bonds. If the first resolution is passed but the second resolution is not passed, the Board will proceed with the Subscription of the Convertible Bonds but the Conversion Rights will not be exercised during the period of the Convertible Bonds. And if both resolutions are passed, the Board will proceed with the Subscription of the Convertible Bonds 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.

### IX. 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 2018, 2019 and 2020 together with the relevant notes thereto can be found from 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)), 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)) and pages 1 to 21 of the results announcement dated 30 September 2020 of the Company for the year ended 30 June 2020 (<http://www1.hkexnews.hk/listedco/listconews/sehk/2020/0930/2020093001520.pdf>).

The said annual reports and the results announcement 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 HK\$'000</b>
Bank loans	15,134
Lease liabilities	7,591
	<u>22,725</u>

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 results announcement dated 30 September 2020 for the year ended 30 June 2020, the Group recorded the audited consolidated loss of approximately HK\$318.4 million. Upon Completion, it is expected that the subscription of the Convertible Bond will continue to generate interest income for the Group which will impact the earnings of the Group. The Convertible Bond bears interest at the rate of 8% per annum for the 24-month period from (and including) 13 November 2020 to (and including) 12 November 2022 on the principal amount of the Convertible Bond; it is estimated that the interest income accrued for the said 24-month period of the Convertible Bond will be HK\$9.6 million assuming no early redemption is made by Global Mastermind and the Subscriber does not exercise any of the Conversion Rights.

**Assets and liabilities**

As disclosed in the Company's results announcement dated 30 September 2020 for the year ended 30 June 2020, the audited total assets of the Group was approximately HK\$1,630,786,000 and the audited total liabilities of the Group was approximately HK\$125,354,000 as at 30 June 2020. Upon full conversion to the Conversion Shares at the initial Conversion Price, the Conversion Shares represent approximately 16.54% of the issued share capital of Global Mastermind 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 Global Mastermind), and the equity interest of the Group in Global Mastermind 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 Subscription Agreement would have any adverse financial impact on the earnings, assets and liabilities of the Group.

**5. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 30 June 2020, 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.

There is no material change in the trend of business of the Group since 30 June 2020 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 (note 1)	–	14.69
Ms. Lee Choi Lin, Joecy (Ms. Lee)	Family interest	275,078,914 (note 1)	–	14.69
Mr. Chan Cheuk Yu, Stephen	Interest in controlled corporation	436,755,073 (note 2)	–	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) 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 in the aggregate principal amount of HK\$80,000,000;
- (b) 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;

- (c) 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;
- (d) 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;
- (e) 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;
- (f) 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;
- (g) a supplemental agreement dated 28 August 2020 between the Subscriber and China Healthwise Holdings Limited for extension of the maturity date of the convertible bonds in the principal amount of HK\$85,500,000 issued by China Healthwise Holdings Limited from 10 October 2020 to 10 October 2022; and
- (h) the Subscription Agreement.

\* *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 2020 (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 10 November 2020:

- (a) the memorandum and articles of association of the Company;
- (b) annual reports of the Group for the two years ended 30 June 2018 and 2019;
- (c) the results announcement of the Company dated 30 September 2020;
- (d) the letter from the Board;
- (e) the material contracts referred to under the section headed “Material Contracts” in this Appendix;
- (f) a circular of the Company dated 18 September 2020; and
- (g) 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 Tuesday, 10 November 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 subscription agreement dated 25 September 2020 (the “**Subscription Agreement**”) entered into between Heng Tai Finance Limited (the “**Subscriber**”) as the subscriber and Global Mastermind Holdings Limited (“**Global Mastermind**”) as the issuer in relation to the subscription of the 8% guaranteed redeemable convertible bond due 2022 to be issued by Global Mastermind in the aggregate principal amount of HK\$60,000,000 (the “**Convertible Bonds**”) (a copy of the Subscription Agreement is produced to the Meeting and marked “A” 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 Subscription Agreement and the transactions contemplated thereunder.”

2. “**THAT:**

(a) the exercise by the Subscriber during the term of the Convertible Bonds (as amended from time to time) of all the powers to determine whether to exercise the rights to convert the Convertible Bonds (the “**Conversion Rights**”) into the shares of Global Mastermind under the terms and conditions of the Convertible Bonds 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, 23 October 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"), (1) not more than 50 persons (including Shareholders and supporting staff for the EGM) will be arranged to sit in the EGM venue; (2) seating at the EGM venue will be arranged so as to allow for appropriate social distancing with limited capacity on a "first-come-first-served" basis; (3) compulsory body temperature screening; (4) compulsory of wearing surgical face mask at the EGM venue and throughout the EGM; (5) compulsory health declaration prior to entry into the EGM venue; (6) attendee who has any flu-like symptoms or is subject to any Hong Kong Government prescribed quarantine or has close contact with any person under quarantine will be denied entry into the EGM venue; (7) no refreshments or drinks or refreshment packs will be served at the EGM; (8) no corporate gifts will be distributed at the EGM; and (9) 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 and voting in person at the above meeting or any adjourned meeting thereof, should he so wish.

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## NOTICE OF EGM

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- (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.
- (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 Thursday, 5 November 2020 to Tuesday, 10 November 2020 (both dates inclusive) for the purpose of determining the right to attend and vote at the EGM, during which period 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 Wednesday, 4 November 2020.
- (12) The EGM will be held on Tuesday, 10 November 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.