

# THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, 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) RE-ELECTION OF DIRECTOR; (2) MAJOR TRANSACTION PROPOSED AMENDMENTS TO THE TERMS AND CONDITIONS OF THE 6% BOND DUE 2022 ISSUED BY CHINA HEALTHWISE HOLDINGS LIMITED; AND (3) NOTICE OF EXTRAORDINARY GENERAL MEETING

Capitalised terms used on this cover shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 8 to 29 of this circular.

The notice convening the EGM to be held at Room SOHO 1, 6/F, Ibis Hong Kong Central & Sheung Wan Hotel, No. 28 Des Voeux Road West, Sheung Wan, Hong Kong on Friday, 7 October 2022 at 10:30 a.m. is set out on pages 43 to 46 in this circular and a proxy form for use at the EGM is enclosed. Whether or not you intend to attend the EGM, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon together with any power of attorney or other authority (if any) under which it is signed or a certified copy of such power of attorney to the office of the Branch Share Registrar, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible but in any event not less than 48 hours before the time scheduled for the EGM or any adjournment thereof.

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

#### PRECAUTIONARY MEASURES FOR THE EGM

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

- (1) 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;
- (2) scan the "LeaveHomeSafe" venue QR code and present valid vaccination, exemption or recovery record;
- (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.

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.**

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.

20 September 2022

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*Accompanying document — Proxy form for the EGM*

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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) 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;
- (2) scan the "LeaveHomeSafe" venue QR code and present valid vaccination, exemption or recovery record;
- (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

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## **PRECAUTIONARY MEASURES FOR THE EGM**

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(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. To the extent permitted under the laws of Hong Kong, the Company reserves the right to deny entry into the EGM venue or require any person to leave the EGM venue in order to ensure the safety of other attendees at the EGM.

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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Latest date and time for lodging transfers documents in order to  
qualify for attending and voting at the EGM. . . . . 4:00 p.m. on  
Friday, 30 September 2022

Closure of register of members of the Company  
(both dates inclusive). . . . . Monday, 3 October 2022 to  
Friday, 7 October 2022

Latest time for lodging the proxy forms for use at the EGM . . . . . 10:30 a.m. on  
Wednesday, 5 October 2022

Record Date for Shareholders to qualify for attending and voting  
at the EGM. . . . . Friday, 7 October 2022

Date and time of EGM . . . . . 10:30 a.m. on  
Friday, 7 October 2022

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  
Friday, 7 October 2022

*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 Friday, 7 October 2022 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, unless the context otherwise requires, the following terms and expressions shall have the meanings as set out below:*

|                                   |   |
|-----------------------------------|---|
| “2018 Announcements”              | the announcements of the Company dated 8 October, 11 October and 22 November 2018 in relation to the subscription of the Bond by the Subscriber   |
| “2020 Announcements and Circular” | the announcements of the Company dated 28 August and 12 October 2020 and the circular dated 18 September 2020 in relation to the Supplemental Agreement and the transactions contemplated thereunder  |
| “Agri-Products Business”          | the trading of agri-products and the upstream farming business  |
| “Announcement”                    | the announcement of the Company dated 17 August 2022 in relation to the Second Supplemental Agreement and the transactions contemplated thereunder  |
| “Articles of Association”         | the articles of association of the Company as amended, supplemented or modified from time to time, and “Article” shall mean an article of the Articles of Association   |
| “Board”                           | the board of Directors  |
| “Bond”                            | the convertible bond, in the aggregate principal amount of HK\$120,000,000, which is unsecured and issued by China Healthwise to the Subscriber on 11 October 2018 of which HK\$72,300,000 remaining outstanding and held by the Subscriber as at the Latest Practicable Date |
| “Bondholder”                      | holder of the Bond  |
| “Branch Share Registrar”          | Union Registrars Limited, the branch share registrar and transfer office of the Company in Hong Kong, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong  |

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## DEFINITIONS

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|------------------------|---|
| “Business Day”         | any day (excluding a Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours |
| “Certificate”          | the definitive certificate of the Bond  |
| “China Healthwise”     | China Healthwise Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00348)   |
| “Company”              | Heng Tai Consumables Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00197)   |
| “Conditions Precedent” | the conditions precedent under the Second Supplemental Agreement  |
| “connected person”     | has the meaning ascribed to it under the Listing Rules  |
| “Conversion Period”    | any time up to 4:00 p.m. (Hong Kong time) immediately prior to and exclusive of the Maturity Date   |
| “Conversion Price”     | the conversion price at which the Bond is to be converted into a Conversion Share, which shall be HK\$1.0 per Conversion Share and is proposed to be amended to HK\$0.38 per Conversion Share   |
| “Conversion Rights”    | the rights attached to the Bond to convert the principal amount (or any part(s) thereof) of the Bond into Conversion Shares at the Conversion Price during the Conversion Period, subject to the conditions of the Bond   |

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## DEFINITIONS

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|-------------------------|---|
| “Conversion Shares”     | the new shares to be allotted and issued by China Healthwise upon the exercise of the Conversion Rights   |
| “Director(s)”           | director(s) of the Company  |
| “Effective Date”        | 10 October 2022 (or such later date as may be agreed between the Subscriber and China Healthwise), provided only that all the Conditions Precedent have been satisfied on or before the Long Stop Date  |
| “EGM”                   | the extraordinary general meeting of the Company to be held at Room SOHO 1, 6/F, Ibis Hong Kong Central & Sheung Wan Hotel, No. 28 Des Voeux Road West, Sheung Wan, Hong Kong on Friday, 7 October 2022 at 10:30 a.m., or any adjournment thereof   |
| “EGM Notice”            | the notice dated 20 September 2022 convening the EGM set out on pages 43 to 46 of this circular   |
| “FMCG Trading Business” | the trading of packaged foods, beverages and household consumable products  |
| “General Mandate”       | the general mandate granted to the directors of China Healthwise at its annual general meeting held on 16 June 2020, to allot, issue and deal with additional ordinary shares of China Healthwise and to make or grant offers, agreements and options (including warrants, bonds, debentures, notes and other securities which carry rights to subscribe for or are convertible into ordinary shares of China Healthwise) of up to 1,556,611,672 shares of China Healthwise at par value of HK\$0.10 each |
| “Group”                 | the Company and its subsidiaries  |
| “HK\$”                  | Hong Kong dollars, the lawful currency of Hong Kong   |
| “Hong Kong”             | the Hong Kong Special Administrative Region of the PRC  |

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## DEFINITIONS

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|-------------------------------|--|
| “Instrument”                  | the instrument dated 11 October 2018 executed by China Healthwise by way of a deed poll constituting the Bond (and includes any instrument which is executed in accordance with its provisions and expressed to be supplemental thereto, i.e. the Supplemental Bond Instrument)  |
| “Issue Date”                  | 11 October 2018  |
| “Latest Practicable Date”     | 15 September 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular  |
| “Listing Rules”               | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “Logistics Services Business” | the provision of logistics-related services such as warehousing and post-harvest food processing   |
| “Long Stop Date”              | 9 October 2022 (or such later date as may be agreed between the Subscriber and China Healthwise), where all of the Conditions Precedent have to be satisfied   |
| “Material Adverse Change”     | (a) any change in circumstances that has, or constitutes, or would result in a Material Adverse Effect; or<br><br>(b) any change in any relevant laws in any of the jurisdictions or sectors in which China Healthwise and/or its subsidiaries do/does business that could reasonably be expected to materially and adversely affect China Healthwise and/or its subsidiaries taken as a whole |

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## DEFINITIONS

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|---------------------------|---|
| “Material Adverse Effect” | <p>a material adverse effect on:</p> <ul style="list-style-type: none"><li>(a) the business, operations, prospect, property or condition (financial or otherwise) of China Healthwise and/or its subsidiaries taken as a whole;</li><li>(b) the share price of China Healthwise;</li><li>(c) the ability of the China Healthwise to perform its obligations under the Transaction Documents; or</li><li>(d) the validity or enforceability of the Transaction Documents or the rights or remedies of any holder of the Bond under the Transaction Documents</li></ul> |
| “Maturity Date”           | <p>10 October 2022, being the amended maturity date of the Bond, and is proposed to be extended to 10 October 2024 (or if that day is not a Business Day, the immediately following Business Day) under the Second Supplemental Agreement</p>   |
| “Mr. Mok”                 | <p>Mr. Mok Tsan San, an executive Director</p>  |
| “PRC”                     | <p>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</p>  |
| “Proposed Amendments”     | <p>the conditional amendments to the Bond as regards to (i) the extension of the Maturity Date for two years; (ii) reduction of the Conversion Price; and (iii) the utilisation of the Specific Mandate in lieu of the General Mandate for the Conversion Shares</p>  |
| “Record Date”             | <p>Friday, 7 October 2022, being the record date for Shareholders to qualify for attending and voting at the EGM</p>  |

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## DEFINITIONS

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|---------------------------------------|--|
| “Second Supplemental Agreement”       | the second supplemental agreement dated 17 August 2022 entered into between the Subscriber and China Healthwise in relation to the Proposed Amendments   |
| “Second Supplemental Bond Instrument” | the second supplemental bond instrument of the Bond which is supplemental to the Instrument (as supplemented by the Supplemental Bond Instrument) to be executed by China Healthwise as a deed poll in favour of the Bondholder  |
| “SFO”                                 | the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended from time to time)  |
| “Shareholders”                        | holder of the Shares   |
| “Share(s)”                            | ordinary shares in the Company of HK\$0.10 each  |
| “Specific Mandate”                    | the specific mandate for the allotment and issuance of a maximum of 190,263,157 Conversion Shares to be granted to the directors of China Healthwise subject to approval of the shareholders of China Healthwise at the extraordinary general meeting of China Healthwise to be convened |
| “Stock Exchange”                      | The Stock Exchange of Hong Kong Limited  |
| “Subscriber”                          | Heng Tai Finance Limited, a wholly-owned subsidiary of the Company, being the sole Bondholder  |
| “Subscription”                        | the subscription of the Bond pursuant to the Subscription Agreement  |
| “Subscription Agreement”              | the subscription agreement dated 8 October 2018 entered into between the Subscriber and China Healthwise in relation to the subscription of the Bond   |
| “Supplemental Agreement”              | the supplemental agreement dated 28 August 2020 entered into between the Subscriber and China Healthwise   |

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## DEFINITIONS

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|--------------------------------|--|
| “Supplemental Bond Instrument” | the supplemental bond instrument of the Bond dated 10 October 2020 which is supplemental to the Instrument executed between China Healthwise as a deed poll in favour of the Bondholder  |
| “Transaction Documents”        | means, collectively, (a) the Subscription Agreement, (b) the Instrument, (c) the Supplemental Agreement, (d) the Supplemental Bond Instrument, (e) the Second Supplemental Agreement, (f) the Second Supplemental Bond Instrument, and (g) the relevant documents required to be executed or delivered pursuant to such documents, and is each designated hereby as a “Transaction Document” |
| “%”                            | per cent.  |

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LETTER FROM THE BOARD

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**HENG TAI CONSUMABLES GROUP LIMITED**

**亨泰消費品集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock code: 00197)

*Executive Directors:*

Mr. Lam Kwok Hing (*Chairman*)

Ms. Lee Choi Lin Joecy

Ms. Gao Qin Jian

Mr. Chan Cheuk Yu Stephen

Mr. Mok Tsan San

*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

20 September 2022

*To the Shareholders*

Dear Sir or Madam,

**(1) RE-ELECTION OF DIRECTOR;  
(2) MAJOR TRANSACTION  
PROPOSED AMENDMENTS TO THE TERMS AND CONDITIONS OF THE 6%  
BOND DUE 2022 ISSUED BY CHINA HEALTHWISE HOLDINGS LIMITED;  
AND  
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**I. INTRODUCTION**

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

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## LETTER FROM THE BOARD

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

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

As stated in the 2020 Announcements and Circular, China Healthwise and the Subscriber entered into the Supplemental Agreement dated 28 August 2020 pursuant to which amendments were made to the Instrument including, among others, the extension of the original maturity date of the Bond from 10 October 2020 to 10 October 2022 and the utilisation of the General Mandate for the Conversion Shares for the extended period of the Maturity Date.

On 24 January 2020, 28 February 2020, 19 June 2020, 28 July 2020, 6 August 2020, 19 August 2020, 10 February 2021, 24 September 2021 and 29 October 2021, China Healthwise has respectively redeemed HK\$4,000,000, HK\$4,000,000, HK\$13,000,000, HK\$3,500,000, HK\$5,000,000, HK\$5,000,000, HK\$4,500,000, HK\$4,700,000 and HK\$4,000,000 of the Bond. So far, China Healthwise has redeemed in total HK\$47,700,000 of the Bond and China Healthwise has paid all interest due in accordance with the terms of the Instrument.

On 25 September 2020, upon the consolidation of every ten issued and unissued shares of China Healthwise of par value of HK\$0.1 each into one consolidated share of HK\$1.0 each becoming effective, the Conversion Price was adjusted from HK\$0.1 per Conversion Share to HK\$1.0 per Conversion Share and the number of Conversion Shares falling to be issued upon exercise of the conversion rights pursuant to the terms and conditions of the Bond as at 25 September 2020 was adjusted from 855,000,000 shares to 85,500,000 shares. So far as the Board is aware and up to the Latest Practicable Date, China Healthwise has not committed any event of default in relation to the Bond.

As at the Latest Practicable Date, the aggregate principal amount of HK\$72,300,000 remained outstanding under the Bond held by the Subscriber, being the sole Bondholder.

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## LETTER FROM THE BOARD

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### II. RE-ELECTION OF DIRECTOR

According to Article 112, the Directors shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the shareholders in general meeting. Any Director so appointed shall hold office only until the first general meeting of the Company after their appointment and shall then be eligible for re-election at the meeting but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at such meeting.

As Mr. Mok was appointed as an executive Director by the other Directors on 13 July 2022, he shall hold office until the EGM. Being eligible for re-election, Mr. Mok has offered himself for re-election as an executive Director at the EGM. A separate ordinary resolution will be proposed for his re-election and the particulars of Mr. Mok are set out in Appendix I to this circular.

### III. THE SECOND SUPPLEMENTAL AGREEMENT

On 17 August 2022, the Subscriber and China Healthwise entered into the Second Supplemental Agreement for amending the Subscription Agreement (as amended by the Supplemental Agreement) and the terms and conditions of the Instrument (as supplemented by the Supplemental Bond Instrument).

The principal terms of the Second Supplemental Agreement are as follows:

Date: 17 August 2022

Parties: the Subscriber; and  
China Healthwise.

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

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, there is, and in the past twelve months, there has been, no material loan arrangement between (a) China Healthwise, any of its directors and legal representatives and/or any ultimate beneficial owner(s) of China Healthwise who can exert influence on the transaction; and (b) the Company, any connected person at the Company's level and/or any connected person at the subsidiary level (to the extent that such subsidiary/subsidiaries is/are involved in the transaction).

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## LETTER FROM THE BOARD

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### **Proposed Amendments**

China Healthwise and the Subscriber have conditionally agreed to (i) amend and extend the Maturity Date of 10 October 2022 for another two years to 10 October 2024 (or if that day is not a Business Day, the immediately following Business Day), where HK\$72,300,000 of the principal amount remained outstanding as at the Latest Practicable Date; and (ii) reduce the Conversion Price from HK\$1.00 per Conversion Share to HK\$0.38 per Conversion Share and make necessary amendments to the Instrument (as supplemented by the Supplemental Bond Instrument) to give effect to such change.

Further, to facilitate the extension of the Maturity Date and the adjustment to the Conversion Price, China Healthwise will utilise the Specific Mandate, subject to approval of shareholders of China Healthwise, for the Conversion Shares (i.e. a maximum of 190,263,157 new shares to be allotted and issued by China Healthwise upon the exercise of the Conversion Rights after the adoption of the Proposed Amendments) instead of the General Mandate. Accordingly, necessary amendments to give effect to such change are also made to the Instrument (as supplemented by the Supplemental Bond Instrument).

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

### **Conditions Precedent**

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

- (a) the passing by the Shareholders at the Company's EGM of the necessary resolution(s) to approve the Second Supplemental Agreement and the transactions contemplated thereunder;
- (b) the passing by the shareholders of China Healthwise at its extraordinary general meeting to be convened of the necessary resolution(s) to approve the grant of the Specific Mandate;

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## LETTER FROM THE BOARD

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- (c) the representations and warranties of China Healthwise as set out in the Subscription Agreement (as amended by the Supplemental Agreement and the Second Supplemental Agreement) remaining true, accurate and not misleading in each case in accordance with their terms;
- (d) since the date of the Second Supplemental Agreement, there having been, in the opinion of the Subscriber, no Material Adverse Change;
- (e) the Stock Exchange having granted the listing of, and permission to deal in, the Conversion Shares to China Healthwise;
- (f) the Stock Exchange having granted approval for the amendments to the Bond; and
- (g) China Healthwise delivering to the Subscriber a cashier's order or a cheque issued by a bank licensed in Hong Kong in the amount of HK\$4,338,000 payable to the Subscriber, being the outstanding accrued interests on the Maturity Date (i.e. 10 October 2022) of the outstanding principal amount of the Bond.

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

If the Second Supplemental Agreement is terminated, the Proposed Amendments will not become effective and China Healthwise shall redeem the entire outstanding principal amount of the Bond together with all accrued interests on 10 October 2022 (being the Maturity Date) in accordance with the conditions of the Bond pursuant to the Supplemental Agreement.

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

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

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

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## LETTER FROM THE BOARD

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- (b) the original revised new Certificate(s) duly executed by China Healthwise evidencing the principal outstanding amount of HK\$72,300,000 of the Bond held by the Subscriber;
- (c) an original confirmation dated the Effective Date substantially in the form as agreed by the Subscriber;
- (d) a certified true copy of the updated register of bondholder(s) to record the issue of the revised new Certificate(s) evidencing the principal outstanding amount of HK\$72,300,000 of the Bond held by the Subscriber;
- (e) a certified true copy of the resolutions of China Healthwise approving the terms of, the transactions contemplated by, and the execution and performance of the Second Supplemental Agreement and the Second Supplemental Bond Instrument, issuing the revised new Certificate(s) to the Subscriber as the sole Bondholder, confirming the availability and validity of the Specific Mandate and the listing approval from the Stock Exchange for the Conversion Shares, and resolving that it executes and delivers all relevant documents to the Subscriber to which it is a party;
- (f) a certified true copy of the members resolutions of China Healthwise passing the necessary resolution relating to the Specific Mandate; and
- (g) a certified true copy of the listing approval granting the listing of, and permission to deal in, the Conversion Shares.

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

- (a) demand China Healthwise to continue to complete any outstanding matter with such necessary modifications taking into account any specific circumstances giving rise to the failure to do so by China Healthwise (provided always that any of such modifications shall not in any way amend any of the terms of the Subscription Agreement (as amended by the Supplemental Agreement), the Instrument (as supplemented by the Supplemental Bond Instrument) or the Second Supplemental Agreement, and shall not cause any party to have committed any breach of applicable laws, rules, regulations, codes and the Listing Rules); or

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## LETTER FROM THE BOARD

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- (b) treat that China Healthwise has breached the terms of the Second Supplemental Agreement and has failed to extend the Maturity Date, and accordingly China Healthwise shall redeem the entire outstanding principal amount of the Bond on its Maturity Date on 10 October 2022 together with all accrued interests.

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

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

### TERMS OF THE BOND

Outstanding Principal amount: HK\$72,300,000

*Note:* All previously issued amount of the Bond which has been redeemed by China Healthwise has been cancelled and cannot be reissued by China Healthwise pursuant to the terms of the Bond.

Issue price: 100% of the principal amount of the Bond

Form and denomination: The Bond is in registered form in such denomination and manner as the Subscriber may direct but in any event not less than HK\$5,000,000 each.

Interest rate: The Bond shall bear interest on the outstanding principal amount from and including the date of its issue at 6% per annum. Interest shall be accrued daily on a 365 days basis and is payable annually or with respect to the last payment, on the Maturity Date.

Maturity Date: 10 October 2022 (proposed to be extended to 10 October 2024)

*Note:* The Maturity Date was extended to 10 October 2022 under the Supplemental Agreement and is conditionally subject to further extension to 10 October 2024 (or if that day is not a Business Day, the immediately following Business Day) in accordance with the terms and conditions of the Second Supplemental Agreement.

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## LETTER FROM THE BOARD

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- Redemption on maturity: Any amount of the Bond outstanding as at the Maturity Date shall be redeemed automatically on the Maturity Date at its then outstanding principal amount together with accrued interests.
- Redemption on notice by China Healthwise: China Healthwise may at any time before the Maturity date by serving at least seven (7) days' prior written notice to the Bondholder with the total amount proposed to be redeemed from the Bondholder specified therein, redeem the Bond (in whole or in part) at par together with accrued interests provided always that no conversion notice has been served by the Bondholder on or prior to the date the redemption notice is served by China Healthwise to the Bondholder.
- Redemption upon Event of Default: If an event of default has occurred, the Bondholder may require China Healthwise to redeem all or a portion of its Bond, and China Healthwise shall, in addition to and without prejudice to any of its other payment obligations under the Instrument, pay to the Bondholder an additional amount of interest as default interest which shall be payable monthly in cash, such that a total interest rate of 10% per annum shall accrue on the aggregate unpaid principal, interest and/or other amounts owed by China Healthwise to such Bondholder from the relevant due date of such unpaid amount until the date on which has been fully paid by China Healthwise to such Bondholder.
- Event of Default: The Bond contains customary events of default provisions which provide that, on the occurrence of certain events of default specified in the terms and conditions of the Bond, the Bondholder shall be entitled to demand for immediate repayment of the principal amount outstanding under the relevant Bond.
- Status of the Bond: The Bond constitutes direct, unconditional, unsubordinated and unsecured obligations of China Healthwise and shall at all times rank pari passu and without any preference among themselves. The payment obligations of China Healthwise under the Bond shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

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## LETTER FROM THE BOARD

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

Conversion Price: The conversion price at which the Bond is to be converted into a Conversion Share, which shall be HK\$1.0 per Conversion Share (proposed to be amended to HK\$0.38 per Conversion Share), subject to the adjustments provisions as follows:

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

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

Where:

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

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

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

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

Where:

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

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## LETTER FROM THE BOARD

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

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

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

Where:

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

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

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

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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 China Healthwise for each of the last five dealing days on which dealings in the shares of China Healthwise on the Stock Exchange took place ending on the last such dealing day preceding the day on or as of which the market price is to be ascertained;

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

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

Where:

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

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

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

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## LETTER FROM THE BOARD

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

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

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## LETTER FROM THE BOARD

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Where:

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

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

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

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

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

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

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

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

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

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

Where:

P = the total Effective Consideration;

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

R = the market price per share of China Healthwise;

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

Any adjustment to the Conversion Price shall be made to the nearest of a cent so that any amount under half of a cent shall be rounded down and any amount of half of a cent or more shall be rounded up. No adjustment shall be made to the Conversion Price in any case in which the amount by which the same would be reduced would be less than HK\$0.01 and any adjustment which would otherwise then be required shall not be carried forward.

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## LETTER FROM THE BOARD

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

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

*Notes:* The Conversion Price was adjusted from HK\$0.1 per Conversion Share to HK\$1.0 per Conversion Share upon the consolidation of every ten issued and unissued shares of China Healthwise of par value of HK\$0.1 each into one consolidated share of HK\$1.0 each becoming effective on 25 September 2020.

The conversion authority of the Conversion Shares is subject to be changed to the Specific Mandate to be obtained by China Healthwise at the extraordinary general meeting of China Healthwise to be convened.

Conversion Shares:

Based on the proposed Conversion Price of HK\$0.38 per Conversion Shares, a maximum of 190,263,157 new shares may be allotted and issued by China Healthwise under the Bond upon exercise of the Conversion Rights, subject to the terms of the Instrument (as amended by the Supplemental Bond Instrument and the Second Supplemental Bond Instrument), or otherwise pursuant to the terms of the Instrument (as amended by the Supplemental Bond Instrument and the Second Supplemental Bond Instrument).

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, China Healthwise had 770,480,836 ordinary shares of HK\$0.01 each in issue. Upon full conversion to the Conversion Shares at the amended Conversion Price, the Conversion Shares represent:

- (a) approximately 24.69% of the existing issued share capital of China Healthwise; and
- (b) approximately 19.80% of the issued share capital of China Healthwise as enlarged by the allotment and issue of the Conversion Shares to be allotted and issued upon the exercise of the Conversion Rights in full (assuming there is no other change in the share capital of China Healthwise).

*Note:* The number of Conversion Shares falling to be issued upon exercise of the conversion rights pursuant to the terms and conditions of the Bond was adjusted from 855,000,000 shares to 85,500,000 shares upon the consolidation of every ten issued and unissued shares of China Healthwise of par value of HK\$0.1 each into one consolidated share of HK\$1.0 each becoming effective on 25 September 2020.

Ranking of Conversion Shares:

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

Listing:

No application will be made for a listing of the Bond on the Stock Exchange or any other stock exchange.

Transferability:

The Bondholder may only assign or transfer the Bond to the transferee subject to the consent of China Healthwise.

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## LETTER FROM THE BOARD

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### INFORMATION ON CHINA HEALTHWISE

As at the Latest Practicable Date, China Healthwise is an investment holding company and principally engaged in investment in financial instruments and together with its subsidiaries, are principally engaged in sale of Chinese health products, money lending business and investment in financial instruments.

As stated in the annual report of China Healthwise as at 31 December 2021, China Healthwise had audited consolidated net assets of approximately HK\$193,064,000. The net loss before and after taxation of China Healthwise were approximately HK\$72,929,000 and HK\$69,281,000 respectively for the year ended 31 December 2020 (excluding profit from discontinued operation), and approximately HK\$100,580,000 and HK\$103,046,000 respectively for the year ended 31 December 2021.

### REASONS FOR AND BENEFITS OF THE PROPOSED AMENDMENTS

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

The Directors are of the view that the extension of the Maturity Date is favourable to the Company and its Shareholders as a whole and would continue to generate better interest income for the Group at the interest rate of 6% per annum taking into consideration (i) the interest rate of the Bond of 6% per annum is noticeably higher than (a) the latest HSBC's current Hong Kong dollar best lending rate of 5.00% (a reference of Hong Kong dollar best lending rate quoted by HSBC from time to time); and (b) the interest rates of fixed deposits offered by well-recognised financial institutions which range from up to 1.48% per annum for one-month fixed deposits to up to 3.30% per annum for one-year fixed deposits; (ii) although the risk of extending the Maturity Date is greater than the risk of having fixed deposits at financial institutions, the risk of extending the Maturity Date remains low given that the risk of default of China Healthwise is low (as discussed below); and (iii) by extending the Maturity Date, 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 Directors also considered that the risk of default of China Healthwise is low given that (i) China Healthwise is a reputable and recognised listed company. In particular, China Healthwise, through its wholly-owned subsidiary, is engaged in the business of trading and retail of “**Sum Yung**” (參茸) and dried seafood products (“**Chinese Health Products Business**”) since 1977 under the brand name of “**Nam Pei Hong**” (南北行), which is well-known in Hong Kong and Southern Mainland China; (ii) China Healthwise is financially stable albeit loss-making. Chinese Health Products Business, being one of the principal businesses of China Healthwise, contributes to the majority of its total revenue. Revenue generated from this segment has remained relatively

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## LETTER FROM THE BOARD

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stable for the years ended 31 December 2020 and 2021, while recording a growth of approximately 15.5% for the six months ended 30 June 2022 as compared with the six months ended 30 June 2021 due to the sales from online platforms according to the interim results announcement published by China Healthwise; (iii) China Healthwise had repaid the outstanding accrued interests of HK\$5,144,054.79 on the original maturity date of the outstanding principal amount of the Bond (i.e. 10 October 2020) when the first extension of maturity date was granted to China Healthwise; and (iv) China Healthwise has redeemed in total HK\$47,700,000 of the Bond and China Healthwise has paid all interest due regarding the aforesaid redemption in accordance with the terms of the Instrument. Further, as disclosed in the Company's announcement dated 28 August 2020, the Group had been in discussion with China Healthwise for exploring the development and distribution of Chinese and other pharmaceutical products and health products in the PRC market, particularly the feasibility of the potential cooperation by selling Chinese dried and health food products currently sold under the brand name "Nam Pei Hong". It is intended such products will be distributed by utilising the client networks of the Group in the PRC. However, due to the global coronavirus pandemic which led to lockdown in the past two years and which has persisted since the last extension, negotiation process had been severely affected and disrupted and the parties had not been able to finalise any terms in the meantime given that neither parties could agree on a concrete plan in view of uncertainty. It is intended that the parties will finalise the cooperation plan when pandemic in the PRC is under better control and the retail and trading business environment resume normal and stable. The Board is optimistic that the Bond to be extended would continue to strengthen the relationship between the Group and China Healthwise in their business development and is pleased to explore with China Healthwise the business cooperation in relation to the brand "Nam Pei Hong" when the pandemic situation is contained in the future. Taking into account that (i) as at the Latest Practicable Date, the Company does not have any other investment opportunities with similar returns available or any material imminent funding requirements for business investment or business operation requiring amounts comparable to the principal amount of the Bond; (ii) the extension of the Maturity Date would continue to generate better interest income for the Group; and (iii) China Healthwise is financially stable albeit loss-making, the Directors considered to enter into the Second Supplemental Agreement to extend the Maturity Date and considered the terms of the Bond to be fair and reasonable.

In addition, the Directors are of the opinion that the reduction of Conversion Price from HK\$1.0 per Conversion Share to HK\$0.38 per Conversion Share is favourable to the Company and its Shareholders as a whole because (i) the existing Conversion Price is HK\$1.0 which represents (a) a premium of approximately 3.0 times to the closing price of approximately HK\$0.247 per share of China Healthwise as quoted on the Stock Exchange on the date of the Second Supplemental Agreement; and (b) a premium of approximately 2.7 times to the average closing price of approximately HK\$0.267 per share of China Healthwise as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Second Supplemental Agreement. Given the aforementioned premium, the chance of conversion of any of the outstanding Bond at the original Conversion Price by the Subscriber is remote. The Company considered that there is a need to lower the original Conversion Price such that it can incentivise the Subscriber to convert the Bond into Conversion Shares. The new Conversion Price is HK\$0.38 which represents (a) a premium of approximately 53.8% to the closing price of approximately

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## LETTER FROM THE BOARD

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HK\$0.247 per share of China Healthwise as quoted on the Stock Exchange on the date of the Second Supplemental Agreement; and (b) a premium of approximately 42.3% to the average closing price of approximately HK\$0.267 per share of China Healthwise as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Second Supplemental Agreement, which are much lower than the premiums represented by the existing Conversion Price of HK\$1.0; and (ii) assuming that the Subscriber intends to convert the Bond in full, immediately after full conversion of the Bond at the amended Conversion Price of HK\$0.38, the Subscriber will hold 190,263,157 shares of China Healthwise and become the largest substantial shareholder of China Healthwise, holding approximately 19.80% of China Healthwise's issued share capital as enlarged by the issue and allotment of the new Conversion Shares, as compared with 72,300,000 shares of China Healthwise, representing approximately 8.58% of China Healthwise's issued share capital as enlarged by the issue and allotment of the new Conversion Shares, based on the existing Conversion Price of HK\$1.0. The Company expects that becoming the largest substantial shareholder of China Healthwise will strengthen their relationships and will facilitate the aforementioned business cooperation in the PRC. Nevertheless, the Company will closely monitor the trading prices of the shares of China Healthwise and evaluate the then financial performance and prospects of China Healthwise in determining whether to convert the Bond in to Conversion Shares.

The Second Supplemental Agreement was determined by China Healthwise and the Subscriber on an arm's length basis with reference to, among other things, (i) the interest rate of 6% per annum under the Instrument; (ii) the length of the extension of the maturity of the Bond to 10 October 2024, which is the same as the last amendment; (iii) the reduction of Conversion Price; and (iv) no premium, costs or any amounts will be given by either party to the other party to give effect to the Proposed Amendments.

As disclosed in the annual report of the Company dated 30 September 2021 (being the latest financial statements of the Company), the fair value of the Bond, being an unlisted debt investments in the principal amount of HK\$81,000,000 as at 30 June 2021 has been valued by a firm of independent professional qualified valuers derived from estimations of the equity component and debt component value by using Binomial Option Pricing Model in which the credit spread derived from comparable bonds with similar maturities and credit rating by build-up method, was approximately HK\$84,986,000 as at 30 June 2021.

The Directors are of the view that the terms of the Second Supplemental Agreement and the transaction contemplated thereunder are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

### LISTING RULES IMPLICATIONS

Since the Proposed Amendments under the Second Supplemental Agreement constitute material variation of the terms of the Bond, certain applicable percentage ratios of which are more than 25% but less than 100%, the transactions contemplated under the Second Supplemental

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## LETTER FROM THE BOARD

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Agreement 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.

#### IV. EGM

The EGM will be held at Room SOHO 1, 6/F, Ibis Hong Kong Central & Sheung Wan Hotel, No. 28 Des Voeux Road West, Sheung Wan, Hong Kong on Friday, 7 October 2022 at 10:30 a.m. to consider and, if thought fit, passing the resolutions to approve (1) the re-election of Director; (2) the Second Supplemental Agreement and the transactions contemplated thereunder; and (3) the right to exercise the Conversion Rights by the Subscriber.

The EGM Notice convening the EGM is set out on pages 43 to 46 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 Second Supplemental Agreement and the transactions contemplated thereunder, or (ii) the right to exercise the Conversion Rights by the Subscriber will need to abstain from voting on the resolutions approving the Second Supplemental Agreement and the transactions contemplated thereunder and the right to exercise the Conversion Rights by the Subscriber.

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

To qualify for attending and voting at the EGM, a Shareholder must be registered as a member of the Company on the Record Date. The register of members of the Company will be closed from Monday, 3 October 2022 to Friday, 7 October 2022 (both dates inclusive) for the purpose of determining the right to attend and vote at the EGM, during which no transfer of Shares will be registered. In order to qualify for attending and voting at the EGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Branch Share Registrar, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, for registration not later than 4:00 p.m. on Friday, 30 September 2022.

Whether or not you intend to attend the EGM, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon together with any power of attorney or other authority (if any) under which it is signed or a certified copy of such power of attorney to the office of the Branch Share Registrar, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible but in any event not less than 48 hours before the time scheduled for the EGM or any adjournment thereof.

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

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## LETTER FROM THE BOARD

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The EGM will be held on Friday, 7 October 2022 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.

### V. RECOMMENDATION

The Directors are of the opinion that the re-election of Mr. Mok as an executive Director is in the interest as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution to approve the re-election of Mr. Mok to be proposed at the EGM.

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

The second and the third resolutions are not inter-conditional to each other. If the second resolution is not passed (whether or not the third resolution is passed), the proposed extension of the Maturity Date will not become effective and the Bond will be redeemed by China Healthwise on the Maturity Date (i.e 10 October 2022) in accordance with the terms of the Bond pursuant to the Subscription Agreement (as amended by the Supplemental Agreement). If the second resolution is passed but the third resolution is not passed, the Board will proceed with the proposed extension of the Maturity Date but the Conversion Rights will not be exercised during the extended period of the Bond. And if both resolutions are passed, the Board will proceed with the proposed extension of the Maturity Date and will only exercise the Conversion Rights at the appropriate time and circumstances which will be in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### VI. ADDITIONAL 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  
**Heng Tai Consumables Group Limited**  
**Lam Kwok Hing**  
*Chairman*

**Mr. Mok Tsan San**

Mr. Mok, aged 51, holds a Bachelor of Science degree in Civil Engineering from Ohio State University in the United States. Mr. Mok is the managing director of Capital Union Investments Limited, a direct investment firm with a portfolio in Greater China and overseas. With over 20 years of solid experience in fund raising and investment syndication in a number of ventures, he has helped, funded, and/or personally invested in and advised in, among others, a number of Silicon Valley technology companies. Mr. Mok is mainly responsible for formulating strategic development plans and supervising the Group's current and future investment projects.

Mr. Mok began his career in Babtie Asia Limited (now named as Jacobs Engineering Group Inc.), an international civil engineering consulting firm as an engineer. Mr. Mok was a founder of Up Marine Holdings Limited, which was focusing on marine business in the Greater China region as well as many other countries in Asia with its position being an innovative company to design, build and distribute creative marine products and services and to promote the marine-related lifestyle.

Mr. Mok was an executive director of Chinese Strategic Holdings Limited (stock code: 8089) since 12 August 2014. The listing of the shares of Chinese Strategic Holdings Limited on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") was cancelled with effect from 4 May 2022.

Save as disclosed above, Mr. Mok confirms that (i) he did not hold any directorship in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the preceding three years; and (ii) he does not have any relationship with any of the Directors, senior management, or substantial or controlling shareholders (as defined in the "Listing Rules") of the Company.

As at the Latest Practicable Date, Mr. Mok does not have any interest in the shares, underlying shares or debenture of the Company and/or its associated corporation within the meaning of Part XV of the SFO.

Mr. Mok has entered into a service agreement with the Company for a term of one year commencing from 13 July 2022. He is subject to re-election by shareholders of the Company at the EGM and is also subject to retirement by rotation and re-election at annual general meetings at least once for every three years in accordance with the articles of association of the Company. Pursuant to the service agreement, Mr. Mok is entitled to receive a director's emolument of HK\$1,200,000 per annum. Mr. Mok's emolument is determined by the remuneration committee of the Board by reference to the prevailing market rate, his time, effort and expertise devoted to the

Company's affairs and the Company's remuneration policy. Both the Company and Mr. Mok consider such remuneration to be reasonable. Such service agreement can be terminated by either party giving at least one month's prior notice in writing.

Save as disclosed above, there is no information in relation to the appointment of Mr. Mok which is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules and there are no other matters which need to be brought to the attention of the shareholders of the Company and the Stock Exchange.

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

The audited consolidated financial statements of the Group for the years ended 30 June 2019, 2020 and 2021 together with the relevant notes thereto can be found from pages 42 to 137 of the annual report of the Company for the year ended 30 June 2019 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/1030/lt20191030117.pdf>), pages 41 to 133 of the annual report of the Company for the year ended 30 June 2020 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/1029/2020102900773.pdf>) and pages 38 to 121 of the annual report of the Company for the year ended 30 June 2021 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/1028/2021102800960.pdf>).

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

**2. INDEBTEDNESS**

At the close of business on 31 August 2022, 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\$20.4 million, which was comprised of:

|                   | <b>At 31 August<br/>2022</b><br><i>HK\$'000</i> |
|-------------------|---|
| Bank loans        | 10,157  |
| Lease liabilities | <u>10,256</u>                                   |
|                   | <u><u>20,413</u></u>                            |

The Group's bank loans were secured by corporate guarantees executed by the Company and certain subsidiaries of the Company, a charge over the Group's pledged bank deposits amounting to HK\$12.1 million and a charge over investments of a subsidiary in carrying amount of approximately HK\$0.11 million at 31 August 2022. The Group's lease liabilities amounting to approximately HK\$0.9 million were secured by rental deposits paid by the Group and approximately HK\$9.4 million were unsecured at 31 August 2022.

Save for the aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, at the close of business on 31 August 2022, the Group did not have any debt securities issued and outstanding, or any other borrowings or indebtedness including bank overdrafts, liabilities under acceptances (other than normal trade payables) or acceptance credits, hire purchases commitments, mortgages, charges or guarantees, 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.

As at the Latest Practicable Date, the Company has obtained the confirmation as required under Rule 14.66(12) of the Listing Rules.

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

#### **Earnings**

As disclosed in the Company's annual report for the year ended 30 June 2021, the Group recorded the audited consolidated loss of approximately HK\$247.2 million. Upon the Proposed Amendments becoming effective, it is expected that the extension of the Maturity Date will continue to generate interest income for the Group which will impact the earnings of the Group. The Bond bears interest at the rate of 6% per annum for the 24-month period from (and including) 11 October 2022 to (and including) 10 October 2024 on the outstanding principal amount of the Bond; it is estimated that the interest income accrued for the said 24-month period of the Bond will be approximately HK\$8.7 million assuming no early redemption is made by China Healthwise and the Subscriber does not exercise any of the Conversion Rights.

#### **Assets and liabilities**

As disclosed in the Company's annual report for the year ended 30 June 2021, the audited total assets of the Group was approximately HK\$1,407.5 million and the audited total liabilities of the Group was approximately HK\$121.7 million as at 30 June 2021. Upon full conversion to the Conversion Shares at the reduced Conversion Price, the Conversion Shares represent approximately 19.80% of the issued share capital of China Healthwise as enlarged by the allotment and issue of the Conversion Shares to be allotted and issued upon the exercise of the Conversion

Rights in full (assuming there is no other change in the share capital of China Healthwise), and the equity interest of the Group in China Healthwise will be accounted for as financial assets at fair value through profit or loss.

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

## **5. MATERIAL ADVERSE CHANGE**

As disclosed in the interim report of the Company for the six months ended 31 December 2021, the Group recorded a decrease in unaudited gross profit of approximately 14.6% and an increase in unaudited loss for the period of approximately 36.7% for the six months ended 31 December 2021 as compared to the previous corresponding financial period.

The Board considered that the unaudited consolidated financial results of the Group for six months ended 31 December 2021 have continuously been adversely affected by the continuous weakening demand in the consumer market in the PRC and continuous competition from other brands against the products which the Group have been trading coupled with the unfavorable and ongoing adverse global trading environment and the disruptions caused by the global COVID-19 pandemic.

In addition to the above mentioned macro-economic and community wide issues, the Group was not able to pass on the increased purchase costs for agricultural products to customers due to keen market competition and weak market demand, which has also resulted in our gross profit margin being squeezed for the said financial period.

The Group's financial performance for the said financial period was also affected by a decrease in other gains and income of approximately HK\$15.9 million, which was mainly due to a decrease in unrealised fair value gain on investments of approximately HK\$7.1 million, a decrease in exchange gain of approximately HK\$4.6 million and a decrease of interest income of approximately HK\$3.9 million as compared to the previous corresponding financial period. The Group's other operating expenses also increased by approximately HK\$2.7 million during the said financial period, which was mainly due to the increase of the fair value loss on investments of approximately HK\$6.1 million offset by the decrease of loss on redemption of convertible bonds of approximately HK\$3.4 million.

On the other hand, the Group has successfully implemented and adopted various costs cutting measures and reduced the selling and distribution expenses and administrative expenses by approximately 6.2% together as compared to the previous corresponding financial period.

Saved as disclosed above, 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 2021, being the date to which the latest published audited accounts of the Group were made up.

## 6. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

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

The pandemic posed an unprecedented challenge to the global economy, which gave rise to large scale supply chain disruption due to freight restriction and lockdowns across the globe. The rapidly rising inflation caused by the supply chain disruption and the stimulus programs launched by various central banks of different nations led to significant increase in purchase costs. Although PRC's economy has demonstrated resilience in the face of the pandemic and the global economic slowdown, its growth decelerated sharply, reflected by the fact that the retail sales growth fell to below 2% in December 2021. Besides, the competition from domestic products remained fierce, especially considering their overwhelming advertisements and promotions. Therefore, the Group could not entirely pass on the increased purchase costs to customers amid the keen market competition and weak demand. The Group continued to carefully review our businesses and trim down unprofitable operations such as most of logistics services and the tourist retailing business.

The pandemic unavoidably caused severe impact on the FMCG Trading Business and the persistently weak market demand and the keen competition from domestic brands further worsened the operating environment. The supply chains were seriously challenged by port congestion caused by pandemic-induced port closure and labour shortage due to quarantine measures by different countries. The Group faced not only the increase in shipping rates, but also the difficulty in restocking inventories timely, which inevitably inflated the purchase costs. In view of the above, the Group attempted to reduce certain amount of sales discounts that were used to incentivize our loyal customers during the pandemic, so that the increased purchase costs could be compensated by the higher selling prices to some extent.

The Agri-Trading Business also encountered severe difficulties caused by the pandemic, especially considering the short life cycle and perishable nature of agricultural products. The supply chain disruption substantially increased the purchase costs for agricultural products. However, the Group could not effectively pass on the increased costs to customers due to the keen market competition. Nevertheless, the competitiveness of our domestic agricultural products has been increasing over past few years in terms of product quality and product variety thanks to the improving agricultural technology. Therefore, the Group continued to carefully develop our trading business for domestic fresh produce as a supplementary business, the percentage of its revenue

over the revenue of the agri-products trading business remained fairly stable compared to the same period last year. Furthermore, the Group has commenced setting up of a new food processing and warehouse storage for agri-products in Dongguan of PRC in an attempt to expand the current operation of a leased premises in Zhongshan, where occasionally reached its capacity due to its size limitation.

The Group has been reviewing the Logistics Services Business thoroughly in the light of various containment policies such as lockdown and quarantine measures undertaken in PRC during the pandemic. The provision of associated logistics services to the Group's customers became particularly difficult and not financially viable considering the enduring impact of the pandemic and its relevant high operation and maintenance costs. Therefore, the Group outsourced delivery services and ceased most of its logistics services but merely provided warehousing and food processing services to customers during the six months ended 31 December 2021, which resulted in a saving in operating costs, selling and distribution and administrative expenses but the revenue of this business segment inevitably decreased correspondingly.

The tourist retailing business has been hit hardest over past few years and there were no any signs of recovery during the six months ended 31 December 2021. The drastic plunge in the tourism industry from the mainland Chinese visitors in Hong Kong continuously brought strong blow to the tourist retailing business. As the removal of the border restrictions for tourists from PRC remained highly uncertain in foreseeable future, it is expected that it would take a long period of time for the tourism industry returning to a regular level in Hong Kong. Therefore, the Group has been continuously reviewing this business unit and implementing various austerity measures to reduce its operating expenses. During the six months ended 31 December 2021, the Group divested its investment in Waygood Investment Development Limited, which was the operator of Tsim Sha Tsui East-based department store, Tycoon City, to trim down the scale of this business unit and will continue to review the remaining operations carefully. The disposal did not have any material impact on the financial performance of the Group.

On 9 December 2021, the Group completed the acquisition of 17.5% equity interest in First Bullion Holdings Inc., which is principally engaged in the provision of digital assets listing, trading and management services. First Bullion Holdings Inc. established Cryptosx, a digital assets exchange portal, in 2018 and is licensed in the Philippines by Cagayan Economic Zone Authority to conduct Financial Technology Solutions and Offshore Virtual Currency Exchange business activities, including the authority to approve and endorse security token offerings, operation of digital assets exchanges as well as the provision of digital assets wealth management services. The blockchain and digital asset technology has been gaining significant momentum and has steadily been adopted or entered into by different finance entities in recent years. The Board considers that the acquisition would diversify and enhance the Group's investment portfolios and provide the Group with a good opportunity to tap into the virtual asset trading exchange business.

Looking forward, the overall operating environment is expected to be difficult and highly uncertain. The pandemic will continue to pose great uncertainty for the global economy, let alone the possible negative impacts from high inflation and the tightening policies adopted by central banks, geographical tensions among different nations and the increasing competition from domestic brands. While the Group has continuously been exploring suitable investment opportunities to enhance the Group's investment portfolios to reduce concentration risks, the Group will take cautious stance for future development and continue to implement cost-saving initiatives, as well as ensure a strong and healthy financial position to weather any unforeseeable headwinds.

Save as disclosed above, there is no material change in the trend of business of the Group since 30 June 2021 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**

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                                | Capacity/<br>Nature of interest         | Number of Shares held   |                | Approximate<br>percentage of<br>interest as at the<br>Latest Practicable<br>Date |
|-------------------------------------|---|-------------------------|----------------|--|
|                                     |   | Long position           | Short position | %  |
| Mr. Lam Kwok Hing<br>(Mr. Lam)      | Interest in a controlled<br>corporation | 275,078,914<br>(note 1) | —              | 13.09  |
| Ms. Lee Choi Lin Joecy<br>(Ms. Lee) | Family interest                         | 275,078,914<br>(note 1) | —              | 13.09  |
| Mr. Chan Cheuk Yu Stephen           | Interest in controlled<br>corporation   | 301,060,073<br>(note 2) | —              | 14.33  |

*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 301,060,073 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. 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 2021 (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.

### **5. 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.

## 6. LITIGATION

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

## 7. MATERIAL CONTRACTS

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

- (a) a memorandum of understanding dated 23 September 2020 entered into between the Company and 陝西中吉聯眾農業科技有限公司 (Shanxi Zhong Ji Lian Zhong Agricultural Technology Company Limited\*) for the possible establishment of a joint venture company and the cooperation in developing the ecological agricultural business;
- (b) a subscription agreement dated 25 September 2020 entered into between the Subscriber and Global Mastermind Holdings Limited for the subscription of a 8% guaranteed convertible bond issued by Global Mastermind Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM of the Stock Exchange (Stock Code: 8063) in the aggregate principal amount of HK\$60,000,000;
- (c) a memorandum of understanding dated 28 May 2021 entered into between Shining Impact Limited (“**Shining Impact**”), a wholly-owned subsidiary of the Company, and a Hong Kong businessman who was an independent third party for the proposed acquisition by Shining Impact of a non-controlling interest in a private company incorporated in the British Virgin Islands with limited liability, which is principally engaged in the provision of cryptocurrency investment and exchange platform and the provision of digital asset custody and digital wealth management;
- (d) a supplemental memorandum of understanding dated 26 July 2021 supplemental to the memorandum of understanding dated 28 May 2021 entered into between Shining Impact, and a Hong Kong businessman and an independent third party for the extension of exclusivity period of the memorandum of understanding from two months to five months;

- (e) a sale and purchase agreement dated 20 October 2021 entered into between Smart Empire Group Limited as the vendor, Mr. Tang Ka Siu Johnny as the guarantor and Shining Impact as the purchaser in relation to the proposed acquisition of 350,000 shares of First Bullion Holdings Inc. for a consideration of HK\$28,760,000;
- (f) a supplemental agreement dated 2 December 2021 supplemental to the sale and purchase agreement dated 20 October 2021 entered into between Smart Empire Group Limited as the vendor, Mr. Tang Ka Siu Johnny as the guarantor and Shining Impact as the purchaser in relation to, among others, the amendments to the proposed acquisition of 350,000 shares of First Bullion Holdings Inc. for a consideration of HK\$23,786,000 instead of HK\$28,760,000;
- (g) a memorandum of understanding dated 28 December 2021 entered into between the Company and Allied Sustainability and Environmental Consultants Group Limited in relation to a possible cooperation in matters of environmental issue such as carbon neutrality and green finance, pursuant to which the Company and AEC agreed to cooperate in a mutually supportive relationship and to leverage their respective resources with a view to bring strong synergy to both parties;
- (h) a deed of settlement dated 13 May 2022 entered into between Sui Tai & Associates Limited as bondholder and Graphex Group Limited (formerly known as Earthasia International Holdings Limited) as bond issuer in relation to the extension of repayment date of the total outstanding principal amount of the bonds in the aggregate principal amount of HK\$25,500,000; and
- (i) the Second Supplemental Agreement.

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

## 8. 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) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (c) The Company's principal place of business in Hong Kong is at 31/F., Guangdong Finance Building, 88 Connaught Road West, Sheung Wan, Hong Kong.

- (d) In the event of inconsistency, the English language text of this circular shall prevail over the Chinese language text.

#### **9. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.hengtai.com.hk>) for not less than 14 days from the date of this circular (both days inclusive):

- (a) the Subscription Agreement and the Instrument;
- (b) the Supplemental Agreement and the Supplemental Bond Instrument;
- (c) the Second Supplemental Agreement; and
- (d) this circular.

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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 Room SOHO 1, 6/F, Ibis Hong Kong Central & Sheung Wan Hotel, No. 28 Des Voeux Road West, Sheung Wan, Hong Kong on Friday, 7 October 2022 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** Mr. Mok Tsan San be re-elected as an executive director of the Company and the board of directors of the Company be authorised to fix his director’s remuneration.”
2. “**THAT:**
  - (a) the second supplemental agreement dated 17 August 2022 (the “**Second Supplemental Agreement**”) entered into between Heng Tai Finance Limited (the “**Subscriber**”) as the subscriber and China Healthwise Holdings Limited (“**China Healthwise**”) as the issuer in relation to the proposed amendments to the terms and conditions of the 6% unsecured redeemable convertible bond due 2022 issued on 11 October 2018 by China Healthwise in the aggregate outstanding principal amount of HK\$72,300,000 (the “**Bond**”) pursuant to the subscription agreement dated 8 October 2018 (as supplemented by the supplemental agreement dated 28 August 2020 (the “**Supplemental Agreement**”) entered into between the Subscriber and China Healthwise (the “**Subscription Agreement**”) (a copy each of the Second Supplemental Agreement, the Subscription Agreement, the Supplemental Agreement, the instrument constituting the Bond and the supplemental bond instrument is produced to the Meeting and marked “A”, “B”, “C”, “D” and “E” 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 authorised 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 Second Supplemental Agreement and the transactions contemplated thereunder.”

3. **“THAT:**

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

(b) the directors of the Company be and are hereby authorised 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, 20 September 2022

*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) 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; (2) scan the "LeaveHomeSafe" venue QR code and present valid vaccination, exemption or recovery record; (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 or voting in person at the above meeting or any adjourned meeting thereof, should he so wish.
- (10) Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the shareholders at a general meeting must be taken by poll. Therefore, the Chairman of the meeting will demand that all resolutions will be voted by way of poll at the meeting.

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## NOTICE OF EGM

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- (11) To qualify for attending and voting at the EGM, a Shareholder must be registered as a member of the Company on the Record Date. The register of members of the Company will be closed from Monday, 3 October 2022 to Friday, 7 October 2022 (both dates inclusive) for the purpose of determining the right to attend and vote at the EGM, during which no transfer of Shares will be registered. In order to qualify for attending and voting at the EGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Branch Share Registrar, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, for registration not later than 4:00 p.m. on Friday, 30 September 2022.
- (12) The EGM will be held on Friday, 7 October 2022 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.