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

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

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HENG TAI CONSUMABLES GROUP LIMITED

亨泰消費品集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00197)

**(1) PROPOSED CAPITAL REORGANISATION;
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening the EGM 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, 22 December 2023 at 11:30 a.m. (or immediately after the conclusion or adjournment of the AGM) is set out on pages 14 to 17 of this circular. A proxy form for use at the EGM is enclosed with this circular and is also published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.hengtai.com.hk.

Whether or not you are able to attend the EGM, you are advised to complete the proxy form in accordance with the instructions printed thereon and deposit the same at the Share Registrar, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and, in such event, the proxy form shall be deemed to be revoked.

6 December 2023

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EXPECTED TIMETABLE

Set out below is the expected timetable for the implementation of the Capital Reorganisation:

Events	Hong Kong date and time
Latest time for lodging transfers of Shares for attending and voting at the EGM	4:00 p.m. on Monday, 18 December 2023
Closure of register of members of the Company (both dates inclusive).....	Tuesday, 19 December 2023 to Friday, 22 December 2023
Latest time and date for lodging proxy forms for the EGM	11:30 a.m. on Wednesday, 20 December 2023
Record Date for determination of entitlements to attend and vote at the EGM	Friday, 22 December 2023
Date and time of the EGM.....	11:30 a.m. on Friday, 22 December 2023 (or immediately after the conclusion or adjournment of the AGM)
Publication of announcement of poll results of the EGM	Friday, 22 December 2023

The following events are conditional on the fulfilment of the conditions for the implementation of the Share Consolidation.

Events	Hong Kong date and time
Effective date of the Share Consolidation.....	Thursday, 28 December 2023
First day for free exchange of existing share certificates of Existing Shares for new share certificates for the Consolidated Shares	Thursday, 28 December 2023
Commencement of dealings in the Consolidated Shares.....	9:00 a.m. on Thursday, 28 December 2023
Original counter for trading in the Existing Shares in board lots of 5,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Thursday, 28 December 2023

EXPECTED TIMETABLE

Events	Hong Kong date and time
Temporary counter for trading in the Consolidated Shares in board lots of 250 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Thursday, 28 December 2023
Original counter for trading in the Consolidated Shares in board lots of 5,000 Consolidated Shares (in the form of new share certificates) re-opens	9:00 a.m. on Friday, 12 January 2024
Parallel trading in the Consolidated Shares (in the form of new share certificates for the Consolidated Shares and existing share certificates) commences.....	9:00 a.m. on Friday, 12 January 2024
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares	9:00 a.m. on Friday, 12 January 2024
Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares	4:00 p.m. on Thursday, 1 February 2024
Temporary counter for trading in the New Shares in board lots of 250 Consolidated Shares (in the form of existing share certificates) closes.....	4:10 p.m. on Thursday, 1 February 2024
Parallel trading in the Consolidated Shares (in the form of new share certificates for the Consolidated Shares and existing share certificates) ends	4:10 p.m. on Thursday, 1 February 2024
Last day for free exchange of existing share certificates for the share certificates of the Consolidated Shares.....	Monday, 5 February 2024

EXPECTED TIMETABLE

The following events are conditional on the fulfilment of the conditions for the implementation of the Capital Reduction and Share Sub-Division (including approval of the Court to the Capital Reduction, if applicable). It may take approximately 2 to 3 months for the Company to obtain hearing dates before the Court which will be subject to the availability of the Court over which the Company has no control. The dates below are therefore tentative.

Event	Hong Kong date and time
Expected effective date of the Capital Reduction and the Share Sub-Division	Before 9:00 a.m. on Tuesday, 27 February 2024
Expected commencement of dealings in the New Shares.....	9:00 a.m. on Tuesday, 27 February 2024
First day of free exchange of existing share certificates for the Consolidated Shares into new share certificates for the New Shares.....	9:00 a.m. on Tuesday, 27 February 2024
Last day of free exchange of existing share certificates for the Consolidated Shares into new share certificates for the New Shares.....	Tuesday, 2 April 2024

Notes:

- (1) Dates or deadlines specified in this circular are indicative only and may be varied by the Company. Any consequential changes to the expected timetable will be published or notified to the Shareholders by way of announcement(s) at the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.hengtai.com.hk as and when appropriate and in accordance with the Listing Rules.
- (2) The EGM will be held on Friday, 22 December 2023 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.
- (3) If Typhoon Signal No. 8 or above is hoisted, or a "black" rainstorm warning signal or "extreme conditions after super typhoons" announced by the Government of Hong Kong is/are in force in Hong Kong at or at any time after 7:00 a.m. on the date of the meeting, the meeting will be postponed. The Company will publish an announcement on the website of the Company at www.hengtai.com.hk and on the website of the Stock Exchange at www.hkexnews.hk to notify Shareholders of the date, time and venue of the rescheduled meeting.

DEFINITIONS

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

“Accumulated Losses”	the accumulated losses of the Company
“AGM”	the annual 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, 22 December 2023 at 10:30 a.m.
“Board”	the board of Directors
“Business Day(s)”	a day(s) (excluding Saturdays, Sunday or public holiday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “Black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. to 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Capital Reduction”	the proposed reduction of the issued share capital of the Company by (a) cancelling any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation, and (b) reducing the par value of each issued Consolidated Share from HK\$2.00 to HK\$0.01 by cancelling the paid up share capital to the extent of HK\$1.99 per issued Consolidated Share
“Capital Reorganisation”	the proposed share capital reorganisation, including the Share Consolidation, the Capital Reduction and the Share Sub-Division
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as may be amended and modified from time to time
“Companies Act”	the Companies Act (As Revised) of the Cayman Islands, as consolidated and revised

DEFINITIONS

“Company”	Heng Tai Consumables Group Limited, a company incorporated in the Cayman Islands with limited liability, with its issued Shares being listed on the Main Board of the Stock Exchange
“Consolidated Share(s)”	ordinary share(s) of HK\$2.00 each in the share capital of the Company after the Share Consolidation becoming effective but prior to the Capital Reduction and the Share Sub-Division becoming effective
“Court”	the Grand Court of the Cayman Islands
“Director(s)”	the director(s) of the Company
“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, 22 December 2023 at 11:30 a.m. (or immediately after the conclusion or adjournment of the AGM) for the Shareholders to consider and, if thought fit, approve resolutions for effecting the Capital Reorganisation
“Existing Share(s)”	ordinary share(s) of par value of HK\$0.10 each in the issued and unissued share capital of the Company prior to the Share Consolidation becoming effective
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	1 December 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Memorandum and Articles of Association”	the memorandum and articles of association of the Company, as amended from time to time
“New Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company upon the Capital Reorganisation becoming effective
“Record Date”	Friday, 22 December 2023, being the record date for determining entitlements of the Shareholders to attend and vote at the EGM
“Share(s)”	the Existing Share(s), the Consolidated Share(s) and/or the New Share(s), as the case may be
“Share Consolidation”	the proposed consolidation of every twenty (20) issued and unissued Existing Shares of HK\$0.10 each into one (1) Consolidated Share of HK\$2.00
“Share Sub-Division”	the proposed sub-division of each of the unissued Consolidated Shares of HK\$2.00 each in the authorised share capital of the Company into two hundred (200) New Shares of HK\$0.01 each
“Share Registrar”	Union Registrars Limited, the branch share registrar and transfer office of the Company in Hong Kong
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



HENG TAI CONSUMABLES GROUP LIMITED

亨泰消費品集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00197)

Executive Directors:

Mr. Lam Kwok Hing (*Chairman*)
Ms. Lee Choi Lin Joecy
Ms. Gao Qin Jian
Mr. Chan Cheuk Yu Stephen
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

6 December 2023

To the Shareholders,

Dear Sirs or Madam

**(1) PROPOSED CAPITAL REORGANISATION;
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 13 November 2023 in relation to, among other things, the proposed Capital Reorganisation.

The purpose of this circular is to provide you with information regarding the Capital Reorganisation and the notice convening the EGM for the purpose of considering and, if thought fit, approving the resolutions relating to the Capital Reorganisation.

LETTER FROM THE BOARD

PROPOSED CAPITAL REORGANISATION

The Board proposes to implement the Capital Reorganisation, details of which are as follows:

(i) Share Consolidation

Every twenty (20) issued and unissued Existing Shares of HK\$0.10 each shall be consolidated into one (1) Consolidated Share of HK\$2.00 each;

(ii) Capital Reduction

After the Share Consolidation becoming effective but subject to the other conditions to the Capital Reduction being satisfied, (a) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation will be cancelled, and (b) the par value of each of the issued Consolidated Shares shall be reduced from HK\$2.00 to HK\$0.01 by cancelling the paid-up capital of the Company to the extent of HK\$1.99 on each of the issued Consolidated Shares;

(iii) Share Sub-Division

Immediately upon the Capital Reduction becoming effective, every unissued Consolidated Share of HK\$2.00 each in the authorised share capital of the Company shall be sub-divided into two hundred (200) New Shares of HK\$0.01 each; and

(iv) Offsetting Accumulated Losses

The credit arising from the Capital Reduction will be transferred to a distributable reserve account of the Company which may be utilised by Company as the Directors may deem fit and permitted in accordance with the Memorandum and Articles of Association and all applicable laws, including, without limitation, eliminating or setting off any Accumulated Losses from time to time.

Effects of the Capital Reorganisation

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$1,000,000,000 divided into 10,000,000,000 Existing Shares of par value of HK\$0.10 each, of which 2,101,407,182 Existing Shares have been allotted and issued and are fully paid or credited as fully paid, and the aggregate par value of the issued share capital of the Company is HK\$210,140,718.20.

LETTER FROM THE BOARD

Assuming there will be no change in the issued share capital of the Company from the Latest Practicable Date until the effective date of the Capital Reorganisation, upon the Capital Reorganisation becoming effective, the authorised share capital of the Company will be HK\$1,000,000,000 divided into 100,000,000,000 New Shares of par value of HK\$0.01 each, of which 105,070,359 New Shares will be in issue and the aggregate par value of the issued share capital of the Company will be HK\$1,050,703.59. On the basis that the Company will have a total of 105,070,359 Consolidated Shares upon the Share Consolidation becoming effective, a credit of HK\$209,090,014.41 will arise as a result of the Capital Reduction.

It is proposed that the credit arising from the Capital Reduction will be transferred to a distributable reserve account of the Company which may be utilised by Company as the Directors may deem fit and permitted in accordance with the Memorandum and Articles of Association and all applicable laws, including, without limitation, eliminating or setting off any Accumulated Losses from time to time. Shareholders and potential investors of the Company should note that the credit arising from the Capital Reduction will be subject to change depending on the number of the Existing Shares in issue immediately prior to the Capital Reorganisation becoming effective.

The New Shares in issue immediately following the Capital Reorganisation becoming effective will rank pari passu in all respects with each other and the Capital Reorganisation will not result in any change in the relative rights of the Shareholders.

Other than the relevant expenses (including but not limited to professional fees and printing charges) to be incurred, the implementation of the Capital Reorganisation will not have material effect on the Group's consolidated net asset value, and it will not alter the underlying assets, business operations, management or financial position of the Company. The Capital Reorganisation does not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any paid-up capital of the Company nor will it result in any change in the relative rights of the Shareholders.

LETTER FROM THE BOARD

The following table sets out the effects of the Capital Reorganisation on the share capital of the Company as at the Latest Practicable Date and after the implementation of the Capital Reorganisation, assuming that there is no change in the share capital of the Company from the Latest Practicable Date until the effective date of the Capital Reorganisation.

	As at the Latest Practicable Date	Immediately after the Share Consolidation becoming effective but before the Capital Reduction becoming effective	Immediately after the Capital Reorganisation becoming effective
Par value	HK\$0.1	HK\$2.0	HK\$0.01
Number of authorised shares	10,000,000,000	500,000,000	100,000,000,000
Authorised share capital	HK\$1,000,000,000	HK\$1,000,000,000	HK\$1,000,000,000
Number of issued shares	2,101,407,182 Existing Shares	105,070,359 Consolidated Shares	105,070,359 New Shares
Issued share capital	HK\$210,140,718.20	HK\$210,140,718.00	HK\$1,050,703.59
Number of unissued shares	7,898,592,818 Existing Shares	394,929,641 Consolidated Shares	99,894,929,641 New Shares
Unissued share capital	HK\$789,859,281.80	HK\$789,859,282.00	HK\$998,949,296.41

Conditions of the Capital Reorganisation

The Share Consolidation is conditional upon the following conditions:

- (i) the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation at the EGM;
- (ii) the Listing Committee of the Stock Exchange granting an approval for the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective; and
- (iii) the compliance with the relevant procedures and requirements under the applicable laws of the Cayman Islands and the Listing Rules to effect the Share Consolidation.

LETTER FROM THE BOARD

Subject to the fulfilment of the conditions of the Share Consolidation, the effective date of the Share Consolidation is expected to be on the second Business Day immediately following the fulfillment of the above conditions.

As at the Latest Practicable Date, none of the above conditions have been fulfilled.

The Capital Reduction and the Share Sub-Division are conditional upon:

- (i) the Share Consolidation having become effective;
- (ii) the passing of a special resolution to approve the Capital Reduction and the Share Sub-Division by the Shareholders at the EGM;
- (iii) an order being made by the Court confirming the Capital Reduction (if applicable);
- (iv) compliance with any condition which the Court may impose in relation to the Capital Reduction (if applicable);
- (v) registration by the Registrar of Companies of the Cayman Islands of a copy of the order of the Court confirming the Capital Reduction and the minute approved by the Court containing the particulars required under the Companies Act with respect to the Capital Reduction (if applicable);
- (vi) the Listing Committee granting an approval for the listing of, and permission to deal in, the New Shares arising from the Capital Reduction and the Share Sub-Division; and
- (vii) the compliance with the relevant legal procedures and requirements under the applicable laws of the Cayman Islands and the Listing Rules to effect the Capital Reduction and the Share Sub-Division.

The Capital Reduction and the Share Sub-Division will become effective when the conditions mentioned above are fulfilled. Upon the approval by the Shareholders of the Capital Reorganisation at the EGM, the legal advisors to the Company (as to the Cayman Islands law) will apply to the Court for hearing date(s) to confirm the Capital Reduction (if applicable) and further announcements will be made by the Company as soon as practicable after the Court hearing date(s) is confirmed (if applicable).

As at the Latest Practicable Date, none of the above conditions have been fulfilled.

Listing and Dealings

Applications have been made by the Company to the Listing Committee for the listing of, and the permission to deal in, the Consolidated Shares and the New Shares arising from the Capital Reorganisation.

LETTER FROM THE BOARD

Subject to the granting of listing of, and permission to deal in, the Consolidated Shares and the New Shares on the Stock Exchange upon effectiveness of (i) the Share Consolidation; and (ii) the Capital Reduction and the Share Sub-Division, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares and the New Shares on the Stock Exchange will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealing in the Consolidated Shares and the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares and the New Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchanges other than the Stock Exchange, and at the time when the Capital Reorganisation becoming effective, the New Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Fractional Shares

The fractional Consolidated Shares in the issued share capital of the Company arising from the Share Consolidation, if any, will be cancelled. Any fractional Consolidated Shares to which the Shareholders are entitled to shall not be issued by the Company but shall be aggregated and sold in the market for the benefit of the Company, if a premium (net of expenses) can be obtained.

Shareholders concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser and may wish to consider the possibility of buying or selling Existing Shares in a number sufficient to make up an entitlement to receive a whole number of New Shares.

Exchange of share certificates

Subject to the Share Consolidation becoming effective, which is currently expected to be on Thursday, 28 December 2023, Shareholders may between 9:00 a.m. and 4:00 p.m. on any Business Day during the period from Thursday, 28 December 2023 to Monday, 5 February 2024 (both days inclusive), submit share certificates for the Existing Shares (in green colour) to the Share Registrar, Union Registrars Limited, at Suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong to exchange for new share certificates for the Consolidated Shares (in purple colour), on the basis of every twenty (20) Existing Shares for one (1) Consolidated Share without any fractional Consolidated Share and at the expense of the Company.

LETTER FROM THE BOARD

Shareholders should note that after the prescribed time for free exchange of share certificates, a fee of HK\$2.50 each (or such higher amount as may from time to time be allowed by the Stock Exchange) will be payable by the Shareholders to the Share Registrar for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the Consolidated Shares, whichever the number of share certificates involved is higher.

After 4:10 p.m. on Thursday, 1 February 2024, trading will only be in Consolidated Shares which share certificates will be issued in purple colour. Existing share certificates in green colour for the Existing Shares will cease to be valid for delivery, trading and settlement purposes, but will remain valid and effective as documents of title and may be exchanged for new share certificates for the Consolidated Shares.

As the Court hearing dates (if applicable) for the Capital Reduction have yet to be fixed, the effective date of the Capital Reduction and the Share Sub-Division is not ascertainable at present. Should the Capital Reduction and the Share Sub-Division become effective, Shareholders may submit share certificates for the Consolidated Shares (in purple colour) to the Share Registrar, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong to exchange for new share certificates for the New Shares (in blue colour) at the expense of the Company within the relevant free exchange period from the effective date of the Capital Reduction and the Share Sub-Division. Further announcement(s) regarding the details of such free exchange of share certificates will be announced as and when appropriate in accordance with the Listing Rules.

Arrangement on Odd Lot Trading

In order to alleviate the difficulties arising from the existence of odd lots of the Consolidated Shares as a result of the Capital Reorganisation, the Company has appointed Global Mastermind Securities Limited as an agent to provide matching services, on a best-efforts basis, to those Shareholders who wish to top-up acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares, during the period from Friday, 12 January 2024 to Thursday, 1 February 2024 (both days inclusive). Holders of the Consolidated Shares in odd lots who wish to take advantage of this arrangement may directly or through their brokers contact Ms. Cora Lau of Global Mastermind Securities Limited at Unit 1201-02, 12/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong or via (852) 2763-3928 during 9:00 a.m. to 4:00 p.m. within such period.

Holders of the Consolidated Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders are recommended to consult their professional advisers if they are in doubt about the above odd lots matching arrangement.

LETTER FROM THE BOARD

Board lot size

Upon the Share Consolidation becoming effective, the board lot size of the Consolidated Shares for trading on the Stock Exchange will remain unchanged at 5,000 Consolidated Shares per board lot, which is the same board lot size for trading of the Existing Shares on the Stock Exchange.

Upon the Capital Reorganisation becoming effective, the board lot size of the New Shares for trading on the Stock Exchange will remain unchanged at 5,000 New Shares per board lot, which is the same board lot size for trading of the Existing Shares on the Stock Exchange.

Other securities of the Company

As at the Latest Practicable Date, the Company has no derivatives, options, warrants or other securities in issue which are convertible or exchangeable into any Shares. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before effective date of the Capital Reorganisation.

REASONS FOR THE PROPOSED CAPITAL REORGANISATION

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer to either change the trading method or to proceed with a consolidation or splitting of its securities. Further, the “Guide on Trading Arrangements for Selected Types of Corporate Actions” (the “**Guide**”) issued by Hong Kong Exchanges and Clearing Limited on 28 November 2008 (and updated on 1 October 2020) states that (i) market price of the Shares at a level less than HK\$0.10 will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account that the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

In view of the fact that the Shares had been traded below HK\$0.10 on average and the value per board lot being less than HK\$2,000 during the past 6 months (based on the closing price per Share as quoted on the Stock Exchange), the Board proposes to implement the Share Consolidation in order to comply with the trading requirements of the Listing Rules. Taking into account of the closing price of HK\$0.030 per Existing Share as at the Latest Practicable Date, the value of each existing board lot of 5,000 Existing Shares is only HK\$150, and the estimated market value per board lot of 5,000 New Shares would be HK\$3,000 under the assumption that the proposed Capital Reorganisation becoming effective. It is expected that the Capital Reorganisation would enable the Company to comply with Rule 13.64 of the Listing Rules.

Under the Companies Act and the Memorandum and Articles of Association, the Company shall not issue shares at a price below par value. Immediately after completion of the Share Consolidation but before implementation of the Capital Reduction and the Share Sub-Division, the nominal value of the Consolidated Shares will be HK\$2.00 per Consolidated

LETTER FROM THE BOARD

Share. The Capital Reduction and the Share Sub-Division will reduce the nominal value of the Consolidated Shares to a lower level of HK\$0.01 per New Share, which allows greater flexibility in the pricing for any issue of new Shares in the future.

The credit arising from the Capital Reduction will enable the Company to offset the Accumulated Losses and may be applied in future in any manner permitted by applicable laws and the Memorandum and Articles of Association. It will give greater flexibility to the Company to declare dividends and/or to undertake any corporate exercise which requires the use of distributable reserves in the future, subject to the Company's performance and when the Board considers that it is appropriate to do so in the future.

In view of the above, the Board considers the proposed Capital Reorganisation (i) will enable the Company to increase the market price as well as each board lot value of the Shares so as to comply with the requirements under the Listing Rules and the Guide; (ii) will keep the par value of the Shares at a lower level of HK\$0.01 per New Share, which allows greater flexibility for the Company in terms of issue of new Shares; and (iii) will allow the Company greater flexibility to declare dividends, and is therefore beneficial to and in the interests of the Company and the Shareholders as a whole. Nevertheless, Shareholders and potential investors of the Company should note that at this stage, there is no assurance that the Company will issue new Shares and/or declare any dividends in the future, even if the Capital Reorganisation takes effect.

As at the Latest Practicable Date, the Company does not have any intention to carry out other corporate actions or fund raising in the coming twelve months which may affect the trading in the Shares. Nevertheless, the Board cannot rule out the possibility that the Company will conduct corporate actions and/or fund raising activities when opportunities arise. In such events, the Company will make further announcement(s) in accordance with the Listing Rules as and when appropriate.

THE EGM AND RECORD DATE FOR THE 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, 22 December 2023 at 11:30 a.m. (or immediately after the conclusion or adjournment of the AGM). The notice convening the EGM giving you notice of the EGM is set out on pages 14 to 17 of this circular.

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

LETTER FROM THE BOARD

**Union Registrars Limited
Suites 3301–04, 33/F.,
Two Chinachem Exchange Square,
338 King’s Road, North Point,
Hong Kong**

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

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 Tuesday, 19 December 2023 to Friday, 22 December 2023 (both dates inclusive) for the purpose of determining the right to attend and vote at the EGM, during which period no transfer of Shares will be registered. The latest time for lodging transfers of Shares with the 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 in order to qualify for attending and voting at the EGM is 4:00 p.m. on Monday, 18 December 2023.

To the best of the Directors’ knowledge, information and belief, after having made all reasonable enquiries, no existing Shareholder has a material interest in the Capital Reorganisation and therefore no Shareholder is required to abstain from voting on any of the resolutions to be proposed at the EGM.

RESPONSIBILITY STATEMENT OF DIRECTORS

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

RECOMMENDATION

The Directors are of the opinion that the proposed Capital Reorganisation is in the interest of the Company and the Shareholders as a whole and therefore recommend you to vote in favour of the relevant resolutions to be proposed at the EGM.

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

NOTICE OF EGM



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 “**EGM**”) 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, 22 December 2023 at 11:30 a.m. (or immediately after the conclusion or adjournment of the annual general meeting of the Company to be held on Friday, 22 December 2023 at 10:30 a.m.) for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions of the Company:

ORDINARY RESOLUTION

1. “**THAT** subject to and conditional upon, (i) the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of, and permission to deal in, the Consolidated Shares (as defined below) upon the Share Consolidation (as defined below) becoming effective; and (ii) the compliance with the relevant procedures and requirements under the applicable laws of the Cayman Islands and the Rules Governing the Listing of Securities on the Stock Exchange to effect the Share Consolidation (the “**Listing Rules**”), with effect from the second business day immediately following the date on which this resolution is passed or these conditions are fulfilled (whichever is the later):
 - (a) every twenty (20) issued and unissued ordinary shares of HK\$0.10 each in the share capital in the Company be consolidated (the “**Share Consolidation**”) into one (1) consolidated share of HK\$2.00 each (the “**Consolidated Shares**”). Such Consolidated Shares shall rank *pari passu* in all respects with each other and have the rights and privileges and be subject to restrictions in respect of ordinary shares contained in the memorandum and the articles of association of the Company (the “**M&A**”);
 - (b) all fractional Consolidated Shares resulting from the Share Consolidation will be disregarded and will not be issued to the holders of the same but all such fractional Consolidated Shares will be aggregated and, if possible, sold and retained for the benefit of the Company in such manner on such terms as the directors of the Company (the “**Directors**”) may think fit; and

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- (c) any Director be and is hereby authorised to do all such acts and things and execute and deliver all such documents whether under the common seal of the Company or otherwise as may be necessary, desirable or expedient to carry out or give effect to any or all of the foregoing arrangements in respect of the Share Consolidation.”

SPECIAL RESOLUTION

2. **“THAT**, subject to and conditional upon (i) the Share Consolidation becoming effective; (ii) an order being made by the Grand Court of the Cayman Islands (the **“Court”**) confirming the Capital Reduction (as defined below) (if applicable); (iii) compliance with any condition which the Court may impose in relation to the Capital Reduction (if applicable); (iv) registration by the Registrar of Companies of the Cayman Islands of a copy of the order of the Court confirming the Capital Reduction and the minute approved by the Court containing the particulars required under the Companies Act, Cap. 22 (Law 3 of 1961), of the Cayman Islands (as consolidated and revised) with respect to the Capital Reduction (if applicable); (v) the Listing Committee of the Stock Exchange granting approval for the listing of, and the permission to deal in, the New Shares (as defined below); and (vi) the compliance with the relevant legal procedures and requirements under the applicable laws of the Cayman Islands and the Listing Rules to effect the Capital Reduction and the Share Sub-Division (as defined below), with effect from the date on which these conditions are fulfilled:
- (a) (i) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation which is not sold for the benefit of the Company (if any) be cancelled; and (ii) the par value of each issued Consolidated Share be reduced from HK\$2.00 to HK\$0.01 by cancelling the paid-up capital to the extent of HK\$1.99 on each of the then issued Consolidated Shares (the **“Capital Reduction”**);
- (b) immediately following the Capital Reduction, each unissued Consolidated Share of HK\$2.00 each in the authorised share capital of the Company be sub-divided (the **“Share Sub-Division”**) into 200 new shares of HK\$0.01 each (the **“New Shares”**);
- (c) the credit arising from the Capital Reduction be transferred to a distributable reserve account of the Company which may be utilised by the Company as the Directors may deem fit and permitted in accordance with the M&A and all applicable laws, including, without limitation, eliminating or setting off any accumulated losses of the Company from time to time;
- (d) each of the New Shares arising from the Capital Reduction and the Share Sub-Division shall rank *pari passu* in all respects with each other and each shall have rights and privileges and be subject to the restrictions as contained in the M&A;

NOTICE OF EGM

- (e) immediately following the Capital Reduction and the Share Sub-Division, the authorised share capital of the Company will be changed from HK\$1,000,000,000 divided into 500,000,000 Consolidated Shares to HK\$1,000,000,000 divided into 100,000,000,000 New Shares; and
- (f) any Director be and is hereby authorised to do all such acts and things and execute and deliver all such documents whether under the common seal of the Company or otherwise as may be necessary, desirable or expedient to carry out or give effect to any or all of the foregoing arrangements in respect of the Capital Reduction and the Share Sub-Division.”

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

Hong Kong, 6 December 2023

Registered office:

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

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

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

Notes:

- (1) 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. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the EGM.
- (2) 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.
- (3) 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.
- (4) In order to be valid, the proxy form together with any power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, must be deposited at the Company's branch share registrar and transfer office 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.
- (5) 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 of the Company. 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.

NOTICE OF EGM

- (6) Completion and return of a proxy form will not preclude a member from attending and voting in person at the above meeting or any adjourned meeting thereof, should he so wish and in such event, the proxy form shall be deemed to be revoked.
- (7) 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.
- (8) 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 Tuesday, 19 December 2023 to Friday, 22 December 2023 (both dates inclusive) for the purpose of determining the right to attend and vote at the EGM, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the EGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office, 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 Monday, 18 December 2023.
- (9) The EGM will be held on Friday, 22 December 2023 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.
- (10) If Typhoon Signal No. 8 or above is hoisted, or a "black" rainstorm warning signal or "extreme conditions after super typhoons" announced by the Government of Hong Kong is/are in force in Hong Kong at or at any time after 7:00 a.m. on the date of the meeting, the meeting will be postponed. The Company will publish an announcement on the website of the Company at www.hengtai.com.hk and on the website of the Stock Exchange at www.hkexnews.hk to notify Shareholders of the date, time and venue of the rescheduled meeting.