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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)**

### **PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) SHARES HELD ON THE RECORD DATE**

#### **PROPOSED RIGHTS ISSUE**

The Board proposes, subject to the fulfilment of certain conditions, to conduct the Rights Issue on the basis of one (1) Rights Share for every two (2) Shares held on the Record Date at the Subscription Price of HK\$0.350 per Rights Share, to raise gross proceeds of approximately HK\$18.4 million before expenses (assuming no change in the number of Shares in issue on or before the Record Date). The Rights Issue will only be available to the Qualifying Shareholders and will not be available to the Non-Qualifying Shareholders.

The estimated net proceeds from the Rights Issue, if fully subscribed, after deducting all necessary expenses are estimated to be approximately HK\$17.4 million (assuming no change in the number of Shares in issue on or before the Record Date). Details of the use of proceeds are set out in the paragraph headed “Reasons for and benefits of the Rights Issue and use of proceeds” below in this announcement. Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares.

## **LISTING RULES IMPLICATIONS**

As (i) the Company has not conducted any rights issue, open offer or specific mandate placing within the 12-month period immediately preceding the date of this announcement; (ii) the Rights Issue will not increase the issued share capital or the market capitalisation of the Company by more than 50%; and (iii) the Rights Issue is not underwritten by a Director, chief executive or substantial shareholder of the Company (or any of their respective close associates), the Rights Issue is not subject to Shareholders' approval under Chapter 7 of the Listing Rules. The Rights Issue will not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

## **DISSEMINATION OF PROSPECTUS DOCUMENTS**

Subject to the fulfilment of the conditions of the Rights Issue, the Company will make available the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders. The Company will make available the Prospectus to the Non-Qualifying Shareholders (if any) for their information only, but the Company will not send the PAL and the EAF to the Non-Qualifying Shareholders (if any).

## **WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL PAID RIGHTS SHARES**

**Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Listing Committee granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed "Conditions of the Rights Issue" in this announcement. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue may or may not proceed.**

**The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares.**

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).**

**Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares and/or Rights Shares in nil-paid form are recommended to consult their professional advisers.**

## PROPOSED RIGHTS ISSUE

The Board proposes, subject to the fulfilment of certain conditions, to conduct the Rights Issue in accordance with the terms set out as follows:

### Rights Issue statistics

Basis of the Rights Issue:	One (1) Rights Share for every two (2) Shares held by the Qualifying Shareholders on the Record Date
Subscription Price:	HK\$0.350 per Rights Share
Net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	Approximately HK\$0.330 per Rights Share, if fully subscribed
Number of Shares in issue as at the date of this announcement:	105,070,302 Shares
Number of Rights Shares to be issued:	Up to 52,535,151 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Aggregate nominal value of the Rights Shares:	Up to HK\$525,351.51 (assuming no change in the number of Shares in issue on or before the Record Date)
Total number of Shares in issue immediately upon completion of the Rights Issue:	Up to 157,605,453 Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Gross proceeds from the Rights Issue:	Up to approximately HK\$18.4 million before expenses (assuming no change in the number of Shares in issue on or before the Record Date)
Rights of excess application:	Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotment

As at the date of this announcement, the Company has no other 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 the Record Date.

Assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 52,535,151 Rights Shares proposed to be issued pursuant to the terms of the Rights Issue represent: (i) 50% of the total number of Shares in issue as

at the date of this announcement; and (ii) approximately 33.33% of the total number of issued Shares as enlarged by the allotment and issue of the Rights Shares immediately upon completion of the Rights Issue.

### **Subscription price**

The Subscription Price is HK\$0.350 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares or, where applicable, applies for Excess Rights Shares or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (a) equal to the closing price of HK\$0.350 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) equal to the average closing price of HK\$0.350 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (c) a discount of approximately 0.85% to the average closing price of HK\$0.353 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (d) equal to the theoretical ex-rights price of HK\$0.350 per Share based on the closing price of HK\$0.350 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (e) a discount of approximately 96.21% to the net asset value of the Company of approximately HK\$9.23 per Share based on the audited total equity attributable to owners of the Company of approximately HK\$970,070,000 as at 30 June 2023 as disclosed in the annual report (the “**Annual Report**”) of the Company for the year ended 30 June 2023 and the 105,070,302 Shares in issue as at the date of this announcement;
- (f) a discount of approximately 96.04% to the net asset value of the Company of approximately HK\$8.83 per Share based on the unaudited total equity attributable to owners of the Company of approximately HK\$928,213,000 as at 31 December 2023 as disclosed in the interim report (the “**Interim Report**”) of the Company for the six months ended 31 December 2023 and the 105,070,302 Shares in issue as at the date of this announcement; and
- (g) no theoretical dilution effect (as defined under rule 7.27B of the Listing Rules) of the theoretical diluted price of HK\$0.350 per Share to the benchmarked price of HK\$0.350 per Share.

The Subscription Price was determined with reference to the recent market price of the Shares under the prevailing market conditions, the financial conditions of the Company, current market conditions and the reasons and benefits of Rights Issue as discussed in the paragraph headed “Reasons for and benefits of the Rights Issue and use of proceeds” below in this announcement.

In view of the above, and having considered that each Qualifying Shareholder will be provisionally allotted the Rights Shares at the same Subscription Price in proportion to his/her/its shareholdings held on the Record Date and the terms of the Rights Issue, the Directors consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

### **Conditions of the Rights Issue**

The Rights Issue is conditional upon each of the following conditions being fulfilled:

- (i) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares (in their nil-paid and fully paid forms);
- (ii) the Stock Exchange having authorised the registration of, and the Companies Registry in Hong Kong having registered, respectively, not later than one Business Day prior to the Prospectus Posting Date, each of the Prospectus Documents is duly certified in compliance with section 342C of the Companies (WUMP) Ordinance (and all other documents required to be attached thereto or otherwise filed or delivered) and otherwise complying with the requirements of the Companies (WUMP) Ordinance and the Listing Rules;
- (iii) the Prospectus Documents having been made available to the Qualifying Shareholders on the Prospectus Posting Date and the Prospectus and a letter in the agreed form to the Non-Qualifying Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on the Prospectus Posting Date; and
- (iv) the compliance with the requirements under all applicable laws and regulations by the Company.

The Company shall use all reasonable endeavours to procure the fulfilment of the above conditions by the respective dates specified above. If any of the conditions above are not fulfilled, the Rights Issue will not proceed.

### **Status of the Rights Shares**

The Rights Shares (when allotted, issued and fully paid) will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions, which may be declared, made or paid, the record date of which is after the date of allotment and issue of the Rights Shares in their fully-paid form.

## **Qualifying Shareholders**

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date and not be a Non-Qualifying Shareholder.

Shareholders whose Shares are held by nominee companies (or which are deposited in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies (or which are deposited in CCASS) are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

In order to be registered as members of the Company at the close of business on the Record Date, any relevant transfer documents (together with the relevant share certificates) must be lodged with the Registrar at Suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration no later than 4:00 p.m. on Monday, 22 April 2024.

The Company will make available the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date.

**Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted.**

### **Rights of the Overseas Shareholders (if any)**

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholder(s) may not be eligible to take part in the Rights Issue as explained below.

The Company will comply with Rule 13.36(2)(a) of the Listing Rules and make necessary enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, based on legal advice to be provided by the legal advisers to the Company, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions under the laws of the place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s), the Rights Issue will not be extended to the Non-Qualifying Shareholders. The basis for excluding the Non-Qualifying Shareholders, if any, from the Rights Issue will be set out in the Prospectus to be issued.

The Company will make available the Prospectus and a letter, if any, explaining the circumstances in which the Non-Qualifying Shareholders are not permitted to participate in the Rights Issue to the Non-Qualifying Shareholders for their information only, but will not send the PAL and the EAF to them.

The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

### **Closure of register of members**

The register of members of the Company will be closed from Tuesday, 23 April 2024 to Monday, 29 April 2024 (both days inclusive) for determining the entitlements to the Rights Issue. No transfer of the Shares will be registered during the above book closure period.

### **Basis of provisional allotments**

The basis of the provisional allotment shall be one (1) Rights Share (in nil-paid form) for every two (2) Shares held by the Qualifying Shareholders as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by duly completing a PAL and lodging the same with a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

### **The Rights Issue on a non-underwritten basis**

Subject to the fulfilment for the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. If there is an under-subscription of the Rights Issue as a result of Excess Rights Shares not being fully taken up by Qualifying Shareholders or transferees of nil-paid Rights Shares, the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue. There is also no statutory requirement regarding minimum subscription level in respect of the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, Shareholder(s) who apply to take up all or part of its entitlement under PAL or applies for Excess Rights Shares under EAF may unwittingly incur an obligation to make a general offer under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will, pursuant to Rule 7.19(5) of the Listing Rules, provide for Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the applications of any Shareholder (except for HKSCC Nominees Limited) for his/her/its entitlement under the PAL or for Excess Rights Shares under the EAF will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code.

## **Application for Excess Rights Shares**

Applications for Excess Rights Shares may be made by completing an EAF and lodging the same with a separate remittance for the full amount payable for the Excess Rights Shares being applied for. Pursuant to Rule 7.21(3)(a) of the Listing Rules, the Directors will allocate any Excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (i) any Excess Rights Shares will be allocated to Qualifying Shareholders who apply for them as far as practicable on a pro-rata basis by reference to the number of the Excess Rights Shares applied for under each application;
- (ii) no references will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders; and
- (iii) no preferences will be given to applications for topping up odd-lot holdings to whole lot holdings.

If the aggregate number of Rights Shares not taken up by the Qualifying Shareholders and/or transferees of nil-paid Rights Shares under PALs is greater than the aggregate number of Excess Rights Shares being applied for under EAFs, the Directors will allocate to each Qualifying Shareholder who applies for Excess Rights Shares the actual number of Excess Rights Shares being applied for.

Investors whose Shares are held by a nominee company (including HKSCC Nominees Limited) should note that for the purpose of the Rights Issue, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, investors should note that the aforesaid arrangement in relation to the allocation of Excess Rights Shares will not be extended to beneficial owners individually. Investors whose Shares are held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

## **Fractions of the Rights Shares**

The Company will not provisionally allot fractions of Rights Shares. All fractions of Rights Shares will be aggregated, rounded down to the nearest whole number and will be disposed by the Company in the open market if a premium (net of expenses) can be obtained. Any unsold fractions of Rights Shares will be made available for excess application by the Qualifying Shareholders under the EAFs.



## **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue. Other than on the Stock Exchange, no part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange, or such other dates 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 trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

## **Arrangement on odd lot trading**

Upon completion of the Rights Issue, the board lots of the Company will remain as 5,000 Shares. In order to facilitate the trading of odd lots of Shares which may arise upon the Rights Issue, the Company will procure an arrangement with an agent to stand in the market to provide matching services for sale and purchase of odd lots of the Shares on a best effort basis. Holders of Shares in odd lots should note that the matching services mentioned above are on a best effort basis only and successful matching of the sale and purchase of odd lots of Shares is not guaranteed and will depend on there being adequate amount of odd lots of Shares available for matching. Shareholders are advised to consult their professional advisers if they are in doubt about the above arrangements. Details of the odd lot arrangement will be provided in the Prospectus.

## **Stamp duty and other fees and charges payable**

Dealings in the Rights Shares in both nil-paid and fully-paid forms will be subject to the payment of stamp duty, the Stock Exchange trading fee, SFC transaction levy, AFRC transaction levy or any other applicable fees and charges in Hong Kong.

## **Share certificates for the Rights Shares and refund cheques for the Rights Issue**

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be sent on Friday, 24 May 2024 to those entitled thereto by ordinary post, at their own risk, to their registered addresses. Each allottee will receive one share certificate for all allotted Rights Shares.

Refund cheques in respect of wholly or partially unsuccessful applications for Excess Rights Shares (if any) are expected to be posted on Friday, 24 May 2024 by ordinary post to the applicants' registered address, at their own risk.

### **Irrevocable undertaking**

As at the date of this announcement, the Board has not received any information or undertaking from any Shareholders of their intention to take up or not to take up the securities of the Company to be provisionally allotted to them under the Rights Issue.

### **Taxation**

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Overseas Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares otherwise falling to be issued to them under the Rights Issue under the laws of jurisdictions in which they are liable to taxation. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares.

### **REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS**

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; and (iii) other businesses primarily arising from the securities brokerage and margin financing business.

References are made to the Annual Report and the Interim Report, the Group recorded consecutive loss for the year attributable to owners of the Company of approximately HK\$216.13 million and HK\$125.60 million for the years ended 30 June 2022 and 2023 respectively and consecutive loss for the period attributable to owners of the Company of approximately HK\$54.41 million and HK\$42.83 million for six months ended 31 December 2022 and 31 December 2023 respectively. The bank and cash balance of the Group decreased from approximately HK\$147.0 million as at 31 December 2022 to approximately HK\$121.83 million as at 30 June 2023 and then further decreased to approximately HK\$87.08 million as at 31 December 2023. The decrease in bank and cash balance was mainly due to the net cash used in operating activities of approximately HK\$35.45 million for the six months ended 31 December 2023 (as compared to approximately HK\$14.42 million for the six months ended 31 December 2022).

In order to develop the fertilizers trading business under the Group's existing business segment of trading of agri-products (please refer to the discussion below for the reasons of development of fertilizers trading business), maintain an adequate cash level for the operation of the existing business of the Group and strengthen the financial position of the Group, the Board intends to raise fund by way of Rights Issue (please refer to paragraph headed "Fund-raising alternatives" below for the view of the Board in relation to other fund-raising alternatives).

Assuming all the Rights Shares have been taken up and there is no change in the number of Shares in issue on or before the Record Date, the gross proceeds from the Rights Issue will be approximately HK\$18.4 million and the net proceeds from the Rights Issue after deducting the expenses are estimated to be up to approximately HK\$17.4 million. The Company intends to apply the net proceeds from the Rights Issue as follows:

- (i) 80% of the net proceeds from the Rights Issue (i.e. approximately HK\$13.9 million), for development of the fertilizers trading business/expanding the trading of agri-products and the upstream farming business of the Group; and
- (ii) 20% of the net proceeds from the Rights Issue (i.e. approximately HK\$3.5 million), for general working capital of the Group.

In the event that there is an under-subscription of the Rights Issue, the net proceeds of the Rights Issue will be utilised in proportion to the above uses.

References are made to the business update announcements of the Company dated 9 February 2024 and 26 March 2024 regarding the introduction of new types of fertilizers to the Group's farming base in Jiangxi in the PRC. The Company has employed an expert in the area of fertilizer products and conducted a thorough review on the specifications and experimental results of the abovementioned fertilizers provided by the supplier. The findings indicated that the quality of early crop oranges and ponkans can be enhanced through the use of these fertilizers. In order to support the strategic goal of promoting and trading the newly introduced fertilizers as mentioned above, the Company intends to leverage the benefits of these fertilizers by promoting them in the domestic market of the PRC. The Company intends to allocate 80% of the net proceeds from the Rights Issue (i.e. approximately HK\$13.9 million) for development of the fertilizers trading business under its existing business segment of trading of agri-products. The Company will allocate funds for marketing and promotional activities including advertising, branding initiatives and participation in industry events and exhibitions. The Company plans to hire additional experienced sales representatives who will be responsible for actively promoting and selling the fertilizers to potential customers and employ product specialists to provide in-depth knowledge and technical support to customers. These specialists will possess expertise in fertilizer products, including a deep understanding of the specifications and experimental results of the newly introduced fertilizers. There will also be additional logistics and distribution costs occur encompassing transportation, warehousing and packaging equipment and associated administrative expenses.

With reference to the data available for the public from National Bureau of Statistics in the PRC (<https://data.stats.gov.cn/easyquery.htm?cn=C01>), the gross agricultural output value in the PRC has been in an increasing trend in recent years as shown from the table below:

<b>Year</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Gross agricultural output value (RMB billion) (approximate)	8,444	7,834	7,175	6,607	6,145

The Board also made reference to the National Modern Facility Agriculture Construction Plan\* (2023–2030) (“全國現代設施農業建設規劃(2023–2030年)”) (the “**Agriculture Construction Plan**”) published by Ministry of Agriculture and Rural Affairs of the PRC in June 2023 ([http://www.moa.gov.cn/gk/zcjd/202306/t20230615\\_6430302.htm](http://www.moa.gov.cn/gk/zcjd/202306/t20230615_6430302.htm)). The Agriculture Construction Plan emphasized the importance of continuing the development of the agricultural industry in the PRC to provide strong support for expanding food sources and ensure a stable supply of grains and agricultural products. The Agriculture Construction Plan also guides the local governments to increase channels of rewards for the local agricultural businesses. Based on the positive outlook of the agricultural industry in the PRC and the supportive policy intent from the official authorities in the PRC, the Company intends to introduce and supply fertilizers to domestic market in the PRC.

### **Fund-raising alternatives**

Apart from the Rights Issue, the Board has considered various fund-raising alternatives before resolving to the Rights Issue, including but not limited to debt financing, placing of new shares and open offer. The Board notes that bank borrowings, if available, would result in additional interest burden of the Company and create pressure to the liquidity of the Company. Hence, the Board does not consider it to be beneficial to the Company. As for placing of new Shares, it would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company and it is relatively smaller in scale as compared to fund raising through rights issue. As for open offer, while it is similar to a rights issue, offering Qualifying Shareholders to participate, it does not allow free trading of rights entitlements in the open market. As opposed to open offer, Rights Issue would allow Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain their respective pro-rata shareholding interests in the Company and dealing with the Shares.

Having considered all the other fund-raising alternatives, the Directors are of the view that the Rights Issue is in the best interests of the Company and the Shareholders as a whole, and that it is an appropriate fund-raising method to strengthen the capital base of the Company and support the Company’s continuing business development and growth.

As at the date of this announcement, save as disclosed in this announcement, the Company currently (i) does not have any agreement, arrangement, understanding, intention, or negotiation (either concluded or in process) on any potential fundraising activities; and (ii) has no other plan or intention to carry out any future corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Rights Issue.

## SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Rights Issue assuming full acceptance by the Shareholders (assuming no change in the number of Shares in issue on or before the Record Date).

	As at the date of this announcement		Immediately after completion of the Rights Issue assuming full acceptance by the Shareholders	
	Number of Shares	Approximate %	Number of Shares	Approximate %
<b>Substantial Shareholders</b>				
Mr. Lam ( <i>Note 1</i> )	14,623,695	13.92%	21,935,542	13.92%
Glazy Target ( <i>Note 2</i> )	15,053,003	14.33%	22,579,504	14.33%
Mr. Tang ( <i>Note 3</i> )	11,435,550	10.88%	17,153,325	10.88%
<b>Public Shareholders</b>				
Other public Shareholders	<u>63,958,054</u>	<u>60.87%</u>	<u>95,937,082</u>	<u>60.87%</u>
Total	<u>105,070,302</u>	<u>100.00%</u>	<u>157,605,453</u>	<u>100.00%</u>

*Notes:*

1. Mr. Lam is the sole legal and beneficial owner of the entire issued capital of Best Global. Out of the 14,623,695 Shares held, Mr. Lam is deemed to be interested in the 13,753,945 Shares held by Best Global and 869,750 Shares are held by Mr. Lam himself.
2. The entire issued share capital of Glazy Target is wholly and beneficially owned by Mr. Chan and Mr. Chan is deemed to be interested in the 15,053,003 Shares held by Glazy Target.
3. Mr. Tang is the sole legal and beneficial owner of the entire issued capital of Smart Empire. Out of the 11,435,550 Shares held, Mr. Tang is deemed to be interested in the 8,510,550 Shares held by Smart Empire and 2,925,000 Shares are held by Mr. Tang himself.

## FUND RAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES IN THE PAST 12 MONTHS

The Company has not conducted any other equity fund raising activities during the past 12 months immediately preceding the date of this announcement.

## EXPECTED TIMETABLE FOR THE RIGHTS ISSUE

Set out below is the expected timetable for the proposed Rights Issue:

<b>Event</b>	<b>Time and Date (Hong Kong Time)</b>
	<b>2024</b>
Last day of dealings in the Shares on a cum-rights basis.....	Thursday, 18 April
First day of dealings in the Shares on ex-rights basis.....	Friday, 19 April
Latest time for the Shareholders to lodge transfer of the Shares in order to qualify for the Rights Issue .....	4:00 p.m. on Monday, 22 April
Closure of register of members of the Company to determine the entitlements to the Rights Issue (both days inclusive).....	Tuesday, 23 April to Monday, 29 April
Record date for the Rights Issue .....	Monday, 29 April
Register of members of the Company re-opens.....	Tuesday, 30 April
The Prospectus Documents are made available to the Qualifying Shareholders (in the case of Non-Qualifying Shareholders, the Prospectus only).....	Tuesday, 30 April
First day of dealings in nil-paid Rights Shares.....	Friday, 3 May
Latest time for splitting of nil-paid Rights Shares.....	4:00 p.m. on Tuesday, 7 May
Last day of dealings in nil-paid Rights Shares .....	Friday, 10 May
Latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares.....	4:00 p.m. on Thursday, 16 May
Latest time for the Rights Issue to become unconditional.....	Thursday, 23 May
Announcement of results of the Rights Issue.....	Thursday, 23 May
Despatch of share certificates for fully-paid Rights Shares or refund cheques (if the Rights Issue is terminated).....	Friday, 24 May
Despatch of refund cheques for wholly or partially unsuccessful excess applications .....	Friday, 24 May

Commencement of dealings in the fully-paid Rights Shares..... 9:00 a.m. on  
Monday, 27 May

Designated broker commences to provide matching services for  
odd lots of Shares ..... 9:00 a.m. on  
Monday, 27 May

Designated broker ceases to provide matching services for  
odd lots of Shares ..... 4:00 p.m. on  
Monday, 17 June

The expected timetable for the Rights Issue set out above and all dates and deadlines specified in this announcement are indicative only and may be varied. Any changes to the expected timetable will be announced by way of an announcement by the Company as and when appropriate.

### **EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES**

The Latest time for acceptance of and payment for Rights Shares will not take place if a tropical cyclone warning signal no. 8 or above, or “extreme conditions” caused by super typhoons, or a “black” rainstorm warning is:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date. Instead the deadline for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; and
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. Instead the deadline for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest time for acceptance of and payment for the Rights Shares does not take place on the Latest Acceptance Date, the dates mentioned in the “Expected Timetable for the Rights Issue” section may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

### **LISTING RULES IMPLICATIONS**

As (i) the Company has not conducted any rights issue, open offer or specific mandate placing within the 12-month period immediately preceding the date of this announcement; (ii) the Rights Issue will not increase the issued share capital or the market capitalisation of the Company by more than 50%; and (iii) the Rights Issue is not underwritten by a Director, chief executive or substantial shareholder of the Company (or any of their respective close associates), the Rights Issue is not subject to Shareholders’ approval under Chapter 7 of the Listing Rules. The Rights Issue will not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

## **DISSEMINATION OF PROSPECTUS DOCUMENTS**

Subject to the fulfilment of the conditions of the Rights Issue, the Company will make available the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders. The Company will make available the Prospectus to the Non-Qualifying Shareholders (if any) for their information only, but the Company will not send the PAL and the EAF to the Non-Qualifying Shareholders (if any).

## **WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL PAID RIGHTS SHARES**

**Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Listing Committee granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Conditions of the Rights Issue” in this announcement. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue may or may not proceed.**

**The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares.**

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).**

**Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares and/or Rights Shares in nil-paid form are recommended to consult their professional advisers.**

## **DEFINITIONS**

In this announcement, unless the context otherwise required, the following terms and expressions shall have the following meanings when used herein:

“AFRC”	the Accounting and Financial Reporting Council in Hong Kong
“associates”	has the meaning ascribed thereto under the Listing Rules
“Best Global”	Best Global Asia Limited, a company incorporated in the British Virgin Islands and wholly and beneficially owned by Mr. Lam



“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday 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. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“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
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EAF(s)”	the excess application form(s) for use by the Qualifying Shareholders who wish to apply for the Excess Rights Shares
“Excess Rights Share(s)”	consist of (i) Rights Shares that are not being taken up by the Qualifying Shareholders; and (ii) unsold entitlement of the Non-Qualifying Shareholders to the Rights Shares
“Glazy Target”	Glazy Target Limited, a company incorporated in the British Virgin Islands and wholly and beneficially owned by Mr. Chan
“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
“Last Trading Day”	8 April 2024, being the last trading day of the Shares on the Stock Exchange before the release of this announcement
“Latest Acceptance Date”	Thursday, 16 May 2024, being the last day for acceptance and payment for the Rights Shares and application and payment for Excess Rights Shares, or such other date as the Company may determine

“Latest Time for Acceptance”	4:00 p.m. on the Latest Acceptance Date
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chan”	Mr. Chan Cheuk Yu Stephen, an executive Director
“Mr. Lam”	Mr. Lam Kwok Hing, the chairman of the Board and an executive Director
“Mr. Tang”	Mr. Tang Ka Siu Johnny
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) in respect of whom the Directors, after making enquiries, consider it necessary or expedient not to offer the Rights Shares on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Overseas Shareholder(s)”	Shareholder(s) whose address(es) on the register of members of the Company on the Record Date is(are) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus to be made available to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL and the EAF
“Prospectus Posting Date”	Tuesday, 30 April 2024 (or such other date may be determined by the Company) being the date of the Prospectus Documents to be made available and/or sent (as the case may be) to the Qualifying Shareholders (or in the case of the Non-Qualifying Shareholders, the Prospectus only)
“Qualifying Shareholders”	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear on the register of members of the Company as at the close of business on the Record Date

“Record Date”	the date by reference to which entitlements under the Rights Issue are expected to be determined, which is currently scheduled to be on Monday, 29 April 2024 or such later date as announced by the Company
“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
“Rights Issue”	the proposed issue of 52,535,151 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) at the Subscription Price by way of rights on the basis of one (1) Rights Share for every two (2) Shares held on the Record Date payable in full
“Rights Share(s)”	the new Share(s) proposed to be allotted and issued by the Company pursuant to the Rights Issue
“Smart Empire”	Smart Empire Group Limited, a company incorporated in the Republic of Seychelles and wholly and beneficially owned by Mr. Tang
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.350 per Rights Share
“Takeovers Code”	The Code on Takeovers and Mergers of Hong Kong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 8 April 2024

*As at the date of this announcement, the Board comprises five executive directors, namely Mr. Lam Kwok Hing (Chairman), Ms. Lee Choi Lin Joecy, Ms. Gao Qin Jian, Mr. Chan Cheuk Yu Stephen and Mr. Mok Tsan San; and three independent non-executive directors, namely Ms. Mak Yun Chu, Mr. Poon Yiu Cheung Newman and Mr. Hung Hing Man.*