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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)

SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO THE ANNUAL REPORT OF THE COMPANY
FOR THE YEAR ENDED 30 JUNE 2017

Reference is made to the annual report for the year ended 30 June 2017 (the “**Annual Report**”) issued by Heng Tai Consumables Group Limited (the “**Company**” together with its subsidiaries, the “**Group**”), in relation to, among other matters, the issue of new shares, on the basis of one rights share for every one share held, to the shareholders of the Company through a rights issue (the “**Rights Issue**”) on 11 January 2017 as per the announcements of the Company dated 20 October 2016 and 10 January 2017, and the prospectus of the Company dated 15 December 2016 (the “**Prospectus**”). As stated in the Prospectus, the Company intended to inject the net proceeds of the Rights Issue, i.e. approximately HK\$207.3 million, into the Brokerage Business for compliance with its financial resources and for future expansion purpose such as the further development of its margin clients business within 12 months from the date of completion of the acquisition of Sino Wealth Securities Limited.

Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as defined in the Prospectus. The Board would like to provide the following additional information regarding the use of proceeds of the Rights Issue.

As stated in the Annual Report, the net proceeds of the Rights Issue were approximately HK\$207.3 million. Out of the net proceeds, HK\$20 million has been used as intended and has been injected into the Brokerage Business. Although the net proceeds were not fully utilized as at 30 June 2017, the Company has taken the following factors into consideration:

1. the acquisition of the Brokerage Business was only completed on 10 March 2017, around three months before the financial year end of 30 June 2017. Nevertheless, the proceeds have been earmarked for the Brokerage Business as originally intended and as set out in the Prospectus, namely “for compliance with its financial resources and for future expansion purpose such as the further development of its margin clients business”;
2. it is noted that the share prices of small capitalization companies on the Stock Exchange fluctuated during the first half of 2017. To better manage the risks associated with margin financing which is capital intensive, the management overseeing the securities brokerage business has adopted a more conservative approach in providing margin financing to clients;

3. in view of the market condition changes and since the Brokerage Business is a new business of the Group, the Company has been reviewing continuously its brokerage business and formulating and developing its future business strategies and expansion plans, including acquiring or opening new branches of the Brokerage Business, and therefore, the remaining balance of the net proceeds has not been injected into the Brokerage Business yet so as to give the flexibility of the Company to implement the expansion plans if suitable opportunity arises; and

4. the remaining balance of the net proceeds of the Rights Issue is currently placed in fixed deposits in licensed banks in the Group and is expected to be injected into the Brokerage Business (which is wholly owned by the Group) within 12 months from the date of completion (being 10 March 2017) of the acquisition of the Brokerage Business, i.e. 10 March 2018, when the current fixed deposits will mature and be available for injection into the Brokerage Business. As at the date of this announcement, the Company does not have the intention to change the use of proceeds.

The Board confirmed that the above additional information does not affect other information contained in the Annual Report.

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

Hong Kong, 13 February 2018

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. Hung Sau Yung, Rebecca, Ms. Gao Qin Jian and Mr. Chan Cheuk Yu, Stephen; and three independent non-executive directors, namely Ms. Mak Yun Chu, Mr. Poon Yiu Cheung, Newman and Mr. Hung Hing Man.