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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)

**Discloseable Transaction
Disposal of Securities**

During the Relevant Period, the Company disposed of an aggregate 196,900,000 Securities Sold and acquired an aggregate 18,030,000 Securities Bought, representing about 8.26% and 0.76% of the total issued share capital of China Zenith as at 31 October 2015 respectively according to publicly available information of China Zenith. The aggregate gross sale proceeds of the Disposal (except the 160,000,000 Securities Sold) is about HK\$24,929,500 (excluding transaction costs), which has been received by the Company and fully settled in cash. For the consideration in relation to the sale of the 160,000,000 Securities Sold, the Company has agreed with the purchaser that the payment of the consideration shall be payable in cash upon settlement.

Upon completion of the Disposal, the Company will remain to hold 77,869,991 shares of China Zenith as securities investments. The Company will consider selling part or all of the remaining shares of China Zenith if and when the market circumstances allow for an orderly sale and provide the Company a reasonable return on its investments.

When the Company sold the 160,000,000 Securities Sold, one or more of the percentage ratios exceeded 5% but were less than 25%, and such sale constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and subject to reporting and announcement requirements under the Listing Rules. When the Company aggregated this sale with the other sales of shares of China Zenith within the last 12 months (including certain of the sales which were previously announced by the Company on 20 April 2015), one or more of the applicable percentage ratios exceeded 5% but were less than 25%, and the Disposal (when aggregated) still constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and subject to reporting and announcement requirements under the Listing Rules.

The Acquisition and the Disposal

Reference is made to the announcement of the Company dated 20 April 2015 in relation to the sale of shares of China Zenith by the Company between 11 August 2014 and 15 April 2015.

The Company announces that, it has, through its wholly-owned subsidiary, during the Relevant Period, further disposed of an aggregate 196,900,000 Securities Sold and acquired an aggregate 18,030,000 Securities Bought, representing about 8.26% and 0.76% of the total issued share capital of China Zenith as at 31 October 2015 respectively according to publicly available information of China Zenith.

The Disposal was conducted in a series of transactions between the Relevant Period for an aggregate consideration of about HK\$88,929,500 (excluding transaction costs). The Acquisition was conducted in a series of transactions between the Relevant Period for an aggregate consideration of about HK\$15,224,100 (before transaction costs).

Part of the Disposal comprising 5,500,000 Securities Sold were conducted through open market, and 31,400,000 Securities Sold and 160,000,000 Securities Sold were sold separately to two individuals on 16 April 2015 and 20 November 2015 respectively. Regarding the Disposal through open market, the Company is not aware of, and cannot ascertain, the identities of the purchasers of the Securities Sold. However, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Directors believe that the purchasers and their ultimate beneficial owners of the open market sales are third parties independent of the Company and its connected persons.

Regarding the two individuals, the Company confirms that to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Directors believe that these two individuals are third parties independent of the Company and its connected persons.

The Acquisition was conducted through open market and the Company is not aware of, and cannot ascertain, identities of the sellers of the relevant Securities Bought. However, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Directors believe that the sellers and/or their ultimate beneficial owners of the open market purchases are third parties independent of the Company and its connected persons.

Securities disposed of

The Company disposed of an aggregate 196,900,000 Securities Sold during the Relevant Period, representing about 8.26% of the total issued share capital of China Zenith as at 31 October 2015 according to publicly available information of China Zenith.

Shares acquired

The Company acquired an aggregate 18,030,000 Securities Bought, representing about 0.76% of the total issued share capital of China Zenith as at 31 October 2015 according to publicly available information of China Zenith.

Consideration

The aggregate gross sale proceeds of the Disposal (except the 160,000,000 Securities Sold) is about HK\$24,929,500 (excluding transaction costs), which has been received by the Company and fully settled in cash. For the consideration of HK\$64,000,000 in relation to the sale of the 160,000,000 Securities Sold, the Company has agreed with the purchaser that the payment of the consideration shall be payable in cash upon settlement.

The considerations for the Disposal where the Securities Sold were sold on the market were based upon the market prices of the Securities Sold at the time of each sale whereas the considerations for the Disposal where the Securities Sold were sold to the two individuals were based upon an approximate 17% and 46% discount to the then market prices of the day of the sale. The Directors (including the independent non-executive Directors) considered that providing a discount would enable the Company to successfully sell a relatively larger block of Securities Sold and minimize the uncertainties of selling on the market.

The aggregate price of the Acquisition (before transaction costs) is about HK\$15,224,100, which has been paid by the Company and fully settled in cash. The considerations for the Acquisition were based upon the market prices of the Securities Bought at the time of each purchase.

Reasons for and benefits of the Acquisition and the Disposal

The Group is principally engaged in (i) the fast-moving consumer goods trading business; (ii) the agri-products business; and (iii) the logistics services business.

The Group has been holding the Securities Sold for long-term investments purposes. The purpose of the Acquisition and the Disposal is to balance the Group's total securities investment portfolio. In particular, the Company has noted that auditor of China Zenith has raised certain concerns as to the business and financial position of China Zenith and was not able to provide a basis for an audit opinion on the latest audited financial results of China Zenith for the financial year ended 30 June 2015, and also noted the unfavorable business review and prospects of China Zenith as reported by the Chairman of China Zenith as set out in their annual report 2015.

As a result of the Acquisition and the Disposal, the Group recognized a gain of approximately HK\$18.9 million in the financial year ended 30 June 2015, and is expected to recognize a gain of approximately HK\$31.9 million (subject to audit) in the current financial year in accordance with the applicable Hong Kong Financial Reporting Standards. The Group intends to use the net proceeds of the Acquisition and the Disposal for general

working capital.

Upon completion of the Acquisition and the Disposal, the Company will remain to hold 77,869,991 shares of China Zenith as securities investments. The Company will consider selling part or all of the remaining shares of China Zenith if and when the market circumstances allow for an orderly sale and provide the Company a reasonable return on its investments.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Acquisition and the Disposal, including each of the purchase price and the sale price, were fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Information on China Zenith

According to publicly available information of China Zenith, their group is principally engaged in the manufacture and sale of coal-related chemical products, bio-chemical products and generation and supply of power and steam.

Based on the audited consolidated financial statements of China Zenith for the two years ended 30 June 2014 and 2015, the consolidated net loss before and after taxation for the two financial years ended 30 June 2014 and 2015 and the consolidated net assets as at 30 June 2014 and 2015 are as follows:

| | For the year ended 30 June | |
|---|----------------------------|-----------------|
| | 2015 | 2014 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Consolidated net (loss) before taxation | (326,679) | (670,334) |
| Consolidated net (loss) after taxation | (298,261) | (590,637) |
| Consolidated net asset | 2,290,863 | 2,506,744 |

Listing Rules implications

When the Company sold the 160,000,000 Securities Sold, one or more of the percentage ratios exceeded 5% but were less than 25%, and such sale constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and subject to reporting and announcement requirements under the Listing Rules. When the Company aggregated this sale with the other sales of shares of China Zenith within the last 12 months (including certain of the sales which were previously announced by the Company on 20 April 2015), one or more of the applicable percentage ratios exceeded 5% but were less than 25%, and the Disposal (when aggregated) still constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and subject to reporting and announcement requirements under the Listing Rules.

As to the Acquisition, whether for each of the purchase by itself or aggregated together as a whole, none of the applicable percentage ratios exceeded 5%.

Definitions

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

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|---------------------|---|
| “Acquisition” | a series of purchases of the Securities Bought between the Relevant Period |
| “Board” | the board of Directors |
| “China Zenith” | China Zenith Chemical Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange |
| “Company” | Heng Tai Consumables Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange |
| “connected person” | as defined in the Listing Rules |
| “Directors” | the directors of the Company |
| “Disposal” | a series of sales of the Securities Sold between the Relevant Period |
| “Group” | the Company, together with its subsidiaries |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “percentage ratios” | as defined in the Listing Rules |
| “Relevant Period” | the period from 16 April 2015 to 20 November 2015 where the Company made the Acquisition and the Disposal |
| “Securities Bought” | the aggregate (or where the contexts require, certain portion) of 18,030,000 shares of China Zenith which formed the assets for the series of purchases under the Acquisition |

| | |
|-------------------|---|
| “Securities Sold” | the aggregate (or where the contexts require, certain portion) of 196,900,000 shares of China Zenith which formed the assets for the series of sales under the Disposal |
| “Shareholders” | the shareholders of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |

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

Hong Kong, 20 November 2015

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Lam Kwok Hing (Chairman), Ms. Lee Choi Lin Joecy, Ms. Hung Sau Yung Rebecca and Ms. Gao Qin Jian; one non-executive director, namely Ms. Chan Yuk Foebé; and three independent non-executive directors, namely Mr. John Handley, Ms. Mak Yun Chu and Mr. Poon Yiu Cheung Newman.