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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 PROVISION OF FINANCIAL ASSISTANCE

PROVISION OF FINANCIAL ASSISTANCE

On 13 May 2022 (after trading hours of the Stock Exchange), the Bondholder, an indirect wholly-owned subsidiary of the Company and the Bond Issuer entered into the Deed of Settlement pursuant to which the Bondholder and the Bond Issuer agreed to extend the repayment date of the Debt to on or before 1 August 2022.

IMPLICATIONS UNDER THE LISTING RULES

The extension of repayment date of the Debt constitutes provision of financial assistance by the Bondholder to the Bond Issuer. As the highest of the applicable percentage ratios in respect of the provision of financial assistance is more than 5% but less than 25%, the entering into of the Deed of Settlement constitutes a discloseable transaction on the part of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 22 June 2020 in relation to the acquisition of Bonds in the total principal amount of HK\$25,500,000 with an interest rate of 6% per annum for a term of two years. The Bonds matured on 9 March 2022, 27 March 2022, 6 April 2022 and 28 April 2022 respectively. After the maturity of the relevant Bonds and prior to the date of this announcement, the Bondholder has communicated with the Bond Issuer from time to time to request for repayment of the outstanding principal and interest amount of the Bonds and the parties agreed that the Bonds should continue to bear interest at the rate of 6% per annum on the outstanding principal amount thereof until the date of actual repayment of all outstanding principal amount of the Bonds. On 11 May 2022 and 13 May 2022, the Bondholder received from the Bond Issuer HK\$1,600,000 and HK\$82,466, respectively, as settlement of all interest accrued on the outstanding principal amount of the Bonds up to and including 12 May 2022. As at 13 May 2022, the Bond Issuer was indebted to the Bondholder in the total amount of HK\$25,500,000, being the total outstanding principal amount of the Bonds.

On 13 May 2022 (after trading hours of the Stock Exchange), the Bondholder and the Bond Issuer entered into the Deed of Settlement to extend the repayment date of the Debt and the principal terms of the Deed of Settlement are set out below.

THE DEED OF SETTLEMENT

Date: 13 May 2022 (after trading hours of the Stock Exchange)

Parties: Sui Tai & Associates Limited (the Bondholder)

Graphex Group Limited (formerly known as Earthasia International Holdings Limited) (the Bond Issuer)

Pursuant to the Deed of Settlement, the Bondholder and the Bond Issuer agreed that the Bond Issuer should pay the Bondholder (i) the Debt; and (ii) interest of 8% per annum on the outstanding principal amount of the Bonds (i.e. HK\$25,500,000) accruing from the date of the Deed of Settlement up to the date of actual repayment of all outstanding principal amount of the Bonds on or before 1 August 2022 in full and final settlement of the Bonds.

If the Bond Issuer fails to pay the outstanding principal and interest amount of the Bonds in accordance with the terms of the Deed of Settlement, all the outstanding principal and interest amount of the Bonds shall immediately become due and payable by the Bond Issuer and the Bondholder shall be entitled to take such steps as it may in its sole discretion think fit for the recovery of the same together with interest and costs including but not limited to proceeding with any action or legal proceedings enforcing the Deed of Settlement in any way as the Bondholder may also in its sole discretion see fit.

INFORMATION ON THE BOND ISSUER AND THE BONDHOLDER

The Bond Issuer

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, (i) the Bond Issuer is a company incorporated in Cayman Islands with limited liability whose issued shares are listed on the Main Board of the Stock Exchange. The Bond Issuer is principally engaged in investment holding. The principal activities of the Bond Issuer and its subsidiaries are provision of landscape architecture services in Hong Kong and Mainland China, catering business in Mainland China, and graphene business in Mainland China; and (ii) the Bond Issuer and its ultimate beneficial owners are Independent Third Parties.

The Bondholder

The Bondholder is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company principally engaged in investment holding and provision of administrative services.

REASONS FOR AND BENEFITS OF THE DEED OF SETTLEMENT

The Company was incorporated in Cayman Islands with limited liability. It is an investment holding company with its subsidiaries principally engaged in (i) the trading of packaged foods, beverages and household consumable products; (ii) the trading of agri-products and the upstream farming business; (iii) the provision of logistics-related services such as warehousing and post-harvest food processing; and (iv) other businesses primarily arising from the securities brokerage and margin financing business and the tourist retailing business.

The Bonds matured on 9 March 2022, 27 March 2022, 6 April 2022 and 28 April 2022 respectively. At the request of the Bond Issuer, the Bondholder and the Bond Issuer negotiated for an extension of the repayment date of the Debt. After arm's length discussion with the Bond Issuer and taking into account (i) the Bond Issuer agreed that the Bonds should continue to bear interest at the rate of 6% per annum on the outstanding principal amount thereof after maturity of the Bonds and prior to the entering into of the Deed of Settlement; (ii) the Bond Issuer agreed to pay a higher interest at the rate of 8% per annum on the outstanding principal amount of the Bonds accruing from the date of the Deed of Settlement up to the date of actual repayment of all outstanding principal amount of the Bonds; and (iii) the Bond Issuer only requested for extension of repayment date of the Debt for only a short period of time (i.e. for less than three months and on or before 1 August 2022), the Bondholder agreed to enter into the Deed of Settlement.

Based on the above, the Directors consider that the terms and conditions of the Deed of Settlement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

The extension of repayment date of the Debt constitutes provision of financial assistance by the Bondholder to the Bond Issuer. As the highest of the applicable percentage ratios in respect of the provision of financial assistance is more than 5% but less than 25%, the entering into of the Deed of Settlement constitutes a discloseable transaction on the part of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Bond Issuer”	Graphex Group Limited (formerly known as Earthasia International Holdings Limited), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange
“Bondholder”	Sui Tai & Associates Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Bonds”	the bonds in the aggregate principal amount of HK\$25,500,000 issued by the Bond Issuer
“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
“Debt”	the total outstanding principal amount of the Bonds in the amount of HK\$25,500,000 as at the date of the Deed of Settlement
“Deed of Settlement”	the deed of settlement dated 13 May 2022 entered into between the Bondholder and Bond Issuer in relation to the extension of repayment date of the Debt

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) who is/are independent of and not connected with the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	the share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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, 13 May 2022

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. 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.