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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: 0197)

### **OPEN OFFER OF NEW SHARES ON THE BASIS OF ONE OFFER SHARE FOR EVERY TWO EXISTING SHARES AND RESUMPTION OF TRADING**

**Underwriter**



**VC BROKERAGE LIMITED**

**滙盈證券有限公司**

#### **OPEN OFFER**

The Board is pleased to announce that on 16 April 2009, the Company and the Underwriter entered into the Underwriting Agreement to implement the Open Offer. The Board proposes to raise approximately HK\$151.7 million to HK\$161.4 million before expenses by issuing not less than 842,565,000 Offer shares and not more than 896,691,000 Offer Shares at the Subscription Price of HK\$0.18 per Offer Share by way of the Open Offer, on the basis of one Offer Share for every two existing Shares held by the Qualifying Shareholders on the Record Date and payable in full upon acceptance.

The Open Offer is only available to the Qualifying Shareholders. To qualify for the Open Offer, all transfers of Shares must be lodged for registration with the branch share registrar of the Company in Hong Kong by 4:00 p.m. on 6 May 2009 pursuant to the expected timetable set out below and the Shareholders must not be a Prohibited Shareholder. The register of members of the Company is expected to be closed from 7 May 2009 to 15 May 2009 (both dates inclusive) to determine the eligibility of the Shareholders to the Open Offer according to the expected timetable.

\* For identification purpose only

The estimated net proceeds of the Open Offer (after deduction of expenses) are expected to amount to approximately HK\$147.3 million (assuming the Share Option Shares are allotted and issued after the Record Date and the completion of the Open Offer) or approximately HK\$156.8 million (assuming the Share Option Shares are allotted and issued on or before the Record Date) and will be used as to about HK\$100.0 million for the development of the agro-industry of the Group, as to about HK\$40.0 million for the further development and expansion of the Group's logistics centre in Zhongshan, PRC, and as to the remaining balance of about HK\$7.3 million to HK\$16.8 million as general working capital of the Group.

Pursuant to the Underwriting Agreement, the Underwriter has agreed to subscribe or procure the subscription for all the Underwritten Shares.

### **WARNING OF THE RISK OF DEALING IN THE SHARES**

**Shareholders and potential investors of the Company should note that the Open Offer is conditional upon the fulfillment or waiver of all the conditions set out under the section headed "Conditions of the Open Offer". In particular, the Open Offer is subject to the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out under the paragraph headed "Termination of the Underwriting Agreement" below). Accordingly, the Open Offer may or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares. If in any doubt, investors should consider obtaining professional advice on this.**

**Shareholders should note that, based on the expected timetable, the Shares will be dealt in on an ex-entitlement basis commencing from 5 May 2009 and that dealing in Shares will take place even though the conditions under the Underwriting Agreement remain unfulfilled. Any Shareholder or other person dealing in the Shares until the Open Offer becomes unconditional and the force majeure under the Underwriting Agreement expires (which is expected to be at 4:00 p.m. on 8 June 2009) will accordingly bear the risk that the Open Offer may not become unconditional and may not proceed.**

### **GENERAL**

The Company will send the Prospectus Documents containing, among other things, the Prospectus incorporating details of the Open Offer and the Application Form to the Qualifying Shareholders. The Prospectus, but not the Application Form, will be sent to the Prohibited Shareholders (if any) for their information.

### **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in Shares on the Stock Exchange was suspended from 9:30 a.m. on 16 April 2009 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in Shares on the Stock Exchange with effect from 9:30 a.m. on 17 April 2009.

## **OPEN OFFER**

### **Issue statistics**

Basis of the Open Offer	:	One Offer Share for every two existing Shares held by Qualifying Shareholders on the Record Date
Number of existing Shares in issue as at the date of this announcement	:	1,685,130,000 Shares
Number of authorised Shares as at the date of this announcement	:	10,000,000,000 Shares
Number of Offer Shares	:	Not less than 842,565,000 Offer shares and not more than 896,691,000 Offer Shares
Aggregate nominal value of Offer Shares	:	Not less than HK\$8,425,650 and not more than HK\$8,966,910
Underwriter	:	VC Brokerage Limited, an Independent Third Party
Subscription Price for Offer Shares	:	HK\$0.18 per Offer Share

The Company currently has 108,252,000 Options outstanding, all of which were granted pursuant to the Share Option Scheme.

It is a condition that the Company shall procure Best Global, World Invest, Asia Startup to give the Best Global Undertaking, World Invest Undertaking, and Asia Startup Undertaking respectively in favour of the Company and the Underwriter not to dispose of its shareholdings before close of the Open Offer and to subscribe for all the Offer Shares each will be entitled under the Open Offer.

The Company will also procure Ms. Chan to give the Ms. Chan's Undertaking in favour of the Company and the Underwriter not to exercise any of the right under Ms. Chan Options to convert part or all of such options into Shares before completion of the Open Offer.

Under the Open Offer, on the assumption that no outstanding Option is exercised and no new Shares are issued before the Record Date, 842,565,000 Offer Shares would be allotted, representing 50% of the existing issued share capital of the Company as at the date of this announcement and approximately 33.33% of the issued share capital of the Company as enlarged by the issue of 842,565,000 Offer Shares.

Save for the Options, there are no other outstanding warrants, options, convertible securities or other rights to subscribe for Shares as at the date of this announcement.

## **Qualifying Shareholders and Prohibited Shareholders**

The Company will send the Prospectus Documents to Qualifying Shareholders only. To qualify for the Open Offer, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and must not be a Prohibited Shareholder. In order to be registered as a member at the close of business on the Record Date, all transfer of Shares (with the relevant share certificates) must be lodged for registration with the branch share registrar of the Company in Hong Kong, by 4:00 p.m. (Hong Kong time) on 6 May 2009 according to the expected timetable.

The branch share registrar of the Company in Hong Kong is:

Tricor Tengis Limited  
26th Floor, Tesbury Centre  
28 Queen's Road East  
Wanchai  
Hong Kong

The Prospectus Documents will not be registered or filed under the applicable securities or equivalent legislation of any jurisdiction other than Hong Kong and, if applicable, the Cayman Islands. The invitation to subscribe for the Offer Shares to be made to the Qualifying Shareholders will not be transferable. The Company will send the Prospectus, but not the Application Form, to the Prohibited Shareholders for their information only. The entitlements of the Prohibited Shareholders under the Open Offer will be taken up by the Underwriter.

## **Rights of Overseas or Prohibited Shareholders**

If, at the close of business on the Record Date, a Shareholder's address on the register of member of the Company is in a place outside Hong Kong, that Shareholder may not be eligible to take part in the Open Offer. The Board will make enquiries pursuant to Rule 13.36(2)(a) of the Listing Rules with overseas legal advisors as to the feasibility of extending the Open Offer to Overseas Shareholders taking into account the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange for the issue of the Offer Shares to the Overseas Shareholders and the result of such enquiries will be included in the Prospectus. If, after making such enquiry, the Board is of the opinion that it would be necessary or expedient not to offer Shares to such Overseas Shareholders on account of any legal or regulatory restrictions or special formalities in such places, no provisional allotment of Offer Shares will be made to such Overseas Shareholders, as they become Prohibited Shareholders.

## **Closure of Register of Members**

The register of members of the Company is expected to be closed from 7 May 2009 to 15 May 2009 (both dates inclusive) according to the expected timetable for the purpose of determining entitlement of Qualifying Shareholders as at the Record Date. No transfer of Shares will be registered during this period.

## **Subscription price for the Offer Shares**

The Subscription Price of HK\$0.18 per Offer Share will be payable in full on application. The Subscription Price represents:

- (i) a discount of approximately 60.9% to the closing price of HK\$0.46 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 57.9% to the average closing price of HK\$0.428 per Share as quoted on the Stock Exchange for the five consecutive Trading Days up to and including the Last Trading Day;
- (iii) a discount of approximately 51.0% to the theoretical ex-right price of approximately HK\$0.367 based on the closing price of HK\$0.46 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (iv) a discount of approximately 85.6% over the audited consolidated net assets value per Share of approximately HK\$1.25 as at the Audited Accounts Date (based on the audited consolidated net assets value of the Group over the number of issued Shares as at the Audited Accounts Date).

The Subscription Price was arrived at with reference to the market price of the Shares under the prevailing market conditions of the Shares and was agreed on an arm's length basis between the Company and the Underwriter. The Directors consider the Subscription Price and the rate of discount to the closing price on the Last Trading Day to be fair and reasonable and in the interests of the Company and the Shareholders as a whole on the basis that the Qualifying Shareholders are offered a chance to elect to subscribe for the Offer Shares at a relatively low price and to maintain their respective pro rata shareholdings in the Company. The Directors also consider that the discount will encourage the Qualifying Shareholders to take up their entitlements, so as to participate in and share the potential growth of the Group.

## **Basis of allotment**

One Offer Share for every two existing Shares held by a Qualifying Shareholder as at the close of business on the Record Date.

## **Status of the Offer Shares**

When allotted, issued and fully paid, the Offer Shares will rank *pari passu* in all respects with the then existing Shares in issue and holders of such Offer Shares will be entitled to receive all future dividends and distributions which are declared, made and paid after the date of allotment and issue of the Offer Shares.

## **Fractions of Offer Shares**

Fractional entitlements to the Offer Shares will not be issued but will be aggregated and taken up by the Underwriter. The Company will not allot any fractions of Offer Shares.

## **No Application for Excess Offer Shares**

No application for Excess Offer Shares will be made available to any Qualifying Shareholders to apply for any entitlements of the Prohibited Shareholders, any Offer Shares not taken up by Qualifying Shareholders and the abovementioned aggregated fractional entitlements will be taken up by the Underwriter. The Open Offer is not subject to Shareholders' approval.

No odd lot matching services will be provided by the Company in respect of the Open Offer.

Shareholders with their Shares held by a nominee (or CCASS) should note that the Board will regard the nominee (including CCASS) as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by a nominee (or CCASS) 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 close of business on the Record Date. Shareholders should consult their professional advisers if they are in any doubt as to whether they should register their shareholding in their own names.

For Shareholders whose Shares are held by their nominee(s) (or CCASS) and who would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with Tricor Tengis Limited, the branch share registrar of the Company in Hong Kong, by 4:00 p.m. (Hong Kong time) on 6 May 2009 according to the expected timetable.

## **Certificates and refund cheques for the Offer Shares**

Subject to the fulfillment of the conditions of the Open Offer, as set out in the paragraph headed "Conditions of the Open Offer" below, certificates for all fully-paid Offer Shares are expected to be posted by ordinary post on or before 11 June 2009 to those Qualifying Shareholders who have accepted and paid for the Offer Shares, at their own risk. Refund cheques in respect of the Offer Shares if the Open Offer is terminated are expected to be posted by 11 June 2009 by ordinary post to the applicants at their own risk.

## **Application for Listing**

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Offer Shares.

## CONDITIONS OF THE OPEN OFFER

Completion of the Open Offer is conditional upon, among others, fulfillment of each of the following conditions:

1. the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies Ordinance not later than the Prospectus Posting Date;
2. if applicable, the filing with the Registrar of Companies in Cayman Islands one copy of each of the Prospectus Documents duly signed by either all Directors or one of the Directors for and on behalf of all the Directors (and all other documents required to be attached thereto) on or before the Prospectus Posting Date or otherwise in compliance with the applicable laws and regulations of Cayman Islands;
3. the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Prohibited Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the Prospectus Posting Date;
4. the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Offer Shares by no later than the first day of their dealings;
5. the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated on or before the Latest Time for Termination; and
6. the performance of all the Best Global Undertaking, World Invest Undertaking, Asia Startup Undertaking, and Ms. Chan's Undertaking.

**The Underwriter may at any time by notice in writing to the Company waive the condition no. 5 above. Save and except the said condition no. 5, the other conditions are incapable of being waived. If any of the above conditions is not fulfilled or waived by or at the time and/or date specified therefor (or if no time or date is specified, by 4:00 p.m. on 8 June 2009, or such other time as may be agreed between the Underwriter and the Company), or shall become incapable of being fulfilled or waived on or before such time, or the Underwriting Agreement shall be terminated and the Open Offer will not proceed.**



## UNDERWRITING ARRANGEMENT

Any Offer Share not taken up by the Qualifying Shareholders, other than Best Global, World Invest, Asia Startup and Ms. Chan, will be underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement.

Date	:	16 April 2009
Issuer	:	the Company
Underwriter	:	VC Brokerage Limited, an Independent Third Party
Number of Underwritten Shares	:	Not less than 671,925,000 Offer Shares and not more than 718,551,000 Offer Shares
Commission	:	2.5% of the aggregate Subscription Price in respect of the number of the Underwritten Shares for which the Underwriter has agreed to subscribe or procure subscription to be determined on the Record Date

Pursuant to the Underwriting Agreement, VC Brokerage Limited, being the Underwriter, has agreed to subscribe or procure the subscription for all the Underwritten Shares. The aggregate value of such Underwritten Shares amounts to approximately not less than HK\$120.9 million and not more than HK\$129.3 million at the Subscription Price.

To the best of the Directors' knowledge, information and belief, the Underwriter and its ultimate beneficial owners are Independent Third Parties. The Underwriter has warranted and undertaken to the Company that any sub-underwriter to be appointed by the Underwriter and its ultimate beneficial owners shall be independent to the Company, the Underwriter and other sub-underwriters and their respective associates.

It is the conditions of the Underwriting Agreement that, the Underwriter will, where applicable, appoint such number of sub-underwriters, which shall be independent to the Company, the Underwriter and other sub-underwriters and their respective associates, to underwrite such number of Underwritten Shares (the "Sub-underwritten Shares") so that none of the Underwriter and the sub-underwriters will trigger any obligation under Rule 26 of the Takeovers Code to make a general offer, and each of the Underwriter and any sub-underwriter to be appointed and their respective parties acting in concert (as defined under the Takeovers Code) shall not hold in aggregate 20% or more of the Shares after completion of the Open Offer; and the Underwriter shall procure independent placees to take up such number of Underwritten Shares as necessary to ensure that the public float requirements under Rule 8.08 of the Listing Rules are complied with immediately after the Open Offer.

The Directors understand completion of the Open Offer in accordance with the terms of the Underwriting Agreement will not trigger any general offer obligations under Rule 26 of the Takeovers Code and the public float requirement will be complied with.



## Termination of the Underwriting Agreement

The Underwriting Agreement contains provisions entitling the Underwriter, by notice in writing, to terminate its obligations thereunder on the occurrence of certain events. If, at any time prior to the Latest Time for Termination (i.e. 8 June 2009 pursuant to the expected timetable), one or more of the following events or matters (whether or not forming part of a series of events) shall occur, arise, exist, or come into effect:

- (1) (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing, the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or

- (6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the reasonable opinion of any of the Underwriter, a material omission in the context of the Open Offer; or
- (7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offer,

upon the giving of termination notice by the Underwriter, all obligations of the Underwriter under the Underwriting Agreement shall cease and determine and neither party shall have any claim against the other in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (save for any antecedent breaches thereof).

## **WARNING OF THE RISKS OF DEALING IN SHARES**

**Shares will be dealt with on an ex-entitlement basis from 5 May 2009 based on the expected timetable.**

**Shareholders and potential investors of the Company should note that the Open Offer is conditional upon the fulfillment or waiver of all the conditions set out under the section headed "Conditions of the Open Offer". In particular, the Open Offer is subject to the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out under the paragraph headed "Termination of the Underwriting Agreement" above). Accordingly, the Open Offer may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares. If in any doubt, investors should consider obtaining professional advice on this.**

To qualify for the Open Offer, a Qualifying Shareholder's name must appear on the register of members of the Company at the close of business on the Record Date, which is currently expected to be on 15 May 2009 according to the expected timetable. As the Company's register of members will be closed from 7 May 2009 to 15 May 2009 (both dates inclusive) and in order to be registered as members on the Record Date, any transfer of Shares (with the relevant share certificates) must be lodged for registration by 4:00 p.m. on 6 May 2009 pursuant to the expected timetable.

## IRREVOCABLE UNDERTAKINGS

Pursuant to the Underwriting Agreement, the Company will procure Best Global, World Invest, Asia Startup to give the Best Global Undertaking, World Invest Undertaking, and Asia Startup Undertaking respectively in favour of the Company and the Underwriter not to dispose of its shareholdings before close of the Open Offer and to subscribe for all the Offer Shares each will be entitled under the Open Offer.

The Company will also procure Ms. Chan to give an undertaking in favour of the Company and the Underwriter not to exercise any of the right under Ms. Chan Options to convert part or all of them into Shares before completion of the Open Offer.

As at the date of this announcement, the respective shareholding details of Best Global, World Invest, Asia Startup and Ms. Chan are as follows:

<b>Name</b>	<b>Number of Shares held</b>	<b>Number of Options held</b>
Best Global	241,600,000	–
World Invest	85,680,000	–
Asia Startup	14,000,000	–
Ms. Chan	–	15,000,000

Each of Best Global, World Invest, and Asia Startup will irrevocably undertake to subscribe for its entitlement under the Open Offer.

Ms. Chan will irrevocably undertake not to exercise her rights under Ms. Chan Options to convert part or all of such options into Shares before completion of the Open Offer.

As at the date of this announcement, other than the abovementioned undertakings, the Company will not procure any other undertaking and has not received any undertaking provided by any other Shareholders to subscribe for his entitlement under the Open Offer or any arrangement that may have an effect to the Open Offer.

## CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the possible changes in the shareholding structure of the Company arising from the Open Offer:

### Scenario 1

Assuming all the Share Option Shares are allotted and issued after both the Record Date and completion of the Open Offer:

	As at the date of this announcement		Immediately upon completion of the Open Offer on the assumption as set out in Note 1		Immediately upon completion of the Open Offer on the assumption as set out in Note 2	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Best Global	241,600,000	14.34	362,400,000	14.34	362,400,000	14.34
World Invest	85,680,000	5.08	128,520,000	5.08	128,520,000	5.08
Asia Startup	14,000,000	0.83	21,000,000	0.83	21,000,000	0.83
The Underwriter	–	–	–	–	671,925,000	26.58
						(Note 3)
Keywise Capital Management (HK) Limited	220,671,000	13.10	331,006,500	13.10	220,671,000	8.73
<b>Public Shareholders</b>						
Arisaig Greater China Fund Limited	163,638,600	9.71	245,457,900	9.71	163,638,600	6.48
JPMorgan Chase & Co.	149,735,000	8.89	224,602,500	8.89	149,735,000	5.92
Pope Asset Management, LLC	96,963,775	5.75	145,445,662	5.75	96,963,775	3.84
UBS AG	84,458,000	5.01	126,687,000	5.01	84,458,000	3.34
Other public shareholders	628,383,625	37.29	942,575,438	37.29	628,383,625	24.86
Total	<u>1,685,130,000</u>	<u>100.00</u>	<u>2,527,695,000</u>	<u>100.00</u>	<u>2,527,695,000</u>	<u>100.00</u>

## Scenario 2

Assuming all the Share Option Shares are allotted and issued as at the date of this announcement which is on or before the Record Date:

	As at the date of this announcement		Immediately upon completion of the Open Offer on the assumption as set out in Note 1		Immediately upon completion of the Open Offer on the assumption as set out in Note 2	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Best Global	241,600,000	13.59	362,400,000	13.59	362,400,000	13.59
World Invest	85,680,000	4.82	128,520,000	4.82	128,520,000	4.82
Asia Startup	14,000,000	0.79	21,000,000	0.79	21,000,000	0.79
The Underwriter	–	–	–	–	718,551,000	26.94
						(Note 3)
Keywise Capital Management (HK) Limited	220,671,000	12.41	331,006,500	12.41	220,671,000	8.27
<b>Public Shareholders</b>						
Arisaig Greater China Fund Limited	163,638,600	9.20	245,457,900	9.20	163,638,600	6.13
JPMorgan Chase & Co.	149,735,000	8.42	224,602,500	8.42	149,735,000	5.61
Pope Asset Management, LLC	96,963,775	5.45	145,445,662	5.45	96,963,775	3.63
Other public shareholders	806,093,625	45.32	1,209,140,438	45.32	806,093,625	30.22
Total	<u>1,778,382,000</u>	<u>100.00</u>	<u>2,667,573,000</u>	<u>100.00</u>	<u>2,667,573,000</u>	<u>100.00</u>

*Note 1:* Assuming all Shareholders take up their respective entitlements of the Offer Shares in full.

*Note 2:* Assuming (i) none of the Shareholders takes up any of the Offer Shares; and (ii) the provisional allotments of the Offer Shares of all Shareholders are taken up by the Underwriter pursuant to the Underwriting Agreement.

*Note 3:* The Underwriter will appoint sub-underwriters to underwrite the Underwritten Shares if the Underwritten Shares to be taken up by the Underwriter will exceed 20% so that none of the Underwriter and any sub-underwriter that may be appointed and their respective parties acting in concert (as defined under the Takeovers Code) will hold in aggregate 20% or more of the Shares after completion of the Open Offer.

## EXPECTED TIMETABLE

2009

Last day of dealings in existing Shares on a cum-entitlement basis . . . . .	Monday, 4 May
Commencement date of dealings in existing Shares on an ex-entitlement basis . . . . .	Tuesday, 5 May
Latest time for lodging transfers of Shares in order to qualify for the Open Offer . . . . .	4:00 pm on Wednesday, 6 May
Register of members of the Company to be closed . . . . .	Thursday, 7 May to Friday, 15 May (Both days inclusive)
Record Date . . . . .	Friday, 15 May
Register of members of the Company to be re-opened . . . . .	Monday, 18 May
Prospectus Documents despatched . . . . .	Wednesday, 20 May
Latest time for acceptance of, and payment for Offer Shares . . . . .	4:00 pm on Wednesday, 3 June
Latest time for termination of the Underwriting Agreement . . . . .	4:00 pm on Monday, 8 June
Announcement of results of Open Offer on or before . . . . .	Tuesday, 9 June
If the Open Offer is terminated, refund cheques to be despatched on or before . . . . .	Thursday, 11 June
Certificates for Offer Shares expected to be despatched on or before . . . . .	Thursday, 11 June
Dealings in Offer Shares on the Stock Exchange to commence on . . . . .	Monday, 15 June

Dates or deadlines specified above are indicative only and may be varied by agreement between the Company and the Underwriter. Any changes to the expected timetable above will be published or notified to the Shareholders appropriately.

## REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

The Group is principally engaged in the distribution of packaged food, beverages, household consumable products, cosmetics products, cold chain products and fresh produce products and provision of cold chain logistics services mainly to the PRC market.

The estimated net proceeds of the Open Offer (after deduction of expenses) are expected to amount to approximately HK\$147.3 million (assuming the Share Option Shares are allotted and issued after the Record Date and the completion of the Open Offer) or approximately HK\$156.8 million (assuming the Share Option Shares are allotted and issued on or before the Record Date) and will be used as to about HK\$100.0 million for the development of the agro-industry of the Group, as to about HK\$40.0 million for the further development and expansion of the Group's logistics centre in Zhongshan, PRC, and as to the remaining balance of about HK\$7.3 million to HK\$16.8 million as general working capital of the Group.

In recent years, the Group has initiated a diversification plan to equip itself to become a one-stop vertically integrated service platform provider for cultivation, value-added processing, perishable logistics and distribution for the agro-industry in the PRC. In order to meet its funding requirements for the forthcoming development in the agro-industry and perishable logistics works, the Directors consider that it is in the interests of the Company and its Shareholders to raise capital by way of the Open Offer, which will allow all Qualifying Shareholders the opportunity to maintain their respective pro rata shareholding interests in the Company.

The Group did not carry out any capital raising activities within the last 12 months prior to the date of this announcement.

#### **ADJUSTMENTS IN RELATION TO THE SHARE OPTION SCHEME**

Pursuant to the terms of the Share Option Scheme, the exercise prices and the number of Shares to be issued under the Options will be adjusted in accordance with the Share Option Scheme upon the Open Offer becoming unconditional. Such adjustments will be verified by the auditors of the Company and the Company will notify the holders of the Options the adjustments in accordance with the terms of the Share Option Scheme.

#### **GENERAL**

The Company will send the Prospectus Documents containing, among other things, the Prospectus incorporating details of the Open Offer and the Application Form to the Qualifying Shareholders. The Prospectus, but not the Application, will be sent to the Prohibited Shareholders (if any) for their information.

#### **SUSPENSION AND RESUMPTION OF TRADING IN SHARES**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 16 April 2009 pending the publication of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 17 April 2009.



## DEFINITIONS

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

“Application Form”	the form of application for use by the Qualifying Shareholders to apply for the Offer Shares
“associates”	has the meaning ascribed to it in the Listing Rules
“Asia Startup”	Asia Startup Group Limited, a company incorporated in the BVI and the entire issued share capital of which is wholly and beneficially owned by Mr. Chu Ki
“Asia Startup Undertaking”	an irrevocable undertaking to be given by Asia Startup in favour of the Company and the Underwriter to subscribe for all the Offer Shares it will be entitled under the Open Offer
“Audited Accounts Date”	30 June 2008
“Best Global”	Best Global Asia Limited, a company incorporated in the BVI and the entire issued share capital of which is wholly and beneficially owned by Mr. Lam Kwok Hing
“Best Global Undertaking”	an irrevocable undertaking to be given by Best Global in favour of the Company and the Underwriter to subscribe for all the Offer Shares it will be entitled under the Open Offer
“Board”	the board of Directors or a duly authorised committee thereof
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“BVI”	British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong (as amended from time to time)

“Company”	Heng Tai Consumables Group Limited, a company incorporated in Cayman Islands with limited liability whose issued Shares are listed on the main board of the Stock Exchange
“Directors”	the directors of the Company for the time being
“Excess Offer Shares”	the entitlements to Offer Shares that would otherwise have been offered to the Prohibited Shareholders, any Offer Shares offered to, but not accepted by, Qualifying Shareholders and any fractional entitlements
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	to the best knowledge, information and belief and having made all reasonable enquiries by the Directors, it and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons
“Last Trading Day”	15 April 2009, being the last Trading Day of the Shares prior to the publication of this announcement
“Latest Acceptance Time”	being 4:00 p.m. on 3 June 2009, or such other date as the Company and the Underwriter may agree in writing, being the latest time for acceptance of the Offer Shares as described in the Prospectus
“Latest Time for Termination”	being 4:00 p.m. on the third business day after the Latest Acceptance Time or such later time or date as may be agreed between the Underwriter and the Company, being the latest time to terminate this Agreement
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ms. Chan”	Ms. Chan Yuk, Foebe, a non-executive director of the Company
“Ms. Chan Options”	15,000,000 Options held by Ms. Chan entitling her to convert into 15,000,000 Shares

“Ms. Chan’s Undertaking”	an irrevocable undertaking to be given by Ms. Chan in favour of the Company and the Underwriter not to exercise any of the right under Ms. Chan Options to convert part or all of them into Shares before completion of the Open Offer
“Prohibited Shareholders”	those Overseas Shareholders to whom the Company considers it necessary or expedient not to offer the Offer Shares where, in the opinion of the Board (having obtained relevant and necessary legal opinions), it would or might be unlawful or impracticable to offer Offer Shares in such places on account of any legal or regulatory restrictions or special formalities in such places
“Offer Shares”	Not less than 842,565,000 and not more than 896,691,000 new Shares to be issued pursuant to the Open Offer
“Open Offer”	the proposed offer for subscription by the Qualifying Shareholders on the basis of one Offer Share for every two Shares held on the Record Date for the Offer Shares at the Subscription Price
“Options”	options granted pursuant to the Share Option Scheme entitling the holders to convert into Shares
“PRC”	the People’s Republic of China, which for the purpose of this announcement, unless the context provides otherwise, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus to be issued by the Company relating to the Open Offer to be despatched to the Qualifying Shareholders and, for information only, to the Prohibited Shareholders
“Prospectus Documents”	the Prospectus and the Application Form
“Prospectus Posting Date”	20 May 2009 or such other date as may be agreed between the Underwriter and the Company for the despatch of the Prospectus Documents
“Qualifying Shareholders”	the Shareholders, other than the Prohibited Shareholders, whose names appear on the register of members of the Company at the close of business on the Record Date

“Record Date”	15 May 2009, or such other date as the Company and the Underwriter may agree in writing, being the record date to determine entitlements to the Open Offer
“SFC”	the Securities and Futures Commission of Hong Kong
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholders”	the holders of Shares
“Share Option Scheme”	the share option scheme of the Company adopted on 3 December 2001 and amended on 24 September 2005
“Share Option Shares”	up to 93,252,000 Shares which may be allotted and issued by the Company upon exercise of the 93,252,000 outstanding Options, which does not include the 15,000,000 Shares which may be allotted under Ms. Chan Options
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.18 per Offer Share
“subsidiary”	has the same meaning ascribed thereto in section 2 of the Companies Ordinance and “subsidiaries” shall be construed accordingly
“substantial shareholder”	has the meaning ascribed to in the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Trading Day”	a day on which the Stock Exchange is open for trading
“Underwriter”	VC Brokerage Limited
“Underwriting Agreement”	the agreement dated 16 April 2009 between the Company and the Underwriter in relation to the underwriting and other arrangements in respect of the Open Offer
“Underwritten Shares”	not less than 671,925,000 and not more than 718,551,000 Offer Shares that the Underwriter has agreed to subscribe or procure subscribers or sub-underwriters to subscribe for, which are not subscribed by the Qualifying Shareholders (other than Best Global, World Invest, Asia Startup and Ms. Chan) pursuant to the Underwriting Agreement

“World Invest”	World Invest Holdings Limited, a company incorporated in the BVI and the entire issued share capital of which is wholly and beneficially owned by Ms. Lee Choi Lin, Joecy
“World Invest Undertaking”	an irrevocable undertaking to be given by World Invest in favour of the Company and the Underwriter to subscribe for all the Offer Shares it will be entitled under the Open Offer
“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, 16 April 2009

*As at the date of this announcement, the Board comprised three executive Directors, namely Mr. Lam Kwok Hing (Chairman), Mr. Chu Ki, and Ms. Lee Choi Lin, Joecy; one non-executive Director, namely Ms. Chan Yuk, Foebie; and three independent non-executive Directors, namely Mr. John Handley, Mr. Poon Yiu Cheung, Newman and Ms. Mak Yun Chu.*