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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)

ANNOUNCEMENT

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

Unusual price fluctuation and trading volume

The Board has noted the increase in the trading volume and the decrease in the price of the Shares following the publication of the Announcement and wishes to state that the Board is not aware of any reasons for such increase in the trading volume and decrease in the price of the Shares.

Additional information for the Open Offer

In view of the current global financial turmoil and economic downturn, the Board notices that the PRC government has been publicly endorsing and implementing various favourable fiscal and administrative policies to stimulate domestic demands in order to maintain a continuous and healthy growth of the PRC economy. Such policies have placed particular emphasis in certain key business and geographical segments, one of which is to maintain a stable rural economy.

Accordingly, the Board has decided to seize this opportunity by taking advantage of the favourable PRC policies (including direct or indirect government supports such as government subsidy, provision of road access and irrigation and infrastructure facilities) and expedite the expansion into the upstream agro-business the Group has been developing. The Board considers it is strategically vital for such early entrance so that the Group may take this opportunity to fully integrate its upstream, midstream and downstream agro-business in the current market downturn, and be able to fully equip the Group when the market turn around to exploit its competitive advantage.

Further information on the intended use of proceeds of the Open Offer

The Board considers it is in the best interests of the Group and the Shareholders as a whole that, in an effort to capitalize the favourable conditions and government supported policies for the Group to develop and expand its agro-business in the PRC, the Open Offer would be the best available alternative to provide the Group with sufficient cash liquidity to expedite the Group's expansion plan. Further, the Qualifying Shareholders will be entitled to participate in the Open Offer to maintain their respective pro rata shareholding interests in the Company. Having the proceeds in place will allow the Company flexibility and readiness to expand into the agro-business.

Shareholders and potential investors of the Company should note that the Open Offer is conditional upon fulfilment or waiver of the conditions and accordingly, the Open Offer may or may not proceed. Shareholders and potential investors are advised to exercise caution in dealing in the Shares. If in any doubt, investors should consider obtaining professional advice on this.

This announcement is made by Heng Tai Consumables Group Limited (the "**Company**", together with its subsidiaries as the "**Group**") pursuant to Rule 13.09(1) of the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Reference is made to the Company's announcement dated 16 April 2009 (the "**Announcement**") relating to the proposed open offer (the "**Open Offer**") of the Company.

Unusual price fluctuation and trading volume

The board (the "**Board**") of directors (the "**Directors**") of the Company has noted the increase in the trading volume and the decrease in the price of the shares of the Company (the "**Shares**") following the publication of the Announcement and wishes to state that the Board is not aware of any reasons for such increase in the trading volume and decrease in the price of the Shares.

The Board also confirms that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

Additional information for the Open Offer

However, the Board would like to further inform the shareholders of the Company (the "**Shareholders**") and potential investors the reasons for the Open Offer and the intended use of its proceeds.

The Group is principally engaged in distribution of fast moving consumable goods, cosmetics and cold chain products, the provision of cold chain logistics services, and cultivation and distribution of fresh produce products. The Group's distribution products are mainly sold to wholesalers, retailers and on-premise customers in the People's Republic of China (the "**PRC**").

In recent years, the Group has been progressively diversifying its business activities into up-stream agro-business by acquiring interests in farmland and entering into contract farming arrangement in the PRC in order to secure a stable supply, minimize fluctuation of the costs, and set up more efficient quality control of the agro-products the Group has been selling to its PRC customers.

The Board considers that such diversification plan to enter into up-stream agro-business in the PRC and to make the Group into a one-stop vertically integrated service platform provider for cultivation, value-added processing, logistics and distribution of perishable agro-products in the PRC would enhance the value of the Group through generating business synergy by utilizing its well acquired distribution expertise in perishables and well established cold chain logistics infrastructure and lead to a significant increase in sales volume, logistics service utilization and strong growth potential for the Group in the coming years.

In view of the current global financial turmoil and economic downturn, the Board notices that the PRC government has been publicly endorsing and implementing various favourable fiscal and administrative policies to stimulate domestic demands in order to maintain a continuous and healthy growth of the PRC economy. Such policies have placed particular emphasis in certain key business and geographical segments, one of which is to maintain a stable rural economy.

Accordingly, the Board has decided to seize this opportunity by taking advantage of the favourable PRC policies (including direct or indirect government supports such as government subsidy, provision of road access and irrigation and infrastructure facilities) and expedite the expansion into the upstream agro-business the Group has been developing. The Board considers it is strategically vital for such early entrance so that the Group may take this opportunity to fully integrate its upstream, midstream and downstream agro-business in the current market downturn, and be able to fully equip the Group when the market turn around to exploit its competitive advantage.

Further information on the intended use of proceeds of the Open Offer

The Board has been actively looking for alternative funding opportunities. However, the Board considered that the terms proposed were not in the interests of the Company and the Shareholders as a whole. The Board also noted that it has become more difficult to secure bank loans, especially substantial amount of long term bank loans appropriate for the Group's diversification plan. Also, in view of the current financial turmoil and the relatively low price of the Shares trading in the Stock Exchange in recent months, the Board does not consider placing of new Shares to new investors with further discount is in the interests of the Shareholders.

In view of the above, the Board considers it is in the best interests of the Group and the Shareholders as a whole that, in an effort to capitalize the favourable conditions and government supported policies for the Group to develop and expand its agro-business in the PRC, the Open Offer would be the best available alternative to provide the Group with sufficient cash liquidity to expedite the Group's expansion plan. Further, the Qualifying Shareholders (as defined in the Announcement) will be entitled to participate in the Open Offer to maintain their respective pro rata shareholding interests in the Company.

The Company intends that about HK\$100 million will be used by the Group to develop and expand the upstream agro-business of the Group. The Group may acquire or lease farmland, enter into joint venture or other modes of cooperation with local farmers and local governmental authorities relating to the upstream agro-business.

About HK\$40 million will be used by the Group to further develop and enhance the Group's logistics centre in Zhongshan, PRC, and other existing infrastructure for improved productivity and efficiency and to cope with the anticipated increase in the demand for distribution of agro-products.

The remaining balance of the proceeds of the Open Offer of about HK\$7.3 million to HK\$16.8 million will be used by the Group as general working capital.

Having the proceeds in place will allow the Company flexibility and readiness to expand into the agro-business. The Board believes that the extension into the agro-business could drive to a more defensive business profile of striving improved margin while keeping the growth momentum at a desirable pace. If the Open Offer does not proceed, it will have no material or adverse effect to the current business operation or financial position of the Group.

Shareholders and potential investors of the Company should note that the Open Offer is conditional upon fulfilment or waiver of the conditions and accordingly, the Open Offer may or may not proceed. Shareholders and potential investors are advised to exercise caution in dealing in the Shares. If in any doubt, investors should consider obtaining professional advice on this. Please refer to the Announcement for further details of the Open Offer.

The Company will comply with the Listing Rules for any future acquisition of upstream agro-business in the PRC, and make further announcements where appropriate.

Made by the order of the Board, the Directors of which jointly and individually accept responsibility for the accuracy of this announcement.

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

Hong Kong, 21 April 2009

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Lam Kwok Hing, 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.