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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)

FILING OF THE TAIWAN DEPOSITORY RECEIPTS AND LISTING APPLICATION

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

Further to the announcement of the Company dated 28 May 2010, the Board is pleased to announce that the Company will make an application on 1 June 2010 to the Taiwan Central Bank and Taiwan Stock Exchange for the issue, offering and listing of not more than 100,000,000 units of TDRs, representing not more than 500,000,000 Underlying Shares, on the Taiwan Stock Exchange. Subject to approvals being granted by the Relevant Authorities, the Company will issue up to 500,000,000 Underlying Shares (representing approximately 17.68% of the issued share capital of the Company as at the date of this announcement and 15.02% as enlarged by the issue of the Underlying Shares). The Company will also apply to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Underlying Shares on the Hong Kong Stock Exchange.

The Underlying Shares will be issued under the General Mandate and no Shareholders' approval is required.

The TDR Issue may or may not proceed. Shareholders and potential investors are recommended to exercise caution when dealing in the Shares.

For the purpose of the TDR Issue, the Company has engaged the Auditors and the Auditors has performed an independent review of the consolidated interim results of the Group for the six months ended 31 December 2009. The Directors confirm that there is no significant difference between such consolidated interim results after review and the unaudited consolidated interim results previously disclosed by the Company in the Result Announcement and the Interim Report.

THE TDR ISSUE

Further to the announcement of the Company dated 28 May 2010, the Board is pleased to announce that the Company will make an application on 1 June 2010 to the Taiwan Central Bank and the Taiwan Stock Exchange for the issue, offering and listing of not more than 100,000,000 units of TDRs, representing not more than 500,000,000 Underlying Shares, on the Taiwan Stock Exchange. The TDR Issue is also subject to approval by the Taiwan Securities and Futures Bureau, application for which will be made after the grant of approvals by the Taiwan Stock Exchange and the Taiwan Central Bank. The Company will also apply to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Underlying Shares on the Hong Kong Stock Exchange.

It is currently proposed that the TDRs will be offered to the public in Taiwan by way of offer for subscription by the public in Taiwan. None of the TDRs will be offered to the general public in Hong Kong nor will they be placed to any connected persons of the Group.

Details of the TDR Issue, including the size and structure of the TDR Issue, the number of Underlying Shares to be issued by the Company pursuant to the TDR Issue and the expected timetable, have not yet been finalised as at the date of this announcement. A further announcement will be made by the Company upon finalisation of the structure of the TDR Issue. The preliminary structure of the TDR Issue is proposed as follows:

Type of securities to be issued: TDRs, to be issued by a depository bank in Taiwan evidencing the entitlement of the holders of TDRs to the Underlying Shares that are held in custody by a custodian bank.

Number of TDRs to be issued: Not more than 100,000,000 units of TDRs, each representing 5 Underlying Shares. The final number of TDRs to be issued and offered and the structure of the TDR Issue shall be subject to the approvals by the Relevant Authorities and the adjustment (if any) by the Board and the Underwriter of the TDR Issue.

Number of Shares to which the TDR Issue relates: Not more than 500,000,000 Underlying Shares are expected to be allotted and issued by the Company under the General Mandate.

The 500,000,000 Underlying Shares represent (i) approximately 17.68% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 15.02% of the issued share capital of the Company as enlarged by the issue of the 500,000,000 Underlying Shares under the TDR Issue.

The Underlying Shares will rank *pari passu* in all respects with the Shares then in issue on the date of issue of the Underlying Shares.

Basis for determining the issue price of the TDRs: The issue price of the TDRs and the Underlying Shares will be agreed in writing between the Company and the Underwriter and is expected to be determined with reference to the then prevailing market conditions, the closing price of the Shares, the then exchange rate between HK\$ and TWD, the performance of the Company as well as and conditions for future development of the Company's business, provided that the effective issue price of the Underlying Shares are in compliance with the Listing Rules.

Use of proceeds: The Board proposes that the net proceeds from the TDR Issue will be used:

- (a) to establish a sales network of fresh produce in Hong Kong;
- (b) to acquire or lease about 5,000 Chinese mu of agricultural land in Shandong Province, the PRC;
- (c) to pay the advance plantation fee in respect of the Group's agro development;
- (d) to fund the phase two development of the Zhongshan logistic centre;
- (e) to establish and develop the agricultural processing centre and cold storage warehouse in Guangdong Province, the PRC; and
- (f) as general working capital.

If the TDR Issue does not proceed, the Directors will consider other alternative methods of fund raising which are feasible in the then financial market condition. The Directors consider there will be no adverse impact to the Group if the TDR Issue does not proceed.

Listing applications: Application will be made to the Taiwan Stock Exchange and the Taiwan Central bank for the listing of the TDRs on the Taiwan Stock Exchange. Application will be made to the Taiwan Securities and Futures Bureau for the TDR Issue after the grant of approvals thereof by the Taiwan Stock Exchange and the Taiwan Central Bank.

An application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Underlying Shares on the Hong Kong Stock Exchange.

REASONS FOR AND BENEFITS OF THE TDR ISSUE

The Directors believe that TDR Issue is an attractive alternative for international investors, particularly potential investors in Taiwan, to invest and deal in the Shares which will further increase the liquidity of the Shares, and broaden and diversify the shareholders base of the Company. The TDR Issue will also increase the public awareness of the Group and will promote the Group's corporate image internationally, which will enhance its competitiveness and be beneficial to the Group's business development.

Further, the Directors are of the view that the TDR Issue will be a very attractive method of raising extra funds for the Group's future business development having taken into account the prevailing market conditions. On the one hand, the TDR Issue could enhance the capital base of the Company and broaden the Company's shareholders base and enhance the public awareness of the Group and provide an additional fund raising platform for the Group as aforesaid. On the other hand, the TDR Issue would not impose any additional interest costs nor increase the Group's gearing ratio. The Directors consider that the TDR Issue is fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

Effects on shareholding structure

The following table sets out the shareholding structure of the Company as at the date of this announcement and immediately upon completion of the TDR Issue based on the assumption that an aggregate of 500,000,000 Underlying Shares will be issued pursuant to the TDR Issue and there shall be no change in the Company's share capital prior to the completion of the TDR Issue:

Shareholders	As at the date of this announcement		Immediately after the TDR Issue	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Best Global Asia Limited (Note 1)	380,520,000	13.45	380,520,000	11.43
World Invest Holdings Limited (Note 2)	134,946,000	4.77	134,946,000	4.05
Asia Startup Group Limited (Note 3)	22,050,000	0.78	22,050,000	0.66
Public Shareholders :				
TDRs holders	-	-	500,000,000	15.02
Other public shareholders	2,291,008,500	81.00	2,291,008,500	68.84
Total :	2,828,524,500	100.00	3,328,524,500	100.00

Note 1: These shares are owned by Best Global Asia Limited ("**Best Global**"), a company incorporated in the British Virgin Islands ("**BVI**"). The entire share capital of Best Global is beneficially owned by Mr. Lam Kwok Hing, an executive director and the spouse of Ms. Lee Choi Lin, Joecy.

Note 2: These shares are owned by World Invest Holdings Limited ("**World Invest**"), a company incorporated in the BVI. The entire share capital of World Invest is beneficially owned by Ms. Lee Choi Lin, Joecy, an executive director and the spouse of Mr. Lam Kwok Hing.

Note 3: These shares are owned by Asia Startup Group Limited ("**Asia Startup**"), a company incorporated in the BVI. The entire share capital of Asia Startup is beneficially owned by Mr. Chu Ki, an executive director.

GENERAL MANDATE

By a resolution of the Shareholders passed at the annual general meeting held on 21 December 2009, the Company granted the General Mandate to the Directors to allot, issue and deal with up to 519,058,000 Shares, being 20% of the aggregate nominal value of the share capital of the Company in issue as at 21 December 2009.

As at the date of this announcement, the General Mandate has not been utilised and is sufficient for the TDR Issue. Accordingly, the Underlying Shares will be issued under the General Mandate and no Shareholders' approval is required.

FUND RAISING IN THE PAST 12 MONTHS

On 9 June 2009, the Company completed an open offer and raised about HK\$147 million. The proceeds were used as intended (please refer to the prospectus of the Company dated 20 May 2009 for details). Save for the open offer, the Company had not conducted any other fund raising activities in the past twelve months immediately prior to the date of this announcement.

GENERAL

There is no assurance that the approvals for the TDR Issue by the Relevant Authorities and the listing of the TDRs on the Taiwan Stock Exchange and/or the listing of the Underlying Shares on the Hong Kong Stock Exchange will be granted. Further announcement will be made by the Company in relation to the TDR Issue as and when appropriate.

The TDR Issue may or may not proceed, Shareholders and potential investors are recommended to exercise caution when dealing in the Shares.

REVIEWED CONSOLIDATED INTERIM RESULTS

Reference is made to the Result Announcement and the Interim Report of the Company. For the purpose of the TDR Issue, the Company has engaged the Auditors and the Auditors has performed an independent review of the consolidated interim results of the Group for the six months ended 31 December 2009. The Directors confirm that there is no significant difference between such consolidated interim results after review and the unaudited consolidated interim results previously disclosed by the Company in the Result Announcement and the Interim Report.

The condensed consolidated interim results of the Group for the six months ended 31 December 2009 after review together with comparative figures for the same period in 2008 are set out as follows:

**INDEPENDENT REVIEW REPORT
TO THE BOARD OF DIRECTORS OF HENG TAI CONSUMABLES GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)**

Introduction

We have reviewed the interim financial information set out on pages 7 to 20 which comprise the condensed consolidated statement of financial position of the Company as at 31 December 2009 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Without modifying our review conclusion, we draw to your attention that the comparative condensed consolidated financial information for the 6 months ended 31 December 2008 has not been reviewed in accordance with standards applicable to review engagements issued by the HKICPA.

RSM Nelson Wheeler
Certified Public Accountants
Hong Kong
16 April 2010

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2009**

	Note	Six months ended	
		31 December	
		2009	2008
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Turnover	3, 4	1,194,915	991,476
Cost of sales		<u>(930,180)</u>	<u>(784,879)</u>
Gross profit		264,735	206,597
Changes in fair value of biological assets less costs to sell		(4,686)	237
Other income		2,557	5,327
Selling and distribution expenses		(82,483)	(63,470)
Administrative expenses		(57,904)	(54,120)
Other operating expenses		<u>(7,685)</u>	<u>(30,071)</u>
Profit from operations		114,534	64,500
Finance costs	5	<u>(1,862)</u>	<u>(4,521)</u>
Profit before tax		112,672	59,979
Income tax expense	6	<u>(7,741)</u>	<u>(3,876)</u>
Profit for the period	7	<u>104,931</u>	<u>56,103</u>
Attributable to:			
Owners of the Company		106,594	58,905
Non-controlling interests		<u>(1,663)</u>	<u>(2,802)</u>
		<u>104,931</u>	<u>56,103</u>
Earnings per share	9		
Basic		<u>HK3.9 cents</u>	<u>HK2.8 cents</u>
Diluted		<u>HK3.9 cents</u>	<u>HK2.8 cents</u>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2009**

	Six months ended	
	31 December	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period	104,931	56,103
Other comprehensive income:		
Exchange differences on translating foreign operations	-	(66)
Disposal of subsidiaries	(184)	-
Change in fair value of available-for-sale financial assets	<u>9,553</u>	<u>(19,541)</u>
Other comprehensive income for the period, net of tax	<u>9,369</u>	<u>(19,607)</u>
Total comprehensive income for the period	<u>114,300</u>	<u>36,496</u>
Total comprehensive income attributable to:		
Owners of the Company	115,900	39,298
Non-controlling interests	<u>(1,600)</u>	<u>(2,802)</u>
	<u>114,300</u>	<u>36,496</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2009**

	Note	31 December 2009 (Unaudited) HK\$'000	30 June 2009 (Audited) HK\$'000
Non-current assets			
Fixed assets	10	693,114	694,181
Prepaid land lease payments		312,901	322,069
Construction in progress		31,594	34,435
Goodwill		282,525	287,378
Biological assets		39,773	39,773
Other intangible assets		155,085	176,849
Other assets		59,235	41,808
Investment in a club membership		108	108
Investments		30,436	14,922
		<u>1,604,771</u>	<u>1,611,523</u>
Current assets			
Biological assets		-	1,585
Inventories		215,080	206,829
Trade receivables	11	391,519	333,676
Prepayments, deposits and other receivables		227,084	135,572
Investments		661	335
Bank and cash balances		420,774	427,943
		<u>1,255,118</u>	<u>1,105,940</u>
TOTAL ASSETS		<u><u>2,859,889</u></u>	<u><u>2,717,463</u></u>
Capital and reserves			
Share capital	13	25,953	25,277
Reserves		2,405,903	2,256,907
Equity attributable to owners of the Company		<u>2,431,856</u>	<u>2,282,184</u>
Non-controlling interests		<u>(1,600)</u>	<u>-</u>
Total equity		<u><u>2,430,256</u></u>	<u><u>2,282,184</u></u>
Non-current liabilities			
Borrowings		11,000	62,592
Finance lease payables		53	89
Deferred tax liabilities		7,180	7,180
Deferred income		-	8,485
		<u>18,233</u>	<u>78,346</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2009**

	Note	31 December 2009 (Unaudited) HK\$'000	30 June 2009 (Audited) HK\$'000
Current liabilities			
Trade payables	12	94,142	77,470
Accruals and other payables		36,661	32,802
Borrowings		240,535	214,543
Finance lease payables		65	69
Current tax liabilities		39,997	32,049
		<u>411,400</u>	<u>356,933</u>
Total liabilities		<u>429,633</u>	<u>435,279</u>
TOTAL EQUITY AND LIABILITIES		<u>2,859,889</u>	<u>2,717,463</u>
Net current assets		<u>843,718</u>	<u>749,007</u>
Total assets less current liabilities		<u>2,448,489</u>	<u>2,360,530</u>

Approved by the Board of Directors on 30 March 2010.

Lam Kwok Hing
Director

Chu Ki
Director

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2009**

(Unaudited)

	Attributable to owners of the Company										
	Share capital HK\$'000	Share Premium account HK\$'000	Legal reserve HK\$'000	Foreign Currency Translation reserve HK\$'000	Share-based payment reserve HK\$'000	Property revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total Equity HK\$'000
At 1 July 2008	15,901	986,140	97	125,429	20,056	16,389	(4,647)	829,419	1,988,784	5,026	1,993,810
Total comprehensive income for the period	-	-	-	(66)	-	-	(19,541)	58,905	39,298	(2,802)	36,496
Issue of subscribed shares	800	32,091	-	-	(3,651)	-	-	-	29,240	-	29,240
Recognition of share-based payment	-	-	-	-	7,944	-	-	-	7,944	-	7,944
Transfer of reserve upon cancellation/lapse of share options	-	-	-	-	(16,099)	-	-	16,099	-	-	-
At 31 December 2008	<u>16,701</u>	<u>1,018,231</u>	<u>97</u>	<u>125,363</u>	<u>8,250</u>	<u>16,389</u>	<u>(24,188)</u>	<u>904,423</u>	<u>2,065,266</u>	<u>2,224</u>	<u>2,067,490</u>
At 1 July 2009	25,277	1,167,128	97	125,363	7,557	16,389	(22,768)	963,141	2,282,184	-	2,282,184
Total comprehensive income for the period	-	-	-	(247)	-	-	9,553	106,594	115,900	(1,600)	114,300
Issue of subscribed shares	676	31,157	-	-	(5,330)	-	-	-	26,503	-	26,503
Recognition of share-based payment	-	-	-	-	7,269	-	-	-	7,269	-	7,269
At 31 December 2009	<u>25,953</u>	<u>1,198,285</u>	<u>97</u>	<u>125,116</u>	<u>9,496</u>	<u>16,389</u>	<u>(13,215)</u>	<u>1,069,735</u>	<u>2,431,856</u>	<u>(1,600)</u>	<u>2,430,256</u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2009**

	Six months ended	
	31 December	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
NET CASH GENERATED FROM OPERATING ACTIVITIES	41,414	1,296
NET CASH USED IN INVESTING ACTIVITIES	(55,577)	(315,698)
NET CASH GENERATED FROM FINANCING ACTIVITIES	6,994	26,948
NET DECREASE IN CASH AND CASH EQUIVALENTS	(7,169)	(287,454)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	427,943	589,082
	420,774	301,628
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	-	(1,102)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	420,774	300,526
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	420,774	300,526

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

1. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2009. The accounting policies and methods of computation used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the audited financial statements for the year ended 30 June 2009.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current interim period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 July 2009. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior years except as stated below.

a. Presentation of Financial Statements

HKAS 1 (Revised) “Presentation of Financial Statements” affects certain disclosures and presentation of the financial statements. The balance sheet is renamed as the statement of financial position and the cash flow statement is renamed as the statement of cash flows. All income and expenses arising from transactions with non-owners are presented in the income statement and statement of comprehensive income, and the total carried to the statement of changes in equity. The owner changes in equity are presented in the statement of changes in equity. HKAS 1 (Revised) also requires disclosures of the reclassification adjustments and tax effects relating to each component of other comprehensive income for the period. These presentation requirements have been applied retrospectively in these condensed financial statements.

b. Operating Segments

HKFRS 8 “Operating Segments” requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. Previously, HKAS 14 “Segment Reporting” required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity’s ‘system of internal financial reporting to key management personnel’ serving as the starting point for the identification of such segments. The primary segments reported under HKAS 14 are the same as the segments reported under HKFRS 8. HKFRS 8 has been applied retrospectively.

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2009**

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

b. Operating Segments (cont'd)

The segment accounting policies under HKFRS 8 are stated in note 4 to the unaudited condensed interim financial statements.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

3. TURNOVER

	Six months ended	
	31 December	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Sales of goods	555,791	471,790
Sales of fresh produce products	542,084	423,580
Logistics services income	94,791	93,828
Rental income	2,249	2,278
	<u>1,194,915</u>	<u>991,476</u>

4. SEGMENT INFORMATION

Upon adoption of HKFRS 8 "Operating Segments" and in a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker for the purposes of resources allocation and performance assessment, the Group has identified the following four reportable operating segments. There were no significant sales between the reportable operating segments.

- (i) The distribution of packaged food, beverages, household consumable products, cosmetic products and cold chain products ("Distribution");
- (ii) The cultivation and distribution of fresh produce products ("Cultivation and Distribution");
- (iii) Provision of logistics services ("Logistics Services"); and
- (iv) Leasing of logistics facilities ("Leasing").

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2009**

4. SEGMENT INFORMATION (CONT'D)

The accounting policies of the reportable operating segments are same as those described in the Group's financial statements for the year ended 30 June 2009. Segment profits do not include gain or loss from investments, certain finance costs and unallocated corporate expenses. Segment assets do not included investments, certain prepayments, deposits and other receivables and certain bank and cash balances. Segment non-current assets do not include investments, investment in a club membership and certain fixed assets. Segment liabilities do not include borrowings, certain finance lease payables and certain accruals and other payables.

	Distribution (Unaudited) HK\$'000	Cultivation and distribution (Unaudited) HK\$'000	Logistics services (Unaudited) HK\$'000	Leasing (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
For the six months ended 31 December 2009					
Reportable segment revenue					
Revenue from external customers	<u>555,791</u>	<u>542,084</u>	<u>94,791</u>	<u>2,249</u>	<u>1,194,915</u>
Reportable segment profit	<u>73,077</u>	<u>13,503</u>	<u>37,807</u>	<u>1,949</u>	<u>126,336</u>
At 31 December 2009					
Reportable segment assets	<u>1,106,793</u>	<u>1,018,729</u>	<u>670,066</u>	<u>8,024</u>	<u>2,803,612</u>
For the six months ended 31 December 2008					
Reportable segment revenue					
Revenue from external customers	<u>471,790</u>	<u>423,580</u>	<u>93,828</u>	<u>2,278</u>	<u>991,476</u>
Reportable segment profit	<u>19,048</u>	<u>15,580</u>	<u>35,608</u>	<u>1,956</u>	<u>72,192</u>
At 30 June 2009	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Reportable segment assets	<u>1,166,897</u>	<u>962,118</u>	<u>529,256</u>	<u>11,051</u>	<u>2,669,322</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

4. SEGMENT INFORMATION (CONT'D)

	Six months ended 31 December	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Reconciliations of segment profit or loss:		
Total profit of reportable segments	126,336	72,192
Other profit	128	5,564
Corporate and unallocated expenses	(12,650)	(13,256)
Finance costs	(1,142)	(4,521)
Profit before tax	<u>112,672</u>	<u>59,979</u>

5. FINANCE COSTS

	Six months ended 31 December	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Interest on borrowings	1,857	4,512
Finance leases charges	5	9
	<u>1,862</u>	<u>4,521</u>

6. INCOME TAX EXPENSE

	Six months ended 31 December	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Current tax:		
Hong Kong	14	-
Overseas	7,727	3,876
	<u>7,741</u>	<u>3,876</u>

Hong Kong Profits Tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits for the current interim period.

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2009**

6. INCOME TAX EXPENSE (CONT'D)

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

According to the Income Tax Law of the Macau Special Administrative Region, Macau Complementary Tax is calculated at the rate of 12% (2008: 12%) on the estimated assessable profits for the period. However, two subsidiaries operating in Macau during the current interim period were in compliance with the Decree-Law No. 58/99M of Macau Special Administrative Region, and thus, the profits generated by the subsidiaries were exempted from the Macau Complementary Tax. Further, in the opinion of the directors, that portion of the Group's profit is not at present subject to taxation in any other jurisdictions in which the Group operates.

The provision for income tax of subsidiaries operating in the People's Republic of China have been calculated at the rate of 25% (2008: 25%) for the period, based on existing legislation, interpretation and practices in respect thereof.

7. PROFIT FOR THE PERIOD

The Group's profit for the period is stated after charging the following:

	Six months ended	
	31 December	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Amortisation and depreciation	40,788	49,645
Directors' emoluments	2,121	2,121
Cost of inventories sold	930,180	729,175
Share-based payment expenses	7,269	7,944
Operating lease charges on land and buildings	16,657	8,045
Loss on disposal of subsidiaries	7,685	-
Impairment of trade receivables	-	18,094
Impairment of intangible assets	-	11,400
	=====	=====

8. DIVIDEND

The Board do not recommend the payment of an interim dividend for the six months ended 31 December 2009 (2008: Nil).

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2009**

9. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the period attributable to owners of the Company of approximately HK\$106,594,000 (2008: HK\$58,905,000) and the weighted average number of ordinary shares of 2,711,658,000 (2008: 2,075,072,000) in issue during the period after adjusting the effects of the bonus issue in January 2010. The basic earnings per share for 2008 had been adjusted for the effects of the bonus issue in January 2010 and of the open offer in June 2009 accordingly.

The calculation of diluted earnings per share attributable to owners of the Company is based on the Group's profit for the period attributable to owners of the Company of approximately HK\$106,594,000 (2008: HK\$58,905,000) and the weighted average number of ordinary shares of 2,729,339,000 (2008: 2,079,699,000), being the weighted average number of ordinary shares of 2,711,658,000 (2008: 2,075,072,000) in issue during the period used in the basic earnings per share calculation plus the weighted average number of ordinary shares of 17,681,000 (2008: 4,627,000) assumed to have been issued at no consideration on the deemed exercise of the share options outstanding during the period after adjusting the effects of the bonus issue in January 2010 and of the open offer in June 2009.

10. FIXED ASSETS

During the six months ended 31 December 2009, the Group acquired fixed assets of approximately HK\$53,650,000.

11. TRADE RECEIVABLES

The Group normally allows credit terms to established customers ranging from 30 to 120 days (2008: 15 to 90 days). Full provision is made for outstanding debts aged over 365 days or collectability is in significant doubt.

An aging analysis of trade receivables as at the end of the reporting period, based on the date of recognition of sales, is as follows:

	31 December 2009 (Unaudited) HK\$'000	30 June 2009 (Audited) HK\$'000
1 - 30 days	243,121	137,325
31 - 60 days	103,937	108,143
61 - 90 days	38,556	58,324
Over 90 days	5,905	29,884
	<u>391,519</u>	<u>333,676</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

12. TRADE PAYABLES

An aging analysis of trade payables as at the end of the reporting period, based on the date of receipt of goods purchased, is as follows:

	31 December 2009 (Unaudited) HK\$'000	30 June 2009 (Audited) HK\$'000
1 - 30 days	85,313	73,273
31 - 60 days	5,974	2,690
61 - 90 days	883	616
Over 90 days	1,972	891
	<u>94,142</u>	<u>77,470</u>

13. SHARE CAPITAL

	31 December 2009		30 June 2009	
	Number of shares (Unaudited) '000	Amount (Unaudited) HK\$'000	Number of shares (Audited) '000	Amount (Audited) HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each	<u>10,000,000</u>	<u>100,000</u>	<u>10,000,000</u>	<u>100,000</u>
Issued and fully paid:				
Ordinary shares of HK\$0.01 each	<u>2,595,290</u>	<u>25,953</u>	<u>2,527,695</u>	<u>25,277</u>

A summary of the movements in the issued share capital of the Company is as follows:

	Number of shares issued (Unaudited) '000	Nominal value of shares issued (Unaudited) HK\$'000
At 1 July 2009	2,527,695	25,277
Exercise of share options (Note)	<u>67,595</u>	<u>676</u>
At 31 December 2009	<u>2,595,290</u>	<u>25,953</u>

Note: During the current interim period, the Company issued 50,000,000 and 17,595,000 ordinary new shares at a subscription price of HK\$0.365 per share and HK\$0.469 per share respectively for a total cash consideration of approximately HK\$26.5 million.

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2009**

14. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 31 December 2009 (30 June 2009: Nil). At 31 December 2009, the Company had provided corporate guarantees to banks for banking facilities provided to certain subsidiaries of the Company. These banking facilities had been utilised to the extent of approximately HK\$251,535,000 at 31 December 2009 (30 June 2009: HK\$274,620,000).

15. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	31 December 2009 (Unaudited) HK\$'000	30 June 2009 (Audited) HK\$'000
Contracted but not provided for		
- Construction in progress	44,659	45,234
- Fixed assets	<u>32,485</u>	<u>94</u>
	<u><u>77,144</u></u>	<u><u>45,328</u></u>

The Company did not have any significant capital commitments at 31 December 2009 (30 June 2009: Nil).

16. APPROVAL OF FINANCIAL STATEMENTS

These condensed financial statements were approved and authorised for issue by the Board of Directors on 30 March 2010.

DEFINITIONS

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

“Auditors”	RSM Nelson Wheeler, the auditors of the Company
“Board”	the board of Directors
“Company”	Heng Tai Consumables Group Limited, a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the Main Board of the Hong Kong Stock Exchange
“connected persons”	shall have the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting held on 21 December 2009, among other things, to allot, issue and deal with up to 20% (being 519,058,000 Shares) of the then issued share capital of the Company as at the date of the annual general meeting (being 2,595,290,000 Shares)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Interim Report”	the interim report of the Group for the six months ended 31 December 2009 dated 30 March 2010
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“PRC”	the People’s Republic of China, which shall exclude Hong Kong, Macau and Taiwan for the purpose of this announcement
“Relevant Authorities”	The Taiwan Central Bank, the Taiwan Stock Exchange and the Taiwan Securities and Futures Bureau
“Result Announcement”	the interim result announcement of the Group for the six months ended 31 December 2009 made by the Company dated 30 March 2010

“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Taiwan Central Bank”	The Central Bank of Taiwan
“Taiwan Securities and Futures Bureau”	The Taiwan Financial Supervisory Commission, Securities and Futures Bureau
“Taiwan Stock Exchange”	Taiwan Stock Exchange Corporation
“TDRs”	the Taiwan depository receipts proposed to be issued by a depository bank in Taiwan pursuant to the TDR Issue
“TDR Issue”	the proposed issue of not more than 100,000,000 units of TDRs (comprising 500,000,000 Underlying Shares as underlying securities), subject to the approvals by the Relevant Authorities and the adjustment (if any) by the Board and the Underwriter of the TDR Issue
“TWD”	New Taiwan dollars, the lawful currency of Taiwan
“Underlying Shares”	new Shares proposed to be issued as underlying securities for the purpose of the TDR Issue
“Underwriter”	President Securities Corporation, the issue manager and underwriter of the TDRs
“%”	per cent

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

Hong Kong, 31 May 2010

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, Foebé; and three independent non-executive Directors, namely Mr. John Handley, Mr. Poon Yiu Cheung, Newman and Ms. Mak Yun Chu.