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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: 197)

**PLACING OF EXISTING SHARES AND
TOP-UP SUBSCRIPTION OF NEW SHARES;
TERMINATION OF THE PROPOSED TDR ISSUE;
AND
RESUMPTION OF TRADING**

The Placing and the Subscription

On 23 November 2010 (before trading hours of the Stock Exchange), the Company entered into the Agreement with the Vendors and the Placing Agent pursuant to which the Placing Agent agreed to place, on a best efforts basis, the Placing Shares comprising up to 400,000,000 existing Shares at the Placing Price of HK\$1.15 per Placing Share as agent for the Vendors to not fewer than six Placees and the Vendors conditionally agreed to subscribe for such number of the Subscription Shares equivalent to the number of the Actually Placed Shares.

The Placing is unconditional. The Subscription is conditional upon (a) the completion of the Placing; (b) the Company having sufficient general mandate to allot and issue the Subscription Shares; and (c) the Listing Committee of the Stock Exchange granting or agreeing to grant listing of and permission to deal in all of the Subscription Shares. The Company will make such application to the Listing Committee of the Stock Exchange. The Subscription Shares will be issued under the General Mandate.

The Placing Price was arrived at after arm's length negotiations between the Company, the Vendors and the Placing Agent. The Directors consider that the Placing Price, the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Company has 2,926,924,500 Shares in issue as at the date of this announcement. Assuming all the Placing Shares are successfully placed to the Placees, the Placing Shares represent approximately 13.67% of the existing issued share capital of the Company and the Subscription Shares represent approximately 12.02% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Termination of the Proposed TDR Issue

As at the date of this announcement, the Proposed TDR Issue is subject to vetting process under the relevant regulatory authorities in Taiwan. At present, the Board is unsure when the formal approval to the Proposed TDR Issue will be granted by the relevant regulatory authorities in Taiwan, if at all.

Taking into account that several months have passed after filing of the application to the Taiwan authorities, that the Company's several investment and development plans are at more advanced stages, and that the Company is able to enter into the Agreement for an alternative method of fund raising in the current fluctuating financial market condition, the Board considers it is in the interests of the Company and the Shareholders as a whole that the Proposed TDR Issue be terminated and the General Mandate originally earmarked for the 500,000,000 underlying Shares which may be issued upon completion of the Proposed TDR Issue be released so that the General Mandate could be utilised and will be sufficient for the allotment and issue of the Subscription Shares under the Subscription.

The Board will make an application to the Taiwan regulatory authorities to terminate the Proposed TDR Issue. Further announcements will be made to inform the Shareholders on any progress.

Use of proceeds

Assuming full placing of the Placing Shares and subscription of the Subscription Shares, the net proceeds of the Placing and the Subscription receivable by the Company will be approximately HK\$451.6 million. The Directors intend to use such net proceeds broadly in line with the plans as set out in the announcement dated 31 May 2010 and are set out as follows:

- as to approximately HK\$100 million for establishing a sales network of fresh produce in Hong Kong;
- as to approximately HK\$145 million for acquiring or leasing about 25,000 Chinese mu of agricultural land in Shangdong Province, the PRC;
- as to approximately HK\$50 million for constructing and improving the farmland infrastructure in the PRC;
- as to approximately HK\$45 million for payment of the advance plantation fee in respect of the Group's agro development;
- as to approximately HK\$50 million for establishing and developing the agricultural processing centre and cold storage warehouse in Guangdong Province, the PRC; and
- the remaining balance shall be applied as general working capital of the Group.

Resumption of trading

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 23 November 2010 pending the release of this announcement. An 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 24 November 2010.

PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES

The Agreement

Date: 23 November 2010 (before trading hours of the Stock Exchange)

Parties: The Company, the Vendors and the Placing Agent

The Company entered into the Agreement with the Vendors and the Placing Agent pursuant to which the Placing Agent agreed to place, on a best efforts basis, the Placing Shares comprising up to 400,000,000 existing Shares at the Placing Price of HK\$1.15 per Placing Share as agent for the Vendors to not fewer than six Placées and the Vendors conditionally agreed to subscribe for such number of the Subscription Shares equivalent to the number of the Actually Placed Shares.

The Placing

Information on the Vendors

The Vendors are Best Global and World Invest.

Best Global is a company incorporated in the BVI with limited liability as an investment holding company and is wholly owned by Mr. Lam, an executive Director and Chairman of the Company, and the spouse of Ms. Lee.

World Invest is a company incorporated in the BVI with limited liability as an investment holding company and is wholly owned by Ms. Lee, an executive Director and the spouse of Mr. Lam.

As at the date of this announcement, Best Global beneficially owns 380,520,000 Shares, representing approximately 13.00% of the entire issued share capital of the Company and World Invest beneficially owns 134,946,000 Shares, representing approximately 4.61% of the entire issued share capital of the Company.

Information on the Placing Agent

The Placing Agent is UOB Kay Hian (Hong Kong) Limited.

To the best of the Directors' information, knowledge and belief having made all reasonable enquiries, the Placing Agent is an Independent Third Party.

Information on the Placees

The Placing Shares shall be placed to not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties. The Placees and their ultimate beneficial owners shall also be third parties independent of the Vendors and parties acting in concert with each of the Vendors for the purpose of the Takeovers Code. It is not expected that any individual Placee will become a substantial Shareholder (as defined under the Listing Rules) of the Company immediately after completion of the Placing and the Subscription. If any of the Placees will become a substantial Shareholder of the Company after the completion of the Placing, further announcement will be made by the Company.

Number of Placing Shares

The number of Placing Shares shall be up to 400,000,000 Shares, in which Best Global will sell up to 380,000,000 Shares and World Invest will sell up to 20,000,000 Shares under the Placing. The Placing Shares represent approximately 13.67% of the existing issued share capital of the Company and approximately 12.02% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Placing Price

The Placing Price represents:

- (i) a discount of approximately 14.81% to the closing price of HK\$1.35 per Share as quoted on the Stock Exchange on 22 November 2010, being the last trading date immediately prior to the date of the Agreement; and
- (ii) a discount of approximately 14.81% to the average of the closing prices of HK\$1.35 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to 23 November 2010.

The Placing Price was arrived at after arm's length negotiations between the Company, the Vendors and the Placing Agent having considered the market condition, the recent share price performance of the Shares and the liquidity of the Shares. The Directors consider that the Placing Price and the terms of the Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Placing commission payable to the Placing Agent

Under the Agreement, the Placing Agent will charge the Vendors a placing commission equivalent to 1.5% of the aggregate Placing Price of the number of the Placing Shares actually placed by the Placing Agent on behalf of the Vendors.

The placing commission was arrived at after arm's length negotiations between the Company, the Vendors and the Placing Agent with reference to the prevailing placing commission charged by other placing agents. The Directors consider that the placing commission is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Rights

The Placing Shares will be sold free from all liens, charges and encumbrances, claims options and third party rights and together with all rights attaching to them at the date of the Agreement, including the right to receive all dividends or other distributions hereafter declared the record dates of which are after the Placing Completion Date, made or paid on the Placing Shares.

Condition of the Placing

The Placing is unconditional.

Completion

Completion of the Placing is expected to take place on the Placing Completion Date.

Termination and force majeure

The Agreement may be terminated by the Placing Agent if at any time prior to 9:30 a.m. on the Placing Completion Date:

- (i) in the sole and absolute opinion of the Placing Agent there shall have been since the date of the Agreement such a change or development involving any new laws, regulations or change or development in local national or international financial, political or economic conditions or taxation or exchange controls as would be likely to prejudice materially the consummation of the Placing; or
- (ii) any material breach of any of the representations, warranties and undertakings set out in the Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Agreement and prior to the Placing Completion Date which if it had occurred or arisen before the date of the Agreement would have rendered any of such representations, warranties and undertakings untrue or incorrect in any material respect or there has been a material breach by the Vendors of any other provision of the Agreement; or
- (iii) there is any adverse change in the financial position of the Company which in the sole and absolute opinion of the Placing Agent is material in the context of the Placing.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

Ranking of the Placing Shares

The Placing Shares rank equally in all respects among themselves and with all the Shares in issue as at the date of this announcement.

The Subscription

Number of Subscription Shares

Immediately after completion of the Placing and assuming all the Placing Shares are successfully placed, the shareholding of Best Global will be reduced to 520,000 Shares, representing approximately 0.02% of the existing issued share capital of the Company before completion of the Subscription and the shareholding of World Invest will be reduced to 114,946,000 Shares, representing approximately 3.93% of the existing issued share capital of the Company before completion of the Subscription. The Subscription will then increase the shareholding of the Best Global and World Invest to 380,520,000 Shares and to 134,946,000 Shares respectively, representing approximately 11.44% and 4.06% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Subscription Price

The subscription price is HK\$1.15 per Subscription Share, which is equivalent to the Placing Price. In line with the market practice, the Company will bear all costs and expenses of the Subscription and will reimburse the Vendors all costs and expenses incurred by the Vendors in respect of the Placing and the Subscription because the Vendors were involved in this Placing and Subscription to facilitate the fund raising conducted by the Company. Based on the estimated expenses for the Placing and the Subscription, the net subscription price is approximately HK\$1.129 per Share.

The aggregate nominal value of the maximum number of the Subscription Shares is HK\$4,000,000.

Rights

The Subscription Shares, when allotted and issued, shall rank equally in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

Mandate to issue the Subscription Shares

The allotment and issue of the Subscription Shares is not subject to separate Shareholders' approval. The Subscription Shares will be allotted and issued under the General Mandate.

Please refer to the section "Termination of the Proposed TDR Issue" below regarding the release of the General Mandate previously earmarked for the Proposed TDR Issue but not utilised, and such General Mandate having been released will be available to be utilised for the allotment and issue of the Subscription Shares.

Pursuant the General Mandate, up to 519,058,000 Shares may be issued by the Company. As at the date of this announcement, no Share has been allotted and issued under the General Mandate. Assuming the Placing Shares have been fully placed and the corresponding number of Subscription Shares are allotted and issued to the Vendors, approximately 77.06% of the General Mandate will be utilized.

Conditions of the Subscription

The Subscription is conditional upon the following conditions having been fulfilled by not later than 13 days from the date of the Agreement (or such later date as may be agreed between the Company and the Vendors in writing):

- (a) the completion of the Placing;
- (b) the Company having sufficient general mandate to allot and issue the Subscription Shares; and
- (c) the Listing Committee of the Stock Exchange granting or agreeing to grant listing of and permission to deal in all of the Subscription Shares.

If the above conditions are not fulfilled in full by the date stipulated, the obligations and liabilities of the Vendors and the Company under the Subscription shall be null and void and the Vendors and the Company shall be released from all rights and obligations pursuant to the Subscription save for any antecedent breaches of the terms thereof.

Completion of the Subscription

Completion of the Subscription will take place on the Business Day (or such other date as the Vendors and the Company may agree in writing) following the fulfilment of all the conditions of the Subscription.

Completion shall in any event not later than 14 days after the date of the Agreement as otherwise, the Subscription will constitute a connected transaction under the Chapter 14A of the Listing Rules. If this is the case, the Company and the Vendors will take necessary steps to ensure compliance with the Listing Rules, including but not limited to seeking approval from the independent Shareholders (being Shareholders other than the Vendors, its ultimate beneficial owners and their respective associates) in respect of the Subscription.

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

TERMINATION OF THE PROPOSED TDR ISSUE

As at the date of this announcement, the Proposed TDR Issue is subject to vetting process under the relevant regulatory authorities in Taiwan. At present, the Board is unsure when the formal approval to the Proposed TDR Issue will be granted by the relevant regulatory authorities in Taiwan, if at all.

Taking into account that several months have passed after filing of the application to the Taiwan authorities, that the Company's several investment and development plans are at more advanced stages, and that the Company is able to enter into the Agreement for an alternative method of fund raising in the current fluctuating financial market condition, the Board considers it is in the interests of the Company and the Shareholders as a

whole that the Proposed TDR Issue be terminated and the General Mandate originally earmarked for the 500,000,000 underlying Shares which may be issued upon completion of the Proposed TDR Issue be released so that the General Mandate could be utilised and will be sufficient for the allotment and issue of the Subscription Shares under the Subscription.

The Board will make application to the Taiwan regulatory authorities to terminate the Proposed TDR Issue. Further announcements will be made to inform the Shareholders on any progress.

REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS

As explained above, the Company has been considering several investment and development plans and they are now reaching at more advanced stages which the Board considers it would be prudent to secure necessary funding so that when any of the projects become available for investment and/or acquisition, the Company would have available financial resources.

Although the Directors believe that the Proposed 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 Directors consider the Placing and the Subscription a suitable fund raising alternative in the current financial condition which requires a relatively shorter period of time for completion.

Accordingly, the Board considers that it is beneficial to the Company and the Shareholders as a whole to raise capital for the Group's future business development by way of the Placing and the Subscription, as it will also broaden the capital and shareholder base of the Company thereby increasing the liquidity of the Shares.

Assuming full placing of the Placing Shares and subscription of the Subscription Shares, the gross proceeds of the Placing and the Subscription receivable by the Company will be approximately HK\$460 million and the net proceeds of the Placing and the Subscription, after deduction of the placing commission and other related expenses of approximately HK\$8.4 million, will be approximately HK\$451.6 million.

The Directors intend to use such net proceeds broadly in line with the plans as set out in the announcement dated 31 May 2010 and are set out as follows:

- as to approximately HK\$100 million for establishing a sales network of fresh produce in Hong Kong;
- as to approximately HK\$145 million for acquiring or leasing about 25,000 Chinese mu of agricultural land in Shangdong Province, the PRC;
- as to approximately HK\$50 million for constructing and improving the farmland infrastructure in the PRC;
- as to approximately HK\$45 million for payment of the advance plantation fee in respect of the Group's agro development;
- as to approximately HK\$50 million for establishing and developing the agricultural processing centre and cold storage warehouse in Guangdong Province, the PRC; and

- the remaining balance shall be applied as general working capital of the Group.

If the Placing does not receive favourable response from the market, the Directors will consider other alternative methods of fund raising which are feasible in the then financial market condition or revise the size and commitments to the investment plans or utilise existing internal financial resources or combinations of the above. The Directors consider there will be no adverse impact to the Group if this is the case. Further announcements will be made by the Company in compliance with the Listing Rules in connection with any of the investment and development plans set out above.

The Directors consider that the Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company, the Vendors and the Placing Agent and that the terms of the Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITY IN PAST TWELVE MONTHS

Save for the Proposed TDR Issue, the Company had not conducted any other fund raising activities in the past twelve months immediately prior to the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 2,926,924,500 Shares in issue.

For illustration purpose only, the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Placing but prior to completion of the Subscription; and (iii) immediately after completion of the Placing and the Subscription (on the assumption that all the Placing Shares are placed and all the Subscription Shares are subscribed for and there shall be no change in the Company's share capital prior to their respective completion) are as follows:

Name of Shareholders	As at the date of this announcement		Immediately after completion of the Placing but prior to completion of the Subscription		Immediately after completion of the Placing and the Subscription	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
Best Global	380,520,000	13.00	520,000	0.02	380,520,000	11.44
World Invest	134,946,000	4.61	114,946,000	3.93	134,946,000	4.06
Asia Startup Group Limited (<i>Note 1</i>)	22,050,000	0.75	22,050,000	0.75	22,050,000	0.66
Public Shareholders:						
The Placees	-	-	400,000,000	13.66	400,000,000	12.02
Other public Shareholders	2,389,408,500	81.64	2,389,408,500	81.64	2,389,408,500	71.82
Total:	2,926,924,500	100.00	2,926,924,500	100.00	3,326,924,500	100.00

Note:

1. 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 Mr. Chu Ki, an executive Director.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 23 November 2010 pending the release of this announcement. An 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 24 November 2010.

DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“Agreement”	the placing and subscription agreement dated 23 November 2010 and entered into between the Company, the Vendors and the Placing Agent in respect of the Placing and the Subscription
“Actually Placed Shares”	the number of Placing Shares actually placed to the Places by the Placing Agent pursuant to the Agreement
“Best Global”	Best Global Asia Limited, a company incorporated in the BVI with limited liability and is wholly owned by Mr. Lam
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday, Sunday and public holiday) on which commercial banks generally are open for business in Hong Kong
“BVI”	the British Virgin Islands
“Company”	Heng Tai Consumables Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected persons”	shall have the meanings ascribed to it under the Listing Rules
“Directors”	the directors 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 currencies of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	each of the party and its ultimate beneficial owner(s) is a third party independent of the Group and connected person(s) of the Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lam”	Mr. Lam Kwok Hing, an executive Director and Chairman of the Company, and the spouse of Ms. Lee
“Ms. Lee”	Ms. Lee Choi Lin Joecy, an executive Director and the spouse of Mr. Lam
“Placees”	the purchasers of the Placing Shares pursuant to the Agreement
“Placing”	the placing of the Placing Shares by the Placing Agent as agent of the Vendors on a best-effort basis upon and subject to the terms and conditions of the Agreement
“Placing Agent”	UOB Kay Hian (Hong Kong) Limited, a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Placing Completion Date”	4:00 p.m. on the third Business Day immediately after the date of the Agreement or such other time as the Vendors and the Placing Agent shall agree in writing
“Placing Price”	the placing price of HK\$1.15 per Placing Share
“Placing Shares”	up to 400,000,000 existing Shares which are beneficially owned by the Vendors to be placed by or on behalf of the Placing Agent as agent for the Vendors on a best effort basis pursuant to the Agreement

“PRC”	the People’s Republic of China, which shall exclude Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this announcement
“Proposed TDR Issue”	the proposed issue of the Taiwan Depository Receipts on the Taiwan Stock Exchange, details of which are set out in the announcements of the Company dated 28 May 2010 and 31 May 2010, which as at the date of this announcement is subject to vetting process under the relevant regulatory authorities in Taiwan
“Shares”	ordinary shares of HK\$0.01 each in the capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for the Subscription Shares by the Vendors pursuant to the Agreement
“Subscription Shares”	such number of new Shares equivalent to the number of the Actually Placed Shares to be subscribed by the Vendors under the Subscription
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong
“Vendors”	Best Global and World Invest
“World Invest”	World Invest Holdings Limited, a company incorporated in the BVI with limited liability and is wholly owned by Ms. Lee
“%”	per cent.

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

Hong Kong, 23 November 2010

As at the date of this announcement, the Board comprises 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.