
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this Prospectus or as to the action you should take, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisor.

If you have sold or transferred all your Shares in the Company, you should at once hand the Prospectus Documents to the purchaser or the transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Subject to the granting of listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. You should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

A copy of each of the Prospectus Documents, together with the other documents specified in the section headed "Documents delivered to the Registrar of Companies" in Appendix III to this Prospectus, has been registered by the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies Ordinance. The Registrar of Companies in Hong Kong and the SFC take no responsibility as to the contents of any of these documents.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of the Prospectus Documents, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents.



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 1,818,458,630 OFFER SHARES ON THE BASIS OF ONE OFFER SHARE FOR EVERY TWO EXISTING SHARES HELD ON THE RECORD DATE

Underwriter



VC BROKERAGE LIMITED
滙盈證券有限公司

The Latest Time for Acceptance and payment for the Offer Shares is at 4:00 p.m. on Thursday, 29 March 2012 or such other time as may be agreed between the Company and the Underwriter. The procedures for application of and payment for the Offer Shares are set out on pages 24 to 25 of this Prospectus.

The Open Offer is conditional upon, inter alia, the fulfillment of the conditions set out under the section headed "Conditions of the Open Offer and the Underwriting Agreement" in this Prospectus. If the Underwriter terminates the Underwriting Agreement or if the conditions to the Underwriting Agreement have not been fulfilled as set out in the sections headed "Conditions of the Open Offer and the Underwriting Agreement" and "Termination of the Underwriting Agreement" on pages 17 to 20 of this Prospectus, the Open Offer will not proceed. Shareholders should therefore exercise caution when dealing in the Shares, and if they are in any doubt about their position, they are recommended to consult their professional adviser.

Shareholders should note that the Shares have been dealt in on an ex-entitlement basis commencing from Tuesday, 6 March 2012 and that dealings in the Shares may take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in the Shares on ex-entitlement basis will accordingly bear the risk that the Open Offer may not become unconditional or may not proceed. Any Shareholder or other person contemplating dealings in the Shares are recommended to consult their professional adviser.

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DEFINITIONS

In this Prospectus, the following expressions shall have the meanings set out below unless the context otherwise requires.

“Announcement”	the announcement of the Company dated 30 January 2012 in relation to, among others, the Open Offer
“Application Form”	the form of application for use by the Qualifying Shareholders to apply for the Offer Shares
“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
“Asia Startup Undertaking”	an irrevocable undertaking 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
“associates”	has the meaning ascribed to it in the Listing Rules
“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
“Best Global Undertaking”	an irrevocable undertaking 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”	any day (other than a Saturday, Sunday or public holiday) on which the Stock Exchange is open for the business of dealing in securities
“BVI”	British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

DEFINITIONS

“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“Company”	Heng Tai Consumables Group Limited, a company incorporated in the Cayman Islands with limited liability of which its issued Shares are listed on the main board of the Stock Exchange
“Conditions Precedent”	the conditions precedent set out in the section headed “Conditions of the Open Offer and the Underwriting Agreement” of this Prospectus
“connected persons”	has the meaning ascribed to it in the Listing Rules
“Directors”	directors of the Company
“Directors Options”	collectively Ms. Chan Options, Mr. Handley Options, Ms. Mak Options and Mr. Poon Options
“Directors Options Undertakings”	collectively Ms. Chan’s Undertaking, Mr. Handley’s Undertaking, Ms. Mak’s Undertaking and Mr. Poon’s Undertaking
“Directors Take-Up Undertakings”	collectively, the Best Global Undertaking, the World Invest Undertaking and the Asia Startup Undertaking
“Excluded Shareholders”	the Overseas Shareholders whom the Directors, having made enquiry regarding the legal restrictions under the laws of relevant place or the requirements of the relevant regulatory body or stock exchange in that place, consider it necessary or expedient not to offer the Offer Shares to such Shareholders on account either of legal restrictions under the laws of relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“FMCG Trading Business”	the trading business of fast moving consumer goods
“Government of Lianghua Town”	The People’s Government of Lianghua Town
“Group”	the Company and its subsidiaries

DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“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 enquires by the Directors, the party and its ultimate beneficial owner(s) are third parties independent of the Company and connected persons of the Company
“Interim Report”	the unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 December 2011
“Last Trading Day”	27 January 2012, being the last day of dealing of the Shares on the Stock Exchange prior to the publication of the Announcement
“Latest Practicable Date”	12 March 2012, being the latest practicable date for ascertaining certain information for inclusion in this Prospectus prior to its publication
“Latest Time for Acceptance”	at 4:00 p.m. on Thursday, 29 March 2012 or such later date as the Company and the Underwriter may agree as the latest time for acceptance of the application and payment for the Offer Shares
“Latest Time for Termination”	at 4:00 p.m. on Tuesday, 3 April 2012 or such later time or date as may be agreed in writing between the Underwriter and the Company, being the latest time for the Underwriter to terminate the Underwriting Agreement
“Lianghua Town”	Lianghua Town, Huidong County, Guangdong Province of the PRC (廣東省惠東縣梁化鎮)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“MOU”	the memorandum of co-operation (合作備忘錄) dated 26 January 2012 and entered into between the Company and Government of Lianghai Town in respect of the construction, operation and management of the New Logistics Centre
“Mr. Chu”	Mr. Chu Ki, the Chief Executive Officer of the Company and executive Director
“Mr. Handley”	Mr. John Handley, an independent non-executive Director
“Mr. Handley Options”	5,250,000 Options held by Mr. Handley entitling him to convert into 5,250,000 Shares
“Mr. Handley’s Undertaking”	an irrevocable undertaking given by Mr. Handley in favour of the Company and the Underwriter not to exercise any of the right under Mr. Handley Options to convert part or all of them into Shares before completion of the Open Offer
“Mr. Lam”	Mr. Lam Kwok Hing, the chairman of the Company and executive Director
“Mr. Poon”	Mr. Poon Yiu Cheung, Newman, an independent non-executive Director
“Mr. Poon Options”	5,250,000 Options held by Mr. Poon entitling him to convert into 5,250,000 Shares
“Mr. Poon’s Undertaking”	an irrevocable undertaking given by Mr. Poon in favour of the Company and the Underwriter not to exercise any of the right under Mr. Poon Options to convert part or all of them into Shares before completion of the Open Offer
“Ms. Chan”	Ms. Chan Yuk, Foebe, a non-executive Director
“Ms. Chan Options”	15,750,000 Options held by Ms. Chan entitling her to convert into 15,750,000 Shares
“Ms. Chan’s Undertaking”	an irrevocable undertaking 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

DEFINITIONS

“Ms. Lee”	Ms. Lee Choi Lin, Joecy, an executive Director
“Ms. Mak”	Ms. Mak Yun Chu, an independent non-executive Director
“Ms. Mak Options”	5,250,000 Options held by Ms. Mak entitling her to convert into 5,250,000 Shares
“Ms. Mak’s Undertaking”	an irrevocable undertaking given by Ms. Mak in favour of the Company and the Underwriter not to exercise any of the right under Ms. Mak Options to convert part or all of them into Shares before completion of the Open Offer
“mu(s)”	a unit of area, approximately equivalent to 666.67 square meters
“New Logistics Centre”	an agri-products logistics centre proposed to be constructed and located in Lianghua Town pursuant to the MOU
“Offer Shares”	1,818,458,630 new Shares to be issued pursuant to the Open Offer
“Open Offer”	the issue by way of an open offer, subject to the fulfillment of the Conditions Precedent, a total of 1,818,458,630 Offer Shares for subscription by the Qualifying Shareholders on the basis of one Offer Share for every two existing Shares held on the Record Date at the Subscription Price payable in full on application and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Options”	options granted pursuant to the Share Option Schemes entitling the holders to convert into Shares on exercise of the options
“Overseas Shareholders”	Shareholders with registered addresses as shown in the register of members of the Company on the Record Date which are outside Hong Kong
“PRC”	the People’s Republic of China, which for the purpose of this Prospectus shall exclude Hong Kong, Macau Special Administrative Region and Taiwan

DEFINITIONS

“Prospectus”	this prospectus being issued by the Company in relation to the Open Offer
“Prospectus Documents”	the Prospectus and the Application Form
“Prospectus Posting Date”	Thursday, 15 March 2012 or such later date as may be agreed in writing between the Underwriter and the Company for the despatch of the Prospectus Documents to the Qualifying Shareholders
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Excluded Shareholders
“Record Date”	Monday, 12 March 2012 or such other date as may be agreed in writing between the Company and the Underwriter for the determination of the entitlements under the Open Offer
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shares”	shares of HK\$0.01 each in the share capital of the Company
“Share Option Schemes”	collectively (i) the old share option scheme of the Company adopted on 3 December 2001 and amended on 24 September 2005; and (ii) the new share option scheme adopted on 21 December 2009
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Storm Warning”	a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning

DEFINITIONS

“Subscription Price”	the issue price of HK\$0.20 per Offer Share
“subsidiary”	has the same meaning ascribed thereto in section 2 of the Companies Ordinance and “subsidiaries” shall be construed accordingly
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers
“Underwriter”	VC Brokerage Limited, a corporation licenced to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO, and an Independent Third Party
“Underwriting Agreement”	the underwriting agreement dated 30 January 2012 between the Company and the Underwriter in relation to the underwriting of the Underwritten Shares and other arrangements in respect of the Open Offer
“Underwritten Shares”	1,522,152,937 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, and Asia Startup) 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
“World Invest Undertaking”	an irrevocable undertaking 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
“%”	per cent

Certain amounts and percentage figures included in this Prospectus have been subject to rounding adjustments.

All times and dates in this Prospectus refer to Hong Kong times and dates.

EXPECTED TIMETABLE

The expected timetable for the Open Offer is set out below. Dates and deadlines specified below are indicative only and may be varied by agreement between the Company and the Underwriter to the extent permissible under the terms of the Underwriting Agreement and by applicable laws and regulations. The Company will notify the Shareholders by way of announcements on any change to the expected timetable as soon as practicable.

2012

Despatch of the Prospectus Documents	Thursday, 15 March
Latest Time for Acceptance and payment for the Offer Shares (<i>Note</i>)	4:00 p.m. on Thursday, 29 March
Latest Time for Termination of the Underwriting Agreement by the Underwriter	4:00 p.m. on Tuesday, 3 April
Announcement of the results of the Open Offer	Tuesday, 10 April
Despatch of share certificates for Offer Shares	on or before Wednesday, 11 April
Despatch of refund cheques if the Open Offer is terminated	on or before Wednesday, 11 April
Expected first day of dealings in Offer Shares on the Stock Exchange	Thursday, 12 April

Note:

Effect of bad weather on the Latest Time for Acceptance and payment for the Offer Shares

The Latest Time for Acceptance and payment for the Offer Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning:

- (a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Thursday, 29 March 2012. Instead the Latest Time for Acceptance and payment for the Offer Shares will be extended to 5:00 p.m. on the same Business Day;
- (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Thursday, 29 March 2012. Instead the Latest Time for Acceptance and payment for the Offer Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance and payment for the Offer Shares does not take place on Thursday, 29 March 2012, the dates mentioned in the “Expected timetable” section may be affected. The Company will notify Shareholders by way of announcements on any change to the expected timetable as soon as practicable.

TERMINATION OF THE UNDERWRITING AGREEMENT

Shareholders should note that the Underwriter is entitled by notice in writing to the Company, served prior to the Latest Time for Termination (i.e. 4:00 p.m. on Tuesday, 3 April 2012) (provided that for the purpose of termination of the Underwriting Agreement if on 3 April 2012 a Storm Warning is or remains hoisted between 9:00 a.m. and 4:00 p.m., the date of the Latest Time for Termination shall be the next Business Day on which no Storm Warning is or remains hoisted between 9:00 a.m. and 4:00 p.m. on that day) to terminate the Underwriting Agreement if:

- (a) in the reasonable opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
 - (i) 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
 - (ii) 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
- (b) 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

TERMINATION OF THE UNDERWRITING AGREEMENT

- (c) 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
- (d) 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
- (e) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole; or
- (f) 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
- (g) 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.

The Underwriter shall also be entitled by notice in writing, served prior to the Latest Time for Termination, to rescind the Underwriting Agreement if prior to the Latest Time for Termination, there is:

- (a) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (b) any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the representations, warranties or undertakings contained in the Underwriting Agreement untrue or incorrect in any material respect comes to the knowledge of the Underwriter.

Upon the giving of termination notice by the Underwriter, the obligations of all parties, subject to the Underwriting Agreement, shall terminate forthwith and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

LETTER FROM THE BOARD



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

Executive Directors:

Mr. Lam Kwok Hing (*Chairman*)
Mr. Chu Ki (*Chief Executive Officer*)
Ms. Lee Choi Lin, Joecy
Ms. Hung Sau Yung, Rebecca
Ms. Gao Qin Jian

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Non-executive Director:

Ms. Chan Yuk, Foebe

Head Office and Principal Place of

Business in Hong Kong:

31st Floor
Guangdong Finance Building
88 Connaught Road West
Sheung Wan
Hong Kong

Independent Non-executive Directors:

Mr. John Handley
Ms. Mak Yun Chu
Mr. Poon Yiu Cheung, Newman

15 March 2012

To the Qualifying Shareholders

Dear Sir/Madam,

**OPEN OFFER OF 1,818,458,630 OFFER SHARES
ON THE BASIS OF ONE OFFER SHARE
FOR EVERY TWO EXISTING SHARES HELD ON THE RECORD DATE**

INTRODUCTION

As set out in the Announcement, the Company proposes to make the Open Offer, subject to the fulfillment of the Conditions Precedent, a total of 1,818,458,630 Offer Shares for subscription by the Qualifying Shareholders on the basis of one Offer Share for every two existing Shares held on the Record Date at the Subscription Price payable in full on application and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents. 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 not be an Excluded Shareholder.

LETTER FROM THE BOARD

The purpose of this Prospectus is to provide you with further information in relation to the Open Offer, including procedures for application and payment and certain financial information and other information in respect of the Company.

OPEN OFFER

On Monday, 30 January 2012, the Company entered into the Underwriting Agreement with the Underwriter in respect of the Open Offer and details of the Open Offer are set out below:

Principal Terms of the Open Offer

Basis of the Open Offer:	One Offer Share for every two existing Shares held on the Record Date
Number of existing Shares in issue as at the Latest Practicable Date:	3,636,917,261 Shares
Number of Offer Shares as determined on the Record Date:	1,818,458,630 Offer Shares
Subscription Price:	HK\$0.20 per Offer Share
Number of Offer Shares underwritten by the Underwriter as determined on the Record Date:	1,522,152,937 Offer Shares

As at the Latest Practicable Date, the Company had 147,912,503 Options outstanding. Save for the said Options, the Company has no other outstanding warrants, options or other securities convertible into or exchangeable for Shares.

The Subscription Price

The Subscription Price of HK\$0.20 per Offer Share will be payable in full on application. The Subscription Price represents:

- (a) a discount of approximately 54.02% to the closing price of HK\$0.435 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 51.46% to the average closing price of HK\$0.412 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;

LETTER FROM THE BOARD

- (c) a discount of approximately 49.11% to the average closing price of HK\$0.393 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;
- (d) a discount of approximately 43.98% to the theoretical ex-entitlement price of approximately HK\$0.357 based on the closing price of HK\$0.435 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (e) a discount of approximately 77.75% to the unaudited consolidated net assets value per Share of approximately HK\$0.899 as at 31 December 2011 (based on the unaudited consolidated net assets value of the Group as at 31 December 2011 of approximately HK\$3,270,416,000 over 3,636,917,261 Shares in issue as at the Latest Practicable Date); and
- (f) a discount of approximately 45.95% to the closing price of HK\$0.370 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to, among other things, the prevailing market price of the Shares under prevailing market conditions. The Directors consider the Subscription Price and the rates of discount as illustrated above 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. The Board also considers that the terms of Open Offer are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Basis of allotment

The basis of allotment shall be one Offer Share for every two existing Shares held on the Record Date.

LETTER FROM THE BOARD

No application for excess Offer Shares

No application for excess Offer Shares will be available to any Qualifying Shareholders to apply for any Offer Share in excess of their respective assured entitlements in view of that each Qualifying Shareholder will have been given equal and fair opportunities to participate in the Company's future development by subscribing for his assured entitlements under the Open Offer and if an application for excess Offer Shares were arranged, the Company would be required to put in additional effort and costs to administer the excess application procedures, which is not cost-effective.

Any Offer Shares not taken up by Qualifying Shareholders, any Offer Shares created by aggregation of fractional Offer Shares and any Offer Shares which the Excluded Shareholders would otherwise have been entitled will be taken up by the Underwriter.

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

Status of the Offer Shares

The Offer Shares, when allotted and issued, shall rank *pari passu* in all respects with the then existing Shares in issue on the date of allotment of the Offer Shares, including the right to receive all dividends and distributions which may be declared, made or paid on or after such date.

Fractions of the Offer Shares

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

Share Certificates and Refund Cheques for the Offer Shares

Subject to the fulfillment of the Conditions Precedent as set out in the section headed "Conditions of the Open Offer and the Underwriting Agreement" in this Prospectus below, share certificates for all fully-paid Offer Shares are expected to be posted on or before Wednesday, 11 April 2012 by ordinary mail to the Qualifying Shareholders who have validly accepted and applied for (where appropriate), and paid for the Offer Shares by 4:00 p.m. on Thursday, 29 March 2012 at their own risk. If the Open Offer is terminated, refund cheques will be despatched on or before Wednesday, 11 April 2012 by ordinary post at the respective Shareholders' own risk.

LETTER FROM THE BOARD

Each Qualifying Shareholder who has validly applied for the Offer Shares will receive one share certificate for all the Offer Shares issued to him.

Qualifying Shareholders and Excluded Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders only.

The Open Offer is only available to the Qualifying Shareholders. To qualify for the Open Offer, a Shareholder must have been registered as a member of the Company at the close of business on the Record Date and must not be an Excluded Shareholder.

In order to be registered as a member at the close of business on the Record Date, all transfers accompanied by the relevant share certificates must have been lodged with the Company's branch share registrar in Hong Kong,

Union Registrars Limited
18th Floor, Fook Lee Commercial Centre
Town Place, 33 Lockhart Road
Wanchai, Hong Kong

for registration not later than 4:00 p.m. on Wednesday, 7 March 2012 according to the expected timetable.

According to the register of members of the Company as at the Record Date, there was no Shareholder whose address as shown on the register of members of the Company was in a place outside Hong Kong.

Those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled to should note that their shareholdings in the Company will be diluted upon completion of the Open Offer.

In any event, it is the responsibility of the ultimate beneficial owners of the Qualifying Shareholders receiving the Prospectus Documents and wishing to take up the Offer Shares under the Open Offer to satisfy themselves as to the full observance of the laws of the relevant territory or jurisdiction, including obtaining any governmental or other consents or observing any other formalities which may be required in such territory or jurisdiction, and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection with taking up any Offer Shares. If you are in any doubt as to your position, you should consult your professional adviser.

LETTER FROM THE BOARD

UNDERWRITING ARRANGEMENT

Underwriting Agreement

Date:	30 January 2012
Issuer:	The Company
Underwriter:	VC Brokerage Limited
Number of Underwritten Shares:	1,522,152,937 Offer Shares as determined on the Record Date
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 as determined on the Record Date

Any Offer Share not taken up by the Qualifying Shareholders will be underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement.

Pursuant to the Underwriting Agreement, the Underwriter has agreed to underwrite the Underwritten Shares comprising 1,522,152,937 Offer Shares as determined on the Record Date. The Underwriter has confirmed to the Company that it has appointed such number of sub-underwriters independent to the Company and its connected persons and the Underwriter. The Underwriter has confirmed to the Company that it and each of the sub-underwriters and their respective associates will underwrite such number of the Underwritten Shares (i.e. the sub-underwritten Shares) to the effect that none of the Underwriter and/or 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 appointed and the subscribers procured by each of the Underwriter and any sub-underwriter appointed together with their respective parties acting in concert (as defined under the Takeovers Code) shall not hold in aggregate 10% or more of the voting rights of the Company after completion of the Open Offer; and the Underwriter has undertaken to the Company that it will procure the taking up of such number of the Underwritten Shares as necessary would not affect the Company's compliance with the public float requirements under Rule 8.08 of the Listing Rules immediately after the Open Offer.

The Board is expected that completion of the Open Offer in accordance with the terms of the Underwriting Agreement and as set out in the this Prospectus will not trigger any general offer obligations under Rule 26 of the Takeovers Code and the public float requirement will be complied with.

LETTER FROM THE BOARD

Termination of the Underwriting Agreement

Shareholders should note that the Underwriter is entitled by notice in writing to the Company, served prior to the Latest Time for Termination (i.e. 4:00 p.m. on Tuesday, 3 April 2012) (provided that for the purpose of termination of the Underwriting Agreement if on 3 April 2012 a Storm Warning is or remains hoisted between 9:00 a.m. and 4:00 p.m., the date of the Latest Time for Termination shall be the next Business Day on which no Storm Warning is or remains hoisted between 9:00 a.m. and 4:00 p.m. on that day) to terminate the Underwriting Agreement if:

- (a) in the reasonable opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
 - (i) 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
 - (ii) 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
- (b) 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

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- (c) 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
- (d) 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
- (e) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole; or
- (f) 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
- (g) 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.

The Underwriter shall also be entitled by notice in writing, served prior to the Latest Time for Termination, to rescind the Underwriting Agreement if prior to the Latest Time for Termination, there is:

- (a) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (b) any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the representations, warranties or undertakings contained in the Underwriting Agreement untrue or incorrect in any material respect comes to the knowledge of the Underwriter.

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Upon the giving of termination notice by the Underwriter, the obligations of all parties, subject to the Underwriting Agreement, shall terminate forthwith and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

Conditions of the Open Offer and the Underwriting Agreement

The Open Offer is subject to the Underwriting Agreement having become unconditional and not being terminated in accordance with its terms. The Underwriting Agreement is conditional upon the following Conditions Precedent being fulfilled:

- (a) 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 (and all other documents required to be attached thereto) duly signed by two Directors as confirmation of their having been approved by resolution of the Directors not later than the Prospectus Posting Date and otherwise in compliance with the Listing Rules and the Companies Ordinance;
- (b) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus, for information purpose only to the Excluded Shareholders;
- (c) the Listing Committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, the Offer Shares either unconditionally or subject to conditions which the Company accepts and the satisfaction of such conditions (if any);
- (d) none of the representations, warranties or undertakings given by the Company being breached, untrue, inaccurate or misleading in any material respect;
- (e) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms; and
- (f) the performance of the Directors Take-Up Undertakings and the Directors Options Undertakings.

Pursuant to the Underwriting Agreement, the Underwriter may at any time by notice in writing to the Company waive the Condition Precedent (f) above. The Underwriter has subsequently notified and confirmed to the Company that it will not, and relinquish its rights to waive Condition Precedent (f) above. As a result, all Conditions Precedent are incapable of being waived. If the Conditions Precedent are not satisfied by the Latest Time for Termination or such other date as the

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Company and the Underwriter may agree in writing, the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

Conditions Precedent (a) and (b) above have been fulfilled by the issuance and despatch of the Prospectus Documents to the Qualifying Shareholders.

If the Underwriting Agreement is terminated, the Open Offer will not proceed.

Directors Take-Up Undertakings and the Directors Options Undertakings

Pursuant to the Underwriting Agreement, the Company has procured each of Best Global, World Invest and Asia Startup to give, and each of them has given the Directors Take-Up Undertakings respectively in favour of the Company and the Underwriter to subscribe for all the Offer Shares it is entitled under the Open Offer.

Pursuant to the Underwriting Agreement, the Company has procured each of Ms. Chan, Mr. Handley, Ms. Mak and Mr. Poon to give, and each of them has given the Directors Options Undertakings in favour of the Company and the Underwriter not to exercise any of the right under the Directors Options to convert part or all of the Options they are holding respectively into Shares before completion of the Open Offer.

As at the Latest Practicable Date, the respective shareholding details of Best Global, World Invest, Asia Startup, Ms. Chan, Mr. Handley, Ms. Mak and Mr. Poon are as follows:

Name	Number of Shares held	Number of Options held
Best Global	419,523,299	0
World Invest	148,777,965	0
Asia Startup	24,310,125	0
Ms. Chan	0	15,750,000
Mr. Handley	0	5,250,000
Ms. Mak	0	5,250,000
Mr. Poon	0	5,250,000

As at the Latest Practicable Date, other than the Directors Take-Up Undertakings and Directors Options Undertakings, the Company had not procured any other undertaking and had not received any information from and/or 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.

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REASONS FOR THE OPEN OFFER AND THE USE OF PROCEEDS

The Group is principally engaged in (i) the trading of packaged food, beverages, household consumable products, cosmetics and skincare products and cold chain products; (ii) the provision of cold chain logistics services, mid-stream food processing and logistics services and value-added post-harvest food processing; and (iii) an integrated supply chain that includes upstream cultivation and the sale and distribution of agri-products.

As announced by the Company on 26 January 2012, the Company had entered into the MOU with the Government of Lianghua Town, pursuant to which the Company had been given an opportunity to further negotiate with the Government of Lianghua Town of its possible participation in the construction, operation and management of the New Logistics Centre in Lianghua Town. It is currently expected that the New Logistics Centre will include (but not limited to) an agri-products wholesale market, a cold storage warehouse, a dry goods warehouse, a processing factory, a guesthouse, offices and a carpark. However, as at the Latest Practicable Date, the Company was still negotiating with the Government of Lianghua Town and no final terms and conditions had been agreed, which was subject to the parties having entered into the necessary definitive agreements on or before 30 June 2012 or such other dates to be agreed by the parties, failing which the MOU and the transactions contemplated would lapse and terminate automatically.

As Lianghua Town has already become one of the Group's cultivation base in Huidong County, which the Group currently is interested in about 15,000 mus of leafy vegetables farm, the Board considers that the possible development of the New Logistics Centre will give the Group a competitive advantage to enable the Group to build up its brand, bring up the trading volume of its agricultural products and further strengthen its business and market share in the southern PRC.

The Board has been actively looking for alternative funding opportunities. However, the Board considered that the alternative terms proposed were not in the interests of the Company and the Shareholders as a whole. The Board also noted that in the current volatile financial market, it has become more difficult to secure bank loans. Also, in view of the depressed trading price of the Shares trading in the Stock Exchange, the Board does not consider placing of new Shares to new investors with further discount is in the interests of the Shareholders. Given the Company had raised funds in the past by way of an open offer, the Board is of the view that when considering different kinds of fund raising exercise, it is preferable to use a method that is familiar to the Shareholders, the management and the Company. The Board has also considered, among other matters, that rights issue, if compared to open offer, will increase administrative costs and expenses of the Company in arranging for trading of the nil-paid rights taking into accounts the average monthly trading of Shares in the last three months immediately before the Latest Practicable Date were only around 0.3% of the total issue Shares, and accordingly the nil-paid trading arrangements may or may not be effectively utilised by the Qualifying Shareholders. Thus, the fund raising exercise by way of an open offer is preferred over a rights issue.

In view of the above, the Board considers that raising funds by way of the Open Offer would be the most appropriate way so that the Qualifying Shareholders would be able to participate in the potential future growth of the Group under the MOU and to maintain its shareholding percentage.

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The estimated gross proceeds of the Open Offer (before expenses) are approximately HK\$363,692,000. The net proceeds of the Open Offer (after deducting the costs and expenses in relation to the Open Offer and the underwriting commission fees which is estimated to be around HK\$9 million) are expected to amount to approximately HK\$354,692,000.

Based on preliminary estimates, the Board intends to earmark all of the net proceeds for the development of the New Logistics Centre and the transactions contemplated under the MOU. If no definitive agreements are entered into or the MOU lapses or terminates for whatever reason, the Board will utilize this amount for other possible investment opportunities. As at the Latest Practicable Date, other than those relating to the New Logistics Centre and the transactions contemplated under the MOU, the Company did not identify any potential investment opportunities and there were no negotiation pending. As at the Latest Practicable Date, the Company was still negotiating with the counterparty and no definitive agreement had been entered into between the Company and the Government of Lianghua Town. Further announcement(s) will be made by the Company to update the progress on the transactions contemplated under the MOU and in compliance with the Listing Rules.

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company did not conduct any fund raising exercise during the past 12 months immediately preceding the Latest Practicable Date.

APPLICATION FOR LISTING

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. Dealings in the Offer Shares on the Stock Exchange will be subject to the payment of stamp duty in Hong Kong, Stock Exchange trading fee, SFC transaction levy and other applicable fees and charges in Hong Kong.

Subject to the granting of listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The Offer Shares will have the same board lot size of 5,000 Shares per board lot.

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CHANGES IN SHAREHOLDING STRUCTURE

Assuming that (a) the Open Offer proceeds and is completed; (b) the assured allotment of the Shares under the Directors Take-Up Undertakings are applied for in full; and (c) there is no change in the shareholding structure of the Company from the Latest Practicable Date to the date immediately before completion of the Open Offer, set out below is the shareholding structure of the Company as at the Latest Practicable Date and immediately after completion of the Open Offer for illustration purpose only:

	As at the Latest Practicable Date		Immediately after completion of the Open Offer assuming all Qualifying Shareholders take up their respective entitlements under the Open Offer		Immediately after completion of Open Offer assuming no Qualifying Shareholders take up their respective entitlements under the Open Offer (other than under Directors Take-Up Undertakings), all Underwritten Shares are taken up by the Underwriter	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Best Global	419,523,299	11.54	629,284,948	11.54	629,284,948	11.54
World Invest	148,777,965	4.09	223,166,947	4.09	223,166,947	4.09
Asia Startup	24,310,125	0.67	36,465,187	0.67	36,465,187	0.67
Public Shareholders						
The Underwriter (<i>Note</i>)	–	–	–	–	1,522,152,937	27.90
Other public Shareholders	<u>3,044,305,872</u>	<u>83.70</u>	<u>4,566,458,809</u>	<u>83.70</u>	<u>3,044,305,872</u>	<u>55.80</u>
Total	<u><u>3,636,917,261</u></u>	<u><u>100.00</u></u>	<u><u>5,455,375,891</u></u>	<u><u>100.00</u></u>	<u><u>5,455,375,891</u></u>	<u><u>100.00</u></u>

Note: The Underwriter has confirmed to the Company that it has appointed such number of sub-underwriters independent to the Company and its connected persons and the Underwriter. The Underwriter has confirmed to the Company that it and each of the sub-underwriters and their respective associates will underwrite such number of the Underwritten Shares (i.e. the sub-underwritten Shares) to the effect that none of the Underwriter and/or 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 appointed and the subscribers procured by each of the Underwriter and any sub-underwriter appointed together with their respective parties acting in concert (as defined under the Takeovers Code) shall not hold in aggregate 10% or more of the voting rights of the Company after completion of the Open Offer; and the Underwriter has undertaken to the Company that it will procure the taking up of such number of the Underwritten Shares as necessary would not affect the Company's compliance with the public float requirements under Rule 8.08 of the Listing Rules immediately after the Open Offer.

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PROCEDURES FOR APPLICATION AND PAYMENT

The Application Form is enclosed with this Prospectus (only applicable to those Qualifying Shareholders) which entitles the Qualifying Shareholders to whom it is addressed to apply for the number of Offer Shares as shown therein subject to payment in full by the Latest Time for Acceptance. Qualifying Shareholders should note that they may apply for any number of Offer Shares assured only up to the number set out in the Application Form.

If the Qualifying Shareholders wish to apply for all the Offer Shares offered to them as specified in the Application Form or wish to apply for any number less than their assured entitlement under the Open Offer, they must complete, sign and lodge the Application Form in accordance with the instructions printed thereon, together with remittance for the full amount payable in respect of such number of Offer Shares they have applied with the Company's branch share registrar in Hong Kong, Union Registrars Limited at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong by no later than 4:00 p.m. on 29 March 2012. All remittances must be made in Hong Kong dollars and cheques must be drawn on an account with, or banker's cashier orders must be issued by, a licensed bank in Hong Kong and made payable to "**HENG TAI CONSUMABLES GROUP LIMITED – OPEN OFFER**" and crossed "**Account Payee Only**".

It should be noted that unless the duly completed and signed Application Form, together with the appropriate remittance, have been lodged with the Company's Hong Kong branch share registrar, Union Registrars Limited, by no later than 4:00 p.m. on 29 March 2012, the assured entitlement under the Open Offer and all rights in relation thereto shall be deemed to have been declined and will be cancelled.

Fractional entitlements to the Offer Shares will not be issued to the Qualifying Shareholders but will be aggregated and taken up by the Underwriter. The Company will not allot any fractions of the Offer Shares. Any Offer Shares not taken up by Qualifying Shareholders, any Offer Shares created by aggregation of fractional Offer Shares and any Offer Shares which the Excluded Shareholders would otherwise have been entitled will be taken up by the Underwriter.

All cheques or cashier orders will be presented for payment immediately following receipt and all interest earned on such application monies will be retained for the benefit of the Company. Any Application Form in respect of which the cheque or cashier order is dishonoured on first presentation is liable to be rejected, and in that event the relevant entitlements of the Qualifying Shareholders will be deemed to have been declined and will be cancelled.

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The Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of applying for, holding, disposing of or dealing in the Offer Shares. None of the Company, the Directors or any other parties involved in the Open Offer accepts responsibility of any tax effects or liabilities of holders of the Offer Shares resulting from the application for, holding, disposal of, or dealing in the Offer Shares.

The Application Form is for the use by the persons named therein only and is not transferable. No receipt will be issued in respect of any application monies received.

WARNING OF THE RISK OF DEALING IN THE SHARES

The Open Offer is conditional upon, inter alia, the fulfillment of the conditions set out under the section headed “Conditions of the Open Offer and the Underwriting Agreement” in this Prospectus. If the Underwriter terminates the Underwriting Agreement or if the conditions to the Underwriting Agreement have not been fulfilled as set out in the sections headed “Conditions of the Open Offer and the Underwriting Agreement” and “Termination of the Underwriting Agreement” on pages 17 to 20 of this Prospectus, the Open Offer will not proceed. Shareholders should therefore exercise caution when dealing in the Shares, and if they are in any doubt about their position, they are recommended to consult their professional adviser.

Shareholders should note that the Shares have been dealt in on an ex-entitlement basis commencing from Tuesday, 6 March 2012 and that dealings in the Shares may take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in the Shares on ex-entitlement basis will accordingly bear the risk that the Open Offer may not become unconditional or may not proceed. Any Shareholder or other person contemplating dealings in the Shares are recommended to consult their professional adviser.

GENERAL

The Open Offer is not subject to Shareholders’ approval.

Your attention is drawn to the information contained in Appendices to this Prospectus.

Yours faithfully,
For and on behalf of the Board of
Heng Tai Consumables Group Limited
Lam Kwok Hing
Chairman

1. THREE-YEAR FINANCIAL INFORMATION

Financial information of the Group for each of the three years ended 30 June 2009, 2010 and 2011 were disclosed in the annual reports of the Company for the years ended 30 June 2009, (pages 33 to 104), 2010 (pages 31 to 108) and 2011 (pages 55 to 147) respectively, which were published on both the websites of the Stock Exchange (www.hkex.com.hk)* and the Company (www.hengtai.com.hk)*. The auditor of the Company has not issued any qualified opinion on the Group's financial statements for the financial years ended 30 June 2009, 2010 and 2011.

2. UNAUDITED INTERIM RESULTS

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 December 2011 together with the relevant notes to the accounts were disclosed in the Interim Report (pages 1 to 12), which were published on both the websites of the Stock Exchange (www.hkex.com.hk)* and the Company (www.hengtai.com.hk)*.

3. INDEBTEDNESS

At the close of business on 31 January 2012, being the latest practicable date for the purpose of ascertaining certain information relating to this indebtedness statement prior to the printing of this Prospectus, the Group had an aggregate outstanding indebtedness of approximately HK\$140.4 million, which was comprised of:

	At 31 January 2012
	<i>HK\$ million</i>
Term loans, secured (<i>Note 1</i>)	7.8
Other bank loans, secured (<i>Note 1</i>)	131.6
Finance lease payables, secured (<i>Note 2</i>)	1.0
	<u>140.4</u>
	<u><u>140.4</u></u>
The borrowings are repayable as follows:	
Within one year	135.1
In the second year	3.4
In the third to fifth years, inclusive	1.9
	<u>140.4</u>
	<u><u>140.4</u></u>

Note 1: The Group's term loans and other bank loans were secured by corporate guarantees executed by the Company and certain subsidiaries of the Company.

Note 2: The Group's finance lease payables were secured by the respective lessors' title to the leased assets.

* Information contained in the websites of the Stock Exchange and the Company does not form part of this Prospectus.

Contingent liabilities

At 31 January 2012, the Group's banking facilities in respect of term loan, bank loans and other bank facilities were secured by corporate guarantees executed by the Company and certain subsidiaries of the Company, and the Group's finance lease payables were secured by the respective lessors' titles to the leased assets (the lessors are the subsidiaries of the Company).

Disclaimers

Save as aforesaid above or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables, at the close of business on 31 January 2012, the Group did not have any outstanding debts securities, bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptances credits, material hire purchase commitments, mortgages or charges, which are either guaranteed, unguaranteed, secured or unsecured.

Save as disclosed above, the Directors have confirmed that there have been no material changes in the indebtedness and contingent liabilities of the Group since 31 January 2012, up to and including the Latest Practicable Date.

4. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the cash flows generated from the operating activities, the financial resources presently available to the Group, the existing banking facilities available and the estimated net proceeds from the Open Offer, the Group has sufficient working capital for its present requirements and for the period up to twelve months from the date of this Prospectus in the absence of unforeseen circumstances.

5. MATERIAL ADVERSE CHANGE

The Directors noticed that the business of our Group and customers had been affected by the tightening up of formalities of regulating edible foodstuff control in the domestic market of the PRC which had affected the revenue performance of the Group's FMCG Trading Business and resulted in a decline in trading volume of such business unit; and the production uncertainties caused by variable and adverse weather conditions across the PRC in the first half of 2011, which had delayed the commencement of the Group's plantation plans and affected the revenue contribution of the Group's upstream farming business, while the Group was still incurring the operating costs for the upstream farming bases in the second half of 2011. Further, the severe flooding that occurred in the second half of 2011 in Thailand had caused extensive and prolonged inundation of farmland in Thailand and affected and reduced the amount of available import of agri-products from Thailand into the PRC. Also, due to increased costs in sourcing the otherwise available supplies and the unstable market conditions, the Company had difficulties to fully transfer all the increased costs to the customers.

As at the Latest Practicable Date, save as the above, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 30 June 2011, being the date to which the latest published audited financial statements of the Group were made up.

6. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**Financial Review**

The Group's income was derived from three business units: (i) the FMCG trading business which includes the trading of packaged foods, beverages, household consumable products, cosmetic and skincare products, and cold chain products; (ii) the logistics services business, being the provision of cold chain logistics services and agri-products servicing; and (iii) the agri-products business, which includes the cultivation and trading of agri-products. These three businesses come together to form two vertically integrated supply chains allowing the Group to effectively deliver perishable and non-perishable consumer products to the PRC market.

For the financial year ended 30 June 2011, the Group recorded an audited net profit of approximately HK\$119.2 million and the audited net assets of the Group as at 30 June 2011 were approximately HK\$3,216.7 million.

For the six months ended 31 December 2010 and 2011, the Group recorded an unaudited net profit of approximately HK\$103.6 million and HK\$36.7 million and the unaudited net assets of the Group as at 31 December 2010 and 2011 were approximately HK\$3,179.9 million and HK\$3,270.4 million respectively. The decrease in the Group's net profit for the six months ended 31 December 2011 as compared with the same period last year can be summarized as mainly attributable to an approximately 18.1% decrease in turnover, approximately 2.2% decrease in gross profit margin, approximately 16.4% decrease in selling and distribution expenses, approximately 12.9% increase in administrative expenses, approximately 18.4% increase in fair value of biological assets and approximately 17.3% increase in other operating expenses, while there was overall decrease of approximately 55.2% in finance costs and income tax expenses.

Prospects

The Group has consistently shown itself to be a “one-stop service platform” incorporating the roles to cover the up-stream portion of the supply chain, whether being global procurement, product registration, and brand development for the FMCG trading business or a grower/cultivator for the agri-product business; mid-stream operations such as providing cold chain logistics solutions or food handling and processing; and down-stream functions such a trading, marketing and sales for each respective supply chain. The Group now operates a broad multi-function platform that allows for greater control at each stage of the food market's supply chain.

FMCG trading business unit formed the foundation of the Group's business success over the years. Although more internal resources have been committed to the agri-products business and logistics services business in recent years, the distribution channels, established by the trading business, are and will continue to represent a very important component within the Group's businesses as a whole. The Group has shown year after year that it runs a reliable business model which has been set up using a “bottom up” approach. Meaning that the Group's businesses are built on a foundation of down-stream sales channels and our vertical integration, be it for the FMCG trading business or now with the agri-products business, working as a catalyst to improve the value proposition. The Group therefore has developed a business model that is very effective at monetizing the consumer products that it sells.

With that said, the past 6 months have again proved to be testing times for the Group. The recent financial performance of the FMCG trading business has been disappointing. This was due to a number of factors that had come together over the past 12 months to reverse the fortunes of the business that only 18 months ago boasted CAGR's of over twenty percents, but had reported negative growth numbers for consecutive reporting periods.

The PRC domestic food market has changed dramatically over the past 5 years or so. Increasing competition, rising food prices, and an improvement in the competitiveness of China's locally made consumer products have combined to make the local market environment harder to compete in. These internal and market driven issues, coupled with domestic regulatory issues created by the tightening of food safety formalities that resulted in the increased amount of documentation and reporting related to this, and the resulting knock on effect, have affected not only the internal efficiency of a once well-oiled machine, but also affected the buyers' buying habits. In the recent year, the world has experienced the worst financial crisis ever recorded. The Group's product portfolio relies on at least good consumer confidence to drive sales. With consumer confidence severely hit by poor global economic condition, our targeted consumers have been switching out of our higher end products to competing local brands.

Our imported products trading business has experienced a downturn in recent months due to adverse weather and changing conditions in the respective markets of origination. Many of our imported fruits are from New Zealand and Australia. Over the years, both markets have gone through a boom phase resulting in higher exchange rates and production costs. Products from these two countries have lost their competitive edge against products from South America or South East Asia and the increase in cost of goods and the importers of goods from other regions' ability to beat us with price competition have affected this significant area of the business. The severe flooding that occurred in second half of 2011 in Thailand had also affected and reduced the amount of available import of agri-products. This resulted in increased costs in sourcing the decreased supplies of agri-products from Thailand.

These risks and factors are all those that have affected our business performance and thus the revenue and profit in the past year.

The Group's long-term strategy, involving the shift of the Group's focus from a pure food trading business to an integrated food producer, distributor, and trading business is now in progress. The agri-products business revenue contribution reached 50% of the Group's overall turnover for the six months ended 31 December 2011. This is the clearest indicator that the Group's strategy is really getting some traction. Over the years, the Group has evolved from a pure trader of agri-products to a self-cultivated producer. Agriculture takes time to develop and even more time to reach optimum production efficiencies and performance. Further, its productivity is more vulnerable to uncontrollable risks through "Acts of God", such as natural disasters and adverse weather conditions. That is because there are so many biological and meteorological factors and influences. But it is clear that progress is being made.

The Group would continue to reinforce its diversification process in its entire supply chain through a well-executed balance between each of these dependent business segments in upstream, midstream and downstream in farming, logistics and trading businesses.

For illustrative purposes only, set out below is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group after completion of the Open Offer as if it had taken place as at 31 December 2011.

1. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with Paragraph 13 of Appendix 1B and Paragraph 29 of Chapter 4 of the Listing Rules is set out below to illustrate the effect of the Open Offer on the consolidated net tangible assets of the Group as if the Open Offer had been completed on 31 December 2011.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purpose only, based on the judgements and assumptions of the Directors, and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Open Offer been completed as at 31 December 2011 or at any future date.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is based on the adjusted unaudited consolidated net tangible assets of the Group as at 31 December 2011 and adjusted to reflect the effect of the Open Offer:

	<i>HK\$'000</i>
Adjusted unaudited consolidated net tangible assets as at 31 December 2011 (<i>Note 1</i>)	2,903,397
Estimated net proceeds from the Open Offer (<i>Note 2</i>)	354,692
	3,258,089
Unaudited pro forma adjusted consolidated net tangible assets	3,258,089
Unaudited consolidated net tangible assets per Share as at 31 December 2011 (<i>Note 3</i>)	HK\$0.798
	HK\$0.798
Unaudited pro forma adjusted consolidated net tangible assets per Share after the Open Offer (<i>Note 4</i>)	HK\$0.597
	HK\$0.597

Notes:

1. It represented the consolidated total net assets of the Group of HK\$3,270,416,000 less goodwill of approximately HK\$282,525,000 and other intangible assets of approximately HK\$84,494,000 which are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 31 December 2011.
2. The estimated total proceeds of the Open Offer is approximately HK\$363,692,000. Expenses associated with the Open Offer are approximately HK\$9 million, resulting in a net cash inflow of approximately HK\$354,692,000.
3. The calculation of the unaudited consolidated net tangible assets per Share is based on 3,636,917,261 Shares in issue as at 31 December 2011.
4. The calculation of the unaudited pro forma adjusted consolidated net tangible assets per Share is based on 5,455,375,891 Shares, which is an aggregate of 3,636,917,261 Shares in issue at the Latest Practicable Date and 1,818,458,630 Offer Shares after the completion of the Open Offer.

The following is the full text of a report, prepared for the purpose of incorporation in this Prospectus, from the reporting accountants of the Company, RSM Nelson Wheeler, in respect of the unaudited pro forma financial information of the Group.

**2. ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF
ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**

RSM Nelson Wheeler
中瑞岳華(香港)會計師事務所
Certified Public Accountants

29th Floor
Caroline Centre
Lee Gardens Two
28 Yun Ping Road
Hong Kong

15 March 2012

The Board of Directors
Heng Tai Consumables Group Limited
31/F., Guangdong Finance Building
88 Connaught Road West
Hong Kong

Dear Sirs,

We report on the unaudited pro forma statement of adjusted consolidated net tangible assets (the "Unaudited Pro Forma Financial Information") of Heng Tai Consumables Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the Open Offer (as defined in the prospectus of the Company dated 15 March 2012 (the "Prospectus")) might have affected the financial information presented, for inclusion in Appendix II to the Prospectus. The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Section 1 of Appendix II to the Prospectus.

Responsibilities

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 13 of Appendix 1B and paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. The engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 31 December 2011 or any future date.

We make no comments regarding the reasonableness of the amount of net proceeds from the Open Offer, the application of those net proceeds, or whether such use will actually take place as described under “Reasons for the Open Offer and the Use of Proceeds” set out on pages 21 to 22 of the Prospectus.

OPINION

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,
RSM Nelson Wheeler
Certified Public Accountants
Hong Kong

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and upon completion of the Open Offer were and will be as follows:

Authorised share capital: *HK\$*

<u>10,000,000,000</u> Shares	<u>100,000,000.00</u>
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Issued and fully paid:

3,636,917,261 Shares as at the Latest Practicable Date	36,369,172.61
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Proposed to be issued under the Open Offer:

<u>1,818,458,630</u> Offer Shares	<u>18,184,586.30</u>
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Upon completion of the Open Offer:

<u>5,455,375,891</u> Shares	<u>54,553,758.91</u>
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All Offer Shares to be issued will rank *pari passu* in all respects with each other, including as to dividends, voting rights and capital, and with all the Shares in issue as at the date of allotment and issue of the Offer Shares.

The Shares in issue are listed on the Stock Exchange. Subject to the grant of listing of and permission to deal in the Offer Shares by the Listing Committee of the Stock Exchange, the Offer Shares to be issued will be listed on the Stock Exchange.

No part of the share capital or any other securities of the Company is listed or dealt in on any securities exchange other than the Stock Exchange and no application is being made or proposed or sought for the Shares, the Offer Shares or any other securities of the Company to be listed or dealt in on any other securities exchange.

No member of the Group the capital of which is under option, or agreed conditionally or unconditionally to be put under option other than the 147,912,503 Options, which are outstanding as at the Latest Practicable Date.

Details of the Options are as follows:

Name or category of participants	Number of share options				At the Latest Practicable Date	Date of grant of share options	Exercise period of share options	Exercise prices of share options HK\$
	At 1 July 2011	Granted during the period	Exercised during the period	Cancelled during the period				
<i>Non-executive director</i> Ms. Chan Yuk, Foebe	15,750,000*	-	-	-	15,750,000	15 June 2011	15 June 2011 to 14 June 2016	0.756*
<i>Independent non-executive directors</i> Mr. John Handley	5,250,000*	-	-	-	5,250,000	15 June 2011	15 June 2011 to 14 June 2016	0.756*
Ms. Mak Yun Chu	5,250,000*	-	-	-	5,250,000	15 June 2011	15 June 2011 to 14 June 2016	0.756*
Mr. Poon Yiu Cheung, Newman	5,250,000*	-	-	-	5,250,000	15 June 2011	15 June 2011 to 14 June 2016	0.756*
Employee (in aggregate)	10,500,000*	-	-	-	10,500,000	15 June 2011	1 January 2012 to 31 December 2016	0.756*
	10,500,000*	-	-	-	10,500,000 [#]	15 June 2011	1 January 2013 to 31 December 2017	0.756*
Other eligible participants (in aggregate)	912,503*	-	-	-	912,503	30 April 2002	1 May 2002 to 30 April 2012	0.183*
Suppliers of goods or services (in aggregate)	94,500,000*	-	-	-	94,500,000	15 June 2011	15 June 2011 to 14 June 2016	0.756*
	<u>147,912,503</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>147,912,503</u>			

* The number of share options and exercise prices have been adjusted to reflect the bonus issue in December 2011.

These shares options have a vesting period from 15 June 2011 to 31 December 2012.

^ The consideration for each grant of the above options to each of the grantees was a nominal sum of HK\$1.

Save for the said Options, the Company has no other outstanding warrants, options or other securities convertible into or exchangeable for Shares.

3. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, the Directors and chief executive of the Company had the following interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (a) are required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO); or (b) are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

(a) Directors' and chief executive's interests in the Shares

Name of Directors	Capacity/Nature of interest	Number of Shares held		Number of underlying Shares	Aggregate percentage of interest as at the Latest Practicable Date
		Long position	Short position		
Mr. Lam Kwok Hing	Interest in controlled corporation and family interest	568,301,264 (note 1, 2)	–	–	15.63%
Ms. Lee Choi Lin, Joecy	Interest in controlled corporation and family interest	568,301,264 (note 1, 2)	–	–	15.63%
Mr. Chu Ki	Interest in controlled corporation	24,310,125 (note 3)	–	–	0.67%
Ms. Chan Yuk, Foebe	Beneficial interest	–	–	15,750,000 (note 4)	0.43%
Mr. John Handley	Beneficial interest	–	–	5,250,000 (note 4)	0.14%
Ms. Mak Yun Chu	Beneficial interest	–	–	5,250,000 (note 4)	0.14%
Mr. Poon Yiu Cheung, Newman	Beneficial interest	–	–	5,250,000 (note 4)	0.14%

Note 1: 419,523,299 of these shares are held by Best Global, a company incorporated in the BVI wholly and beneficially owned by Mr. Lam Kwok Hing, the spouse of Ms. Lee Choi Lin, Joecy. Mr. Lam is deemed to be interested in, in duplicate, the 419,523,299 shares held by Best Global pursuant to the SFO. Ms. Lee is also deemed to be interested in, in duplicate, these shares of which Mr. Lam is deemed to be interested in pursuant to the SFO.

Note 2: The remaining 148,777,965 of these shares are held by World Invest, a company incorporated in the BVI wholly and beneficially owned by Ms. Lee, the spouse of Mr. Lam. Ms. Lee is deemed to be interested in, in duplicate, the 148,777,965 shares held by World Invest pursuant to the SFO. Mr. Lam is also deemed to be interested in, in duplicate, these shares of which Ms. Lee is deemed to be interested in pursuant to the SFO.

Note 3: These shares are held by Asia Startup, a company incorporated in the BVI wholly and beneficially owned by Mr. Chu. Mr. Chu is deemed to be interested in, in duplicate, the 24,310,125 shares held by Asia Startup pursuant to the SFO.

Note 4: The number of underlying Shares refers to the number of Options held by the holder of which has been adjusted to reflect the bonus issue taken place in December 2011.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (a) are required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO); or (b) are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

4. DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than a director or chief executive of the Company) who had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in ten per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

(a) Interests in the Shares

Name of Shareholders	Capacity/Nature of interest	Number of Shares held		Percentage of total holding
		Long position	Short position	
Best Global	Beneficiary owner	419,523,299	–	11.54%
China Zenith Chemical Group Limited	Beneficiary owner	216,000,000	–	5.94%
Chan Yuen Tung	Beneficiary owner	324,000,000	–	8.91%
Chung Oi Ling Stella	Interest in controlled corporation	310,435,000	–	5.53%
Flame Capital Limited	Beneficiary owner	310,435,000	–	5.53%
Gold Capture Investments Limited	Beneficiary owner	216,000,000	–	5.94%
Success Eagle Investment Limited	Beneficiary owner	216,000,000	–	5.94%
Value Convergence Holdings Limited	Interest in controlled corporation	1,575,109,187	–	28.06%
VC Financial Group Limited	Interest in controlled corporation	1,575,109,187	–	28.06%
Underwriter (<i>Note</i>)	Beneficiary owner	1,575,109,187	–	28.06%

Note: The Underwriter is deemed to be interested in the 1,575,109,187 Underwritten Shares pursuant to the SFO and the 28.06% is calculated on the issued Share Capital of the Company as enlarged by the completion of the Open Offer.

(b) Interests in other members of the Group

Name of member of the Group	Name of shareholder	Interests in relevant share capital	Percentage of the total issued share capital (or equivalent)
Wide Fortune Investments Limited	Glisten Stars Development Limited	1,680,000 ordinary shares	30%
惠東縣裕盛農業有限公司 (Huidong County Yu Cheng Agriculture Co., Ltd.*)	惠東縣萬信農業有限公司 (Huidong County Wan Xin Agriculture Co., Ltd.*)	Paid-up registered capital HK\$156,069	10%
上海聯承物流有限公司 (Shanghai Lian Cheng Logistics Co., Ltd.*)	許玉珏 (Xu Yu Jue*)	Paid-up registered capital RMB500,000	10%

* *English transliteration/translation of the Chinese name for identification purpose only.*

Save as disclosed above, the Directors and chief executive of the Company are not aware of any other persons (other than a director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in ten per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, no Directors had any existing or proposed service contracts with the Company or any member of the Group which is not determinable within one year without payment of compensation other than statutory compensation.

6. MATERIAL CONTRACTS

The following contracts have been entered into by the Group (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this Prospectus and is or may be material:

- (i) the Underwriting Agreement;
- (ii) the MOU;

- (iii) the contract dated 11 May 2011 entered into between the Company and Union Registrars Limited as to appointing Union Registrars Limited as the Hong Kong branch share registrar and transfer office; and
- (iv) the placing agreement entered into between the Company, Best Global and World Invest and UOB Kay Hian (Hong Kong) Limited as placing agent dated 23 November 2010 pursuant to which UOB Kay Hian (Hong Kong) Limited 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 Best Global and World Invest to not fewer than six placees and Best Global and World Invest conditionally agreed to subscribe for such number of the Subscription Shares equivalent to the number of the actually placed shares.

7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against any member of the Group.

8. INTERESTS IN ASSETS/CONTRACTS OF THE GROUP

None of the Directors had any interest, either direct or indirect, in any assets which had been since 30 June 2011 (being the date to which the latest published audited accounts were made up) and up to the Latest Practicable Date, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

9. EXPERT AND CONSENT

The following is the qualification of the expert who had given opinion contained in this Prospectus:

Name	Qualification
RSM Nelson Wheeler	Certified Public Accountants

As at the Latest Practicable Date, RSM Nelson Wheeler did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, and did not have any interest, either direct or indirect, in any assets which had been since 30 June 2011 (being the date to which the latest published audited accounts of the Company were made up) and up to the Latest Practicable Date, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

RSM Nelson Wheeler has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of the respective reports, letters and references to its name in the form and context in which it is included.

10. EXPENSES

The expenses in connection with the Open Offer, including underwriting commission, legal and accountants' fees, registration, translation, printing and other related expenses are estimated to be approximately HK\$9 million and will be payable by the Company.

11. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents and the consent letter referred to in the section headed "Expert and Consent" in this Appendix have been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies Ordinance.

12. PARTIES INVOLVED IN THE OPEN OFFER AND CORPORATE INFORMATION

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Head office and principal place of business in Hong Kong	31st Floor, Guangdong Finance Building 88 Connaught Road West Sheung Wan Hong Kong
Authorised representatives	Lam Kwok Hing 31st Floor, Guangdong Finance Building 88 Connaught Road West Sheung Wan Hong Kong Wong Siu Hong 31st Floor, Guangdong Finance Building 88 Connaught Road West Sheung Wan Hong Kong
Auditor and reporting accountants	RSM Nelson Wheeler 29th Floor, Caroline Centre Lee Gardens Two 28 Yun Ping Road Hong Kong
Underwriter	VC Brokerage Limited 28/F., The Centrium 60 Wyndham Street, Central Hong Kong

Legal Advisor as to Hong Kong Law
for the Open Offer

David Chan & Carmen Chan, Solicitors
2308-9, 23rd Floor
Cosco Tower
183 Queen's Road Central
Hong Kong

Principal Bankers

CITIC Bank International Limited
79/F., International Commerce Centre
1 Austin Road West, Kowloon
Hong Kong

DBS Bank (Hong Kong) Limited
16/F., The Centre
99 Queen's Road Central
Hong Kong

Deutsche Bank AG
52/F., International Commerce Centre
1 Austin Road West, Kowloon
Hong Kong

Hang Seng Bank Limited
19/F., 83 Des Voeux Road Central
Hong Kong

The Hong Kong and Shanghai Banking
Corporation Limited
Level 10, HSBC Main Building
1 Queen's Road Central
Hong Kong

Principal share registrar and
transfer Office in Cayman Islands

HSBC Trustee (Cayman) Limited
P.O. Box 484
HSBC House
68 West Bay Road
Grand Cayman
KY1-1106
Cayman Islands

Branch share registrar and
transfer office in Hong Kong

Union Registrars Limited
18th Floor, Fook Lee Commercial Centre
Town Place, 33 Lockhart Road
Wanchai, Hong Kong

13. PARTICULAR OF THE DIRECTORS AND SENIOR MANAGEMENT

(i) Name and Address of Directors and Senior Management

Name	Address
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Executive Directors

Mr. Lam Kwok Hing
(Chairman)

31st Floor, Guangdong Finance Building
88 Connaught Road West
Sheung Wan
Hong Kong

Mr. Chu Ki
(Chief Executive Officer)

31st Floor, Guangdong Finance Building
88 Connaught Road West
Sheung Wan
Hong Kong

Mr. Lee Choi Lin, Joecy

31st Floor, Guangdong Finance Building
88 Connaught Road West
Sheung Wan
Hong Kong

Name	Address
Ms. Hung Sau Yung, Rebecca	31st Floor, Guangdong Finance Building 88 Connaught Road West Sheung Wan Hong Kong
Ms. Gao Qin Jian	31st Floor, Guangdong Finance Building 88 Connaught Road West Sheung Wan Hong Kong
<i>Non-executive Director</i>	
Ms. Chan Yuk, Foebe	31st Floor, Guangdong Finance Building 88 Connaught Road West Sheung Wan Hong Kong
<i>Independent Non-executive Directors</i>	
Mr. John Handley	31st Floor, Guangdong Finance Building 88 Connaught Road West Sheung Wan Hong Kong
Ms. Mak Yun Chu	31st Floor, Guangdong Finance Building 88 Connaught Road West Sheung Wan Hong Kong
Mr. Poon Yiu Cheung, Newman	31st Floor, Guangdong Finance Building 88 Connaught Road West Sheung Wan Hong Kong

Name	Address
<i>Senior Management</i>	
Mr. Wong Siu Hong <i>(Chief Financial Officer and Company Secretary)</i>	31st Floor, Guangdong Finance Building 88 Connaught Road West Sheung Wan Hong Kong
Mr. Hubert Wang Tose <i>(Chief Investor Relations Officer)</i>	31st Floor, Guangdong Finance Building 88 Connaught Road West Sheung Wan Hong Kong
Mr. Wong Kam Wing	31st Floor, Guangdong Finance Building 88 Connaught Road West Sheung Wan Hong Kong
Mr. Ong Chew Sheng	31st Floor, Guangdong Finance Building 88 Connaught Road West Sheung Wan Hong Kong
Ms. Tong Lai Choi, Katrina	31st Floor, Guangdong Finance Building 88 Connaught Road West Sheung Wan Hong Kong

(ii) Biographical Details of Directors***Executive Directors*****Mr. Lam Kwok Hing (*Chairman*)**

Mr. Lam, aged 55, is an Executive Director since April 2001. Mr. Lam is the overall strategic visionary for the Group. He handles the strategic planning, corporate policy development, marketing strategy and high level management for the Group's macro level business activities. Over the past 10 years he has been instrumental in shaping the development and evolution of the Group from a small, packaged foods trading business into an integrated food production and distribution business. He has been responsible for assembling every major acquisition and business development initiative since the Group's inception in 1994 and since its listing in 2001. He has over 25 years' experience in the consumer products industry. Having started from the bottom and work his way up the corporate ladder, Mr. Lam spent 10 years in a reputable trading company's Consumer Sales Division. Following its withdrawal from the Hong Kong and PRC markets, Mr. Lam founded the original group company in 1994 with Mr. Chu Ki, Mr. Anson Fong Yiu Ming, and Ms. Lee Choi Lin, Joecy. Mr. Lam is the spouse of Ms. Lee, who is also an Executive Director. As at the Latest Practicable Date, Mr. Lam holds forty directorships in the subsidiaries of the Company. Mr. Lam is also the sole director of Best Global. Mr. Lam did not hold any directorship in other public company, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

Mr. Chu Ki (*Chief Executive Officer*)

Mr. Chu, aged 59, is an Executive Director since April 2001. Mr. Chu has over 35 years' experience in a broad range of "Heng Tai" disciplines including the marketing and distribution of fast moving consumer goods, food trading, and logistics services covering both the Hong Kong and China markets. Mr. Chu is responsible for the Group's overall corporate development, day-to-day management, and development of on-the-ground business initiatives that provides the flesh to the skeleton put together by the Chairman's strategy. Mr. Chu has worked together with Mr. Lam for a long time prior to founding Heng Tai. As at the Latest Practicable Date, Mr. Chu holds thirty-nine directorships in the subsidiaries of the Company. Mr. Chu did not hold any directorship in other public company, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

Mr. Chu has tendered his resignation as Executive Director and chief executive officer of the Company with effect from 31 March 2012. His resignation is part of his retirement plan with his aspiration to spend more time with his family.

Ms. Lee Choi Lin, Joecy

Ms. Lee, aged 52, is an Executive Director since April 2001. Ms. Lee is responsible for the general administration and management of the Group. She has over 15 years' experience in the marketing and distribution of fast moving consumer goods. Ms. Lee is the spouse of Mr. Lam, an Executive Director as well as a co-founder of the Company. As at the Latest Practicable Date, Ms. Lee holds six directorships in the subsidiaries of the Company. Ms. Lee did not hold any directorship in other public company, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

Ms. Hung Sau Yung, Rebecca

Ms. Hung, aged 45, is an Executive Director since January 2012. She received her bachelor degree in business majoring in accounting from Queensland University of Technology, Australia. Ms. Hung has over 20 years' experience in accounting and administration. Prior to joining the Group, she worked as an administration and accounting manager in a Hong Kong trading company. Ms. Hung did not hold any directorship in other public company, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

Ms. Gao Qin Jian

Ms. Gao, aged 51, is an Executive Director since January 2012. She received her bachelor degree in business, majoring in business administration from Fudan University, the PRC. Ms. Gao has over 20 years' experience in accounting and finance, as well as extensive managerial experience in the distribution and logistics industries. Prior to joining the Group, she worked as deputy general manager in one of the renowned retail chain stores in the PRC. As at the Latest Practicable Date, Ms. Gao holds three directorships in the subsidiaries of the Company. Ms. Gao did not hold any directorship in other public company, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

*Non-Executive Director***Ms. Chan Yuk, Foebe**

Ms. Chan, aged 42, is an Non-Executive Director of the Company. Ms. Chan holds a Bachelor Degree in Accountancy from the Queensland University of Technology in Australia. Ms. Chan has over 10 years' experience in corporate finance and management. Prior to joining the Group, Ms. Chan held senior positions in a listed company and an investment company. As at the Latest Practicable Date, Ms. Chan holds one directorship in a subsidiary of the Company. Ms. Chan is also the Chairman, Executive Director and Chief Executive Officer of China Zenith Chemical Group Limited (stock code: 362), a company listed on the Stock Exchange.

*Independent Non-Executive Directors***Mr. John Handley**

Mr. Handley, aged 68, is an Independent Non-Executive Director since November 2001. Mr. Handley has a Postgraduate Diploma in Export Marketing and 30 years' experience in marketing consumer products in Australia and the Far East. During the last 20 years, he has completed a number of business consultancy contracts in the PRC and Asia for major European manufacturers. Mr. Handley is a member of the Institute of Export in United Kingdom and the Hong Kong Institute of Marketing and a Voting Member of the Hong Kong Jockey Club. Mr. Handley did not hold any directorship in other public company, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

Ms. Mak Yun Chu

Ms. Mak, aged 53, is an Independent Non-Executive Director since April 2004. Ms. Mak is a fellow member of the Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, and has over 10 years' experience in accounting and administration. Ms. Mak is also an independent non-executive director of Wealth Glory Holdings Limited (stock code: 8269), a company listed on the Growth Enterprise Market Board of the Stock Exchange.

Mr. Poon Yiu Cheung, Newman

Mr. Poon, aged 57, is an Independent Non-Executive Director since November 2003. Mr. Poon holds a Bachelor of Arts Degree, majoring in accounting and economics from the University of Alberta in Canada. Mr. Poon is a Senior Executive in a multinational insurance company and has over 25 years' experience in insurance and accounting. Mr. Poon did not hold any directorship in other public company, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

Senior Management**Mr. Wong Siu Hong (*Chief Financial Officer and Company Secretary*)**

Mr. Wong, aged 43, joined the Group in March 2003. Mr. Wong holds a Bachelor Degree in Business, majoring in accounting and commercial law in Australia. He is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and the CPA Australia. Prior to joining the Group, Mr. Wong worked in a multinational accounting firm and has over 15 years' experience in accounting and auditing. He is responsible for the Group's financial planning and management, and corporate governance. As at the Latest Practicable Date, Mr. Wong holds two directorships in the subsidiaries of the Company. Mr. Wong is also an independent non-executive director of Huafeng Group Holdings Limited (stock code: 364) and COSTIN New Materials Group Limited (stock code: 2228), both are listed companies on the Main Board of the Stock Exchange.

Mr. Hubert Wang Tose (*Chief Investor Relations Officer*)

Mr. Tose, aged 35, joined the group in June 2010. Mr. Tose holds a Bachelor of Arts Degree with Honours in International Business Studies from the European Business School, London. Mr. Tose is a multi-discipline business professional with his foundation as a financial markets specialist. Growing up in a multi-cultural environment has conditioned Mr. Tose to be able to bridge East and West. A young, forward thinking, and creative executive, Mr. Tose has the required qualities to build out the Investor Relations team and establish its role within the Company and make up ground in the open market. He is responsible for all external communication with the financial community, previously held by the Chief Executive Officer. Mr. Tose did not hold any directorship in other public company, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

Mr. Wong Kam Wing (*General Manager*)

Mr. Wong, aged 58, joined the Group in September 1995 and is currently the General Manager overseeing the Fresh Produce Division for the Group. Mr. Wong has over 25 years' work experience in the consumer goods industry. Mr. Wong is responsible for managing the operations and development of the Group's logistics and food processing facility based out of Zhongshan, Guangdong Province. He is also responsible for overseeing the sales and distribution operations for fresh produces covering southern China including Hong Kong and Macau. As at the Latest Practicable Date, Mr. Wong holds three directorships in the subsidiaries of the Company. Mr. Wong did not hold any directorship in other public company, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

Mr. Ong Chew Sheng (*Senior Business Development Manager*)

Mr. Ong, aged 41, joined the Group in April 2005. Mr. Ong is responsible for the business development of the agri-products business, working from the Group's Zhongshan logistics facility. Mr. Ong holds a Bachelor of Arts Degree in Business Organisation from Edinburgh, Scotland and has over 15 years' work experience in sales and marketing between Malaysia and the PRC. Mr. Ong did not hold any directorship in other public company, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

Ms. Tong Lai Choi, Katrina (*Human Resources Manager*)

Ms. Tong, aged 56, joined the Group in May 2010. Ms. Tong holds a Master of Business Degree from Australia. Ms. Tong is responsible for overseeing the human resources function for the Group in Hong Kong and the PRC. She has over 20 years' experience in the human resources field. Ms. Tong did not hold any directorship in other public company, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

14. BINDING EFFECT

The Prospectus Documents and all acceptance of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned by the provisions, other than the penal provisions, of sections 44A and 44B of the Companies Ordinance, so far as applicable.

15. GENERAL

In the event of inconsistency, the English version of this Prospectus shall prevail over the Chinese version.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours between 10:00 a.m. – 4:00 p.m. on Monday to Friday (except public holiday) at the head office and principal place of business of the Company in Hong Kong at 31st Floor, Guangdong Finance Building, 88 Connaught Road West, Sheung Wan, Hong Kong up to and including 29 March 2012:

- (a) the Prospectus Documents;
- (b) the memorandum and articles of association of the Company;
- (c) annual reports of the Group for the three years ended 30 June 2009, 2010 and 2011;
- (d) the Interim Report;
- (e) the material contracts referred to under the section headed “Material Contracts” in this Appendix;
- (f) the letter from RSM Nelson Wheeler on the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group, the text of which is set out in Appendix II to this Prospectus; and
- (g) the letter of consent referred to under the section headed “Expert and Consent” in this Appendix.