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HENG TAI CONSUMABLES GROUP LIMITED
亨泰消費品集團有限公司
INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY
STOCK CODE: 197

VOLUNTARY ANNOUNCEMENT
COOPERATION AGREEMENT WITH THE GOVERNMENT OF LIANGHUA TOWN

The Board is pleased to announce that, on 4 July 2012, the Company and the Government of Lianghua Town entered into the Cooperation Agreement. Pursuant to the Cooperation Agreement, the Company shall be responsible for acquiring the land for, designing and constructing, the New Logistics Centre and its supporting facilities and thereafter its daily operation and management. The New Logistics Centre shall be located in Lianghua Town. In return, the Government of Lianghua Town shall provide all the necessary assistance to the Company in connection therewith.

Further announcement(s) will be made to inform the Shareholders of further development and in compliance with the Listing Rules.

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

Reference is made to the Announcement. The Board had entered into the MOU with the Government of Lianghua Town on 26 January 2012, pursuant to which the parties intended to set up a New Logistics Centre in Lianghua Town and shall be constructed, managed and operated by the Group and the parties having entered into the necessary definitive agreements setting out the final terms and conditions on or before 30 June 2012, otherwise the MOU will lapse and terminate. Upon further negotiation between the parties, the Cooperation Agreement was entered into on 4 July 2012.

THE COOPERATION AGREEMENT

Date of the Cooperation Agreement

4 July 2012

Parties

- (1) Government of Lianghua Town
- (2) the Company

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Government of Lianghua Town and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

Location and scope of the New Logistics Centre

The site for building the New Logistics Centre shall be located in Lianghua Town. The New Logistics Centre will be a wholesale market for agricultural produce and will be equipped with cold and frozen storage facilities, agro-produce processing area, dried food storage area, car parks, community catering and accommodation facilities and other supporting facilities.

Parties responsibilities

Government of Lianghua Town shall assist the Company in (1) obtaining the necessary permits and approvals; (2) constructing and enhancing the surrounding roads and facilities; (3) obtaining favourable tax rate; (4) liaising with local governmental and private distributors and suppliers, and planning a suitable environment for cooperation; and (5) providing all necessary support to the Company, in relation to the New Logistics Centre under the Cooperation Agreement.

The Company shall be responsible for acquisition of the land, the design and construction of the New Logistics Centre and its supporting facilities and thereafter the daily operation and management of the New Logistics Centre. The Company shall also be responsible for providing the necessary funding in respect of the foregoing matters under the Cooperation Agreement.

As at the date of this announcement, the Company has not entered into any agreement in connection with the acquisition of the land for building the New Logistics Centre. Further announcement(s) will be made to inform the Shareholders of further development and in compliance with the Listing Rules.

Term and duration

The cooperation arrangement with the Government of Lianghua Town shall remain valid and subsisting unless the parties to the Cooperation Agreement decide to terminate the operation and management of the New Logistics Centre or the parties cease to own the controlling interests in the New Logistics Centre.

The terms and conditions of the Cooperation Agreement have been agreed on normal commercial terms following arm's length negotiation. The Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Cooperation Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS IN ENTERING INTO THE COOPERATION AGREEMENT

The Group is principally engaged in (1) trading of packaged food, beverages, household consumable products, cosmetics and skincare products and cold chain products; (2) the provision of cold chain logistics services, mid-stream food processing and logistics services and value-added post-harvest food processing; and (3) an integrated supply chain that includes upstream cultivation and the sale and distribution of agri-products.

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 mu of leafy vegetables farm, the Board considers that by entering into the Cooperation Agreement, it 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 via the New Logistics Centre. The successful completion of the New Logistics Centre will have a positive impact on the Group's revenues and its business operation as a whole.

FURTHER INFORMATION ON LIANGHUA TOWN

Pursuant to the official webpage of People's Government of Huidong County, Lianghua Town is located at the north-western part of Huidong County, Guangdong Province, the PRC. Lianghua Town is about 8 km from the Huizhou Airport, and 32 km from the Huizhou City. The Guanghui Expressway (广惠高速) and Huiguan Expressway (惠莞高速) speed through the town with entrances and exits, providing convenient transportation advantage.

Lianghua Town is an ancient town with more than two thousand years of history. It is also a well-developed agricultural town, and is often regarded as the "Town of Preserved Vegetables" (梅菜之乡). Lianghua Town has an overall population of about 66,000, among which about 61,000 of them make up the agricultural population. The total area of Lianghua Town is about 210 square km, of which about 56,800 mu is arable land.

LISTING RULES IMPLICATIONS

This announcement is made by the Company on a voluntary basis pursuant to Rule 13.09(1) of the Listing Rules. Further announcement(s) will be made to inform the Shareholders of further development and in compliance with the Listing Rules.

DEFINITIONS

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

"Announcement"	the announcement of the Company dated 26 January 2012 in relation to the signing of the MOU
"Board"	the board of Directors
"Company"	Heng Tai Consumables Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
"connected person"	has the meaning ascribed to it in the Listing Rules
"Cooperation Agreement"	the agreement dated 4 July 2012 and entered into between the Company and the Government of Lianghua Town in respect of the construction, operation and management of the New Logistics Centre

“Directors”	the directors of the Company
“Government of Lianghua Town”	the People’s Government of Lianghua Town, Huidong County, the PRC
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lianghua Town”	廣東省惠東縣梁化鎮 (Lianghua Town, Huidong County, Guangdong Province of the PRC) *
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Logistics Centre”	an agri-products logistics centre proposed to be constructed and located in Lianghua Town pursuant to the Cooperation Agreement
“MOU”	合作備忘錄 (the memorandum of co-operation) * dated 26 January 2012 and entered into between the Company and the Government of Lianghua Town in respect of the construction, operation and management of the New Logistics Centre
“PRC”	the People’s Republic of China, which shall exclude Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

** English translation of the name of a Chinese company, entity, location or arrangement is provided for identification purpose only*

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

Hong Kong, 6 July 2012

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