HENG TAI CONSUMABLES GROUP LIMITED
亨泰消費品集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0197)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 30 JUNE 2010

The board of directors (the "Board" or "Directors") of Heng Tai Consumables Group Limited (the "Company") is pleased to announce the audited consolidated final results of the Company and its subsidiaries (collectively the "Group") for the year ended 30 June 2010 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 30 June 2010

	Note	**2010** *HK$'000*	2009 *HK$'000*
Turnover	*3*	**2,367,019**	1,897,091
Cost of sales		**(1,820,869)**	(1,491,777)
Gross profit		**546,150**	405,314
Changes in fair value of biological assets less costs to sell		**(5,354)**	11,884
Other income		**3,988**	10,296
Selling and distribution expenses		**(160,957)**	(142,075)
Administrative expenses		**(135,348)**	(108,050)
Other operating expenses		**(9,970)**	(51,515)
Profit from operations		**238,509**	125,854
Finance costs	*5*	**(3,924)**	(7,106)
Profit before tax		**234,585**	118,748
Income tax expense	*6*	**(13,987)**	(8,718)
Profit for the year	*7*	**220,598**	110,030
Attributable to:			
Owners of the Company		**226,034**	115,054
Non-controlling interests		**(5,436)**	(5,024)
		220,598	110,030
			(Restated)
Earnings per share	*9*		
Basic		**HK8.3 cents**	HK5.8 cents
Diluted		**HK8.2 cents**	HK5.8 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2010

	2010	2009
	HK$'000	*HK$'000*
Profit for the year	**220,598**	110,030
Other comprehensive income:		
Exchange differences on translating foreign operations	**(34)**	(68)
Exchange differences reclassified to income statement on disposal of subsidiaries	**(246)**	–
Fair value changes of available-for-sale financial assets	**2,664**	(18,121)
Loss on property revaluation	**(15,460)**	–
Other comprehensive income for the year, net of tax	**(13,076)**	(18,189)
Total comprehensive income for the year	**207,522**	91,841
Total comprehensive income attributable to:		
Owners of the Company	**212,958**	96,867
Non-controlling interests	**(5,436)**	(5,026)
	207,522	91,841

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2010

	Note	2010 HK$'000	2009 HK$'000
Non-current assets			
Fixed assets		**655,669**	694,181
Prepaid land lease payments		**325,660**	322,069
Construction in progress		**144,026**	34,435
Goodwill		**282,525**	287,378
Biological assets		**42,841**	39,773
Other intangible assets		**132,186**	176,849
Other assets		**53,132**	41,808
Investment in a club membership		**108**	108
Investments		**23,548**	14,922
		1,659,695	1,611,523
Current assets			
Biological assets		**–**	1,585
Inventories		**236,201**	206,829
Trade receivables	*10*	**405,556**	333,676
Prepayments, deposits and other receivables		**209,682**	135,572
Investments		**512**	335
Bank and cash balances		**519,251**	427,943
		1,371,202	1,105,940
TOTAL ASSETS		**3,030,897**	2,717,463
Capital and reserves			
Share capital		**28,285**	25,277
Reserves		**2,583,787**	2,256,907
Equity attributable to owners of the Company		**2,612,072**	2,282,184
Non-controlling interests		**(2,753)**	–
Total equity		**2,609,319**	2,282,184
Non-current liabilities			
Borrowings		**9,533**	62,592
Finance lease payables		**35**	89
Deferred tax liabilities		**2,285**	7,180
Deferred income		**–**	8,485
		11,853	78,346
Current liabilities			
Trade payables	*11*	**98,274**	77,470
Accruals and other payables		**16,104**	32,802
Borrowings		**249,527**	214,543
Finance lease payables		**52**	69
Current tax liabilities		**45,768**	32,049
		409,725	356,933
Total liabilities		**421,578**	435,279
TOTAL EQUITY AND LIABILITIES		**3,030,897**	2,717,463
Net current assets		**961,477**	749,007
Total assets less current liabilities		**2,621,172**	2,360,530

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

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

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 July 2009. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current year and prior years except as stated below.

a. HKAS 1 (Revised) "Presentation of Financial Statements"

b. HKFRS 8 "Operating Segments"

c. HKAS 27 (Revised) "Consolidated and Separated Financial Statements"

d. Amendments to HKFRS 7 "Financial instruments: Disclosures – Improving Disclosures about Financial instruments"

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of buildings and investments which are carried at their fair values and the biological assets which are carried at fair value less costs to sell.

3. TURNOVER

	2010	2009
	HK$'000	*HK$'000*
Sales of goods	**1,097,939**	901,504
Sales of fresh produce products	**1,064,646**	806,037
Logistics services income	**201,695**	184,945
Rental income	**2,739**	4,605
	2,367,019	1,897,091

4. SEGMENT INFORMATION

The Group has four reporting segments as follows:

(i) The distribution of packaged food, beverages, household consumable products, cosmetic products and cold chain products ("Distribution");

(ii) The cultivation and distribution of fresh produce products ("Cultivation and Distribution");

(iii) Provision of logistics services ("Logistics Services"); and

(iv) Leasing of logistics facilities ("Leasing").

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business unit requires different technology and marketing strategies.

Segment profits do not include gain or loss from investments, certain finance costs and unallocated corporate expenses. Segment assets do not included investments, certain prepayments, deposits and other receivables and certain bank and cash balances. Segment non-current assets do not include investments, investment in a club membership and certain fixed assets. Segment liabilities do not include certain borrowings, certain finance lease payables, certain tax payables and certain accruals and other payables.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

Information about reportable segment profit or loss, assets and liabilities:

	Distribution *HK$'000*	Cultivation and distribution *HK$'000*	Logistics services *HK$'000*	Leasing *HK$'000*	Total *HK$'000*
Year ended 30 June 2010					
Revenue from external customers	**1,097,939**	**1,064,646**	**201,695**	**2,739**	**2,367,019**
Intersegment revenue	**–**	**–**	**–**	**1,492**	**1,492**
Segment profit	**131,781**	**53,686**	**78,304**	**2,479**	**266,250**
Depreciation and amortisation	**43,444**	**38,479**	**20,411**	**161**	**102,495**
Other material non-cash items:					
Fair value loss on biological assets less costs to sell	**–**	**5,354**	**–**	**–**	**5,354**
Additions to segment non-current assets	**3,604**	**216,149**	**26,247**	**–**	**246,000**
As at 30 June 2010					
Segment assets	**1,121,230**	**1,206,018**	**642,953**	**4,675**	**2,974,876**
Segment liabilities	**204,491**	**57,046**	**3,263**	**221**	**265,021**

	Distribution *HK$'000*	Cultivation and distribution *HK$'000*	Logistics services *HK$'000*	Leasing *HK$'000*	Total *HK$'000*
Year ended 30 June 2009					
Revenue from external customers	901,504	806,037	184,945	4,605	1,897,091
Intersegment revenue	–	–	–	1,492	1,492
Segment profit	27,986	30,974	77,646	3,879	140,485
Depreciation and amortisation	36,802	25,321	20,545	317	82,985
Other material non-cash items:					
Fair value gain on biological assets less costs to sell	–	11,884	–	–	11,884
Trade receivables written off	36,350	23	–	–	36,373
Impairment loss on other intangible assets	11,400	–	–	–	11,400
Additions to segment non-current assets	108,579	318,697	60,019	633	487,928
As at 30 June 2009					
Segment assets	1,166,897	962,118	529,256	11,051	2,669,322
Segment liabilities	174,919	81,396	2,010	1,171	259,496

Reconciliations of reportable segment revenue, profit, assets and liabilities:

	2010 ***HK$'000***	2009 *HK$'000*
Revenue		
Total revenue of reportable segments	**2,368,511**	1,898,583
Elimination of intersegment revenue	**(1,492)**	(1,492)
Consolidated revenue	**2,367,019**	1,897,091
Profit		
Total profit of reportable segments	**266,250**	140,485
Unallocated amounts:		
Other corporate expenses	**(45,652)**	(30,455)
Consolidated profit for the year	**220,598**	110,030

	2010 *HK$'000*	2009 *HK$'000*
Assets		
Total assets of reportable segments	**2,974,876**	2,669,322
Unallocated amounts:		
Investments	**24,060**	15,257
Other corporate assets	**31,961**	32,884
Consolidated total assets	**3,030,897**	2,717,463
Liabilities		
Total liabilities of reportable segments	**265,021**	259,496
Unallocated amounts:		
Other corporate liabilities	**156,557**	175,783
Consolidated total liabilities	**421,578**	435,279

Geographical information:

For the years ended 30 June 2009 and 2010, over 95% of the Group's revenue, results, assets and liabilities are derived from customers and operations based in the People's Republic of China (the "PRC") and accordingly, no further analysis of the Group's geographical segments is disclosed.

Revenue from major customers:

For the years ended 30 June 2009 and 2010, the turnover from the Group's largest customer accounted for less than 10 percent of the Group's total turnover and accordingly, no major customer information is presented.

5. FINANCE COSTS

	2010 *HK$'000*	2009 *HK$'000*
Wholly repayable within five years		
Interest on borrowings	**3,916**	7,085
Finance lease charges	**8**	21
	3,924	7,106

6. INCOME TAX EXPENSE

	2010 *HK$'000*	2009 *HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**–**	–
Under-provision in prior years	**–**	7
	–	7
Current tax – Overseas		
Provision for the year	**13,728**	9,045
Deferred tax	**259**	(334)
	13,987	8,718

No provision for Hong Kong Profits Tax has been made for the year ended 30 June 2010 as the Group did not generate any assessable profits arising in Hong Kong during the year.

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

According to the Income Tax Law of the Macau Special Administrative Region, Macau Complementary Tax is calculated at the rate of 12% (2009: 12%) on the estimated assessable profits for the year. However, two subsidiaries operating in Macau during the year are in compliance with the Decree-Law No. 58/99M of Macau Special Administrative Region, and thus, the profits generated by the subsidiaries are exempted from the Macau Complementary Tax. Further, in the opinion of the directors, that portion of the Group's profit is not at present subject to taxation in any other jurisdictions in which the Group operates.

The provision for income tax of subsidiaries operating in the PRC have been calculated at the rate of 25% (2009: 25%), based on existing legislation, interpretation and practices in respect thereof.

The reconciliation of the income tax expenses and the product of profit/(loss) before tax multiplied by the statutory tax rate of the countries in which the Company and its subsidiaries are domiciled as follows:

	2010				2009			
	Macau	**Hong Kong**	**PRC**	**Total**	Macau	Hong Kong	PRC	Total
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Profit/(loss) before tax	**370,099**	**(149,567)**	**14,053**	**234,585**	238,293	(105,078)	(14,467)	118,748
Applicable income tax rate	**12.00%**	**16.50%**	**25.00%**		12.00%	16.50%	25.00%	
Tax at the applicable income tax rate	**44,412**	**(24,678)**	**3,513**	**23,247**	28,595	(17,338)	(3,617)	7,640
Tax effect of income not taxable	**–**	**(1)**	**(4)**	**(5)**	–	(713)	(55)	(768)
Tax effect of expenses not deductible	**–**	**24,237**	**3,042**	**27,279**	–	16,358	4,267	20,625
Profits exempted from the Macau Complementary Tax	**(44,412)**	**–**	**–**	**(44,412)**	(28,595)	–	–	(28,595)
Tax effect of unused tax losses not recognised	**–**	**784**	**6,890**	**7,674**	–	1,670	7,140	8,810
Tax effect of utilisation of tax losses not previously recognised	**–**	**(395)**	**–**	**(395)**	–	–	–	–
Tax effect of unrecognised temporary difference	**–**	**53**	**546**	**599**	–	23	976	999
Underprovision in prior years	**–**	**–**	**–**	**–**	–	7	–	7
Income tax expense	**–**	**–**	**13,987**	**13,987**	–	7	8,711	8,718

7. PROFIT FOR THE YEAR

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

	2010	2009
	HK$'000	*HK$'000*
Amortisation of other intangible assets, net of amount capitalised	**44,267**	32,058
Auditors' remuneration		
– Statutory audit	**1,310**	1,272
– Non-audit services	**200**	80
	1,510	1,352
Cost of inventories sold	**1,758,555**	1,415,073
Depreciation, net of amount capitalised	**42,324**	41,152
Fair value loss on financial assets at fair value through profit or loss	**235**	–
Loss on disposal of fixed assets	**637**	1,560
Loss on disposal of subsidiaries	**7,685**	–
Trade receivables written off	**28**	36,373
Impairment loss on other receivables	**–**	3,356
Impairment loss on other intangible assets	**–**	11,400
Operating lease charges in respect of land and buildings, net of amount capitalised	**45,973**	26,822
Other equity-settled share-based payments	**7,948**	7,768
Staff costs (excluding directors' emoluments)		
Staff salaries, bonus and allowances	**27,840**	41,215
Equity-settled share-based payments	**16,399**	3,588
Retirement benefits scheme contributions	**841**	534
	45,080	45,337

8. DIVIDENDS AND BONUS ISSUE OF SHARE

The Board recommends the payment of a final dividend of HK1 cent (2009: Nil) per share in respect of the year ended 30 June 2010. The Board also proposes a bonus issue of shares in the proportion of one bonus share for every twenty shares held by shareholders of the Company.

9. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately HK$226,034,000 (2009: HK$115,054,000) and the weighted average number of ordinary shares of 2,739,444,825 (2009: 1,993,300,234) in issue during the year after adjusting the effects of the bonus issue in January 2010. The basic earnings per share for 2009 had been adjusted accordingly.

Diluted earnings per share

The calculation of diluted earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately HK$226,034,000 (2009: HK$115,054,000) and the weighted average number of ordinary shares of 2,768,156,432 (2009: 1,995,021,999), being the weighted average number of ordinary shares of 2,739,444,825 (2009: 1,993,300,234) in issue during the year used in the basic earnings per share calculation plus the weighted average number of ordinary shares of 28,711,607 (2009: 1,721,765) assumed to have been issued at no consideration on the deemed exercise of the share options outstanding during the year. The diluted earnings per share for 2009 had been adjusted for the effects of the bonus issue in current year.

10. TRADE RECEIVABLES

The Group normally allows credit terms to established customers ranging from 30 to 120 days (2009: 30 to 120 days).

The aging analysis of trade receivables, based on the date of recognition of the sales, is as follows:

	2010	2009
	HK$'000	*HK$'000*
1 – 30 days	**167,385**	137,325
31 – 60 days	**140,109**	108,143
61 – 90 days	**71,421**	58,324
Over 90 days	**26,641**	29,884
	405,556	333,676

At 30 June 2010, trade receivables of approximately HK$126,000 (2009: HK$6,718,000) were past due but not impaired. The Group does not hold any collateral over these balances. These relate to a number of independent customers for whom there is no recent history of default. The amounts had been substantially settled subsequent to the reporting period. The aging analysis of these trade receivables is as follows:

	2010	2009
	HK$'000	*HK$'000*
Up to 90 days	**111**	4,430
Over 90 days	**15**	2,288
	126	6,718

11. TRADE PAYABLES

The aging analysis of trade payables, based on the date of receipt of goods purchased, is as follows:

	2010	2009
	HK$'000	*HK$'000*
1 – 30 days	**95,880**	73,273
31 – 60 days	**780**	2,690
61 – 90 days	**36**	616
Over 90 days	**1,578**	891
	98,274	77,470

12. COMPARATIVE FIGURES

Certain comparative figures relating to segment information have been reclassified to conform with the current year's presentation. The new classification of the disclosure items was considered to provide a more appropriate presentation of the state of affairs of the Group.

In addition, the basic and diluted earnings per share for 2009 had been adjusted for the effects of the bonus issue in current year.

MANAGEMENT DISCUSSION AND ANALYSIS

Heng Tai Consumables Group Limited (the "Company") and its subsidiaries (collectively the "Group") are principally engaged in the Down-Stream Trading Business for FMCG (Fast Moving Consumer Goods), cold chain and cosmetic products; (ii) Mid-Stream Logistics Services Business for cold chain logistics services and value-added post-harvest food processing; and (iii) Agro Business for cultivation and trading of agro products. During the year under review, the Group has consistently performed itself as a one-stop service platform incorporating the functions of traders, marketing agent and supply chain solutions provider in the FMCG, cold chain and cosmetic products and agro industry in the PRC.

BUSINESS ENVIRONMENT

China's retail and consumer markets continued to be the market place where the Group secured its business and realized its expansion plans. Following last year's global finical crisis, the Chinese government has adopted a series of positive economic stimulus plans, and in particular, initiated more favourable and financial policies to spur the rural and consumer sectors. Given China's strength in its underlying economy and strong domestic demand and favourable government policies in place, the Group are well positioned to penetrate into China's retail and consumer markets that offer enormous opportunities for our business to grow.

FINANCIAL PERFORMANCE

During the year under review, the Group's turnover soared approximately 24.8% to approximately HK$2,367 million. The increase in turnover was mainly attributable to an increase in the sales quantity achieved through expansion in clientele portfolio and enrichment in product varieties in Down-Stream Trading Business and Agro Business and increase in the service income from Mid-Stream Logistics Services Business driven by strong market demand for the Group's products and services following the recovery in retail and consumer markets.

Gross profit margin increased from approximately 21.4% to 23.1% when compared with the preceding financial year. The increase in margin was mainly attributable to the successful implementation of product refinement for cosmetics, cold-chain and agro products commanding a relatively higher gross profit margin when compared with the preceding financial year.

Selling and distribution expenses increased from approximately HK$142.1 million to HK$161.0 million, which however represented a proportional decrease from approximately 7.5% to 6.8% of turnover when compared with the preceding financial year. Though there was increased absolute outlay amount in marketing development, promotion expenses and distribution expenses to reinforce our sales plans in clienteles and products, the Group had tightened budget control over the overall selling and distribution expenses to bring it in line with the Group's overall turnover.

Administrative expenses were approximately HK$135.3 million and represented approximately 25.3% increase when compared with the preceding financial year. The increase was mainly attributable to our expansion in the logistics business and transition into the upstream farming business with a relatively higher portion of fixed administrative costs than our conventional Down-Stream Trading Business for FMCG.

Other operating expenses mainly represented a loss on disposal of certain subsidiaries. During the year under review, the Group had disposed certain subsidiaries engaged in upstream farming business for business segments with relatively lower margin contribution. Such reorganization in its operating structure in upstream farming business would enable the Group to direct its resources more effectively to agro products with higher margin returns.

Finance costs decreased to approximately HK$3.9 million from HK$7.1 million in the preceding financial year. The decrease in finance costs were mainly attributable to a decreased level of utilization of the Group's banking facilities and the decreasing interest rate effect when compared with the preceding financial year.

Net profit attributable to shareholders increased to approximately HK$226.0 million, representing an increase of approximately 96.5% when compared with the preceding financial year. The increase in the Group's net profit can be summarised as mainly attributable to an approximately 24.8% increase in turnover, 1.7% increase in the Group's overall gross profit margin, 44.8% decrease in finance costs and 80.6% decrease in other operating expenses while there were overall increases of approximately 27.8% in changes in fair value of biological assets, operating and income tax expenses. The overall increase in net profit is primarily attributable to an increase in the total demand for our Group's products and a substantial decrease in the provision for doubtful debts from some of our customers which were badly affected by the global economic downturn in 2009 and the improvement of the global economy in general.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a strong financial position throughout the year under review. The Group financed its operations and business development with internally generated resources, equity funding and banking facilities.

At 30 June 2010, the Group had interest-bearing borrowings of approximately HK$259.1 million (30 June 2009: HK$277.1 million) of which over 95% of the borrowings were denominated in Hong Kong dollars and approximately 96% will mature within one year. All of the Group's bank borrowings were floating-interest bearing and secured by corporate guarantees given by the Company and certain subsidiaries of the Company.

A significant portion of sales, purchases and services income of the Group were either denominated in Renminbi, Hong Kong dollars and US dollars. The Directors consider that the operations of the Group are not exposed to significant foreign currency exchange risk in view of the stability of the exchange rates between these currencies. The Group did not have any significant hedging instrument outstanding as at 30 June 2010.

At 30 June 2010, the Group's current assets amounted to approximately HK$1,371.2 million (30 June 2009: HK$1,105.9 million) and the Group's current liabilities amounted to approximately HK$409.7 million (30 June 2009: HK$356.9 million). The Group's current ratio remained at a stable level of approximately 3.3 at 30 June 2010 (30 June 2009: 3.1). At 30 June 2010, the Group had total assets of approximately HK$3,030.9 million (30 June 2009: HK$2,717.5 million) and total liabilities of approximately HK$421.6 million (30 June 2009: HK$435.3 million) with a gearing ratio of approximately 8.5% (30 June 2009: 10.2%). The gearing ratio was expressed as a ratio of total bank borrowings to total assets. The improvement in gearing ratio was mainly attributable to the continued growth in total assets through enlarged shareholders' equity from earnings and shares issued and the decrease in bank borrowing level for the year.

On 4 January 2010, the Company made a bonus issue of 129,764,500 new shares at a par value of HK$0.01 each by way of a special dividend on the basis of one bonus share for every twenty existing shares of the Company to the shareholders whose names appeared on the register of members of the Company on 21 December 2009.

During the year, the Company issued 171,065,000 new shares through exercise of share options by option holders with net proceeds of approximately HK$100.3 million.

BUSINESS REVIEW, DEVELOPMENT AND PROSPECTS

During the financial year under review, three business units that contributed income to the Group were: (i) the Down-Stream Trading Business which includes the FMCG Trading Business being the trading of packaged food, beverages, household consumable products, cosmetics and skincare products and cold chain products; (ii) Mid-Stream Logistics Services Business being the provision of cold chain logistics services and value-added post-harvest food processing; and (iii) Agro Business, which includes the cultivation and trading of agro 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. This transition has been evolving over the past couple of years and 2011 will see the up-stream farms come online and contribute their first significant revenue streams since their original set-up and planting. This will give a major impact on the Group's margins, cash generating abilities, and allow the Group to capitalize, long term, on the Central Government policies that govern the Agricultural Industry (11th Five-Year Plan) and the Domestic Consumer Market (12th Five-Year Plan).

The FMCG products traded by the Group included packaged food, beverages, household consumable products, cosmetics and skincare products, frozen and chilled products with their respective contribution of approximately 23%, 2%, 1%, 8% and 12% to the Group's turnover. During the financial year under review, income from logistics services represented approximately 9% to the Groups' turnover. There was continued growth in turnover from the cultivation and trading of agro products, currently representing approximately 45% to the Group's turnover for the year, up 3% from 2009. The main categories of packaged food were biscuits, candies, chocolate, condiments, margarine, milk powder products, healthy food, noodles, snacks, rice and nourishing and exclusively licensed branded products. Beverages were mainly beers, wines and soft drinks and the household consumable products were mainly toiletries. Cosmetics and skincare products included make-up, perfumes, fragrance and skin and sun care products. Cold chain products consisted of frozen meat, seafood and diary products. Agro products included various types of vegetables and fruits.

These products are mostly sourced through the Group's extensive overseas procurement networks operating in the markets including Southeast Asia, USA, Europe, Australia, and New Zealand. These products, in turn, were traded back into the domestic PRC market through wholesalers, retailers and on-premise customers, making up the FMCG side of the Group's Down-Stream Trading Business. After a slower 2009, the FMCG business recovered in 2010. The Group's cosmetics business continued to grow during the year under review with revenues growing approximately 20% from 2009. The Group continued to operate with some success, the one-stop service platform offering a turn-key solution to overseas manufacturers wanting to import and sell their products in China.

The Group has been focusing over previous years on shifting the business emphasis towards its new agro products business. This business stream is split into two main components including Agro Trading and Cultivation (including self land and contract farming). The Agro Trading, the straight buying and selling of fruits and vegetables, has been the solid revenue generator for the Group over the past years. It did not suffer significant negative impact from the Financial Crisis. Revenues from Agro Trading grew by approximately 14% from 2008 to 2009 when the FMCG business fell by approximately 35%. Revenue performance improved further in 2010 growing by approximately 32%. Agro Trading generated over one billion Hong Kong Dollars in revenue during 2010, and now represents approximately 45% of the Group's total revenue. Meanwhile there was no significant contribution from the Cultivation during 2010. Cultivation requires a longer gestation period. The 16,000 mu citrus plantation in Jiangxi and the 15,000 mu vegetable farm in Huidong are expected to contribute income during 2011 following their set-up in 2008 and 2009, respectively.

The Group's Mid-Stream Logistics Services Business posted an 8% gain from 2009 figures. Agro related logistics services, including value add processing and cold chain logistics, was again the standout performer, revenues grew by approximately 15% year-on-year whilst third-party logistics services and office space rental fell by 37% and 41% respectively. Though Logistics Services only represented approximately 9% of the Groups' total revenues, there is a clear indicator of the Groups' shift away from the low margin business to the higher margin business.

In July 2009, the Group decided to focus some resources and attention on improving its investor focus communication. In order to do this, the Group hired Singapore based Aries Consulting. As one of the largest IR firms in Asia Pacific, began utilizing their extensive network and resources to implement a plan that was designed to help support senior management's IR strategy. By the end of the last financial year, the Group took a large step to bring on board a full time executive to develop its capital markets capabilities. In the months leading up to June 2010, the Group entered into discussions with an experienced financial market professional firm to develop a plan to set up a dedicated investor relations unit that would overlap into business development.

In May 2010, the Group announced that it was applying to the Taiwan Stock Exchange to list through their Taiwan Depository Receipts ("TDR") mechanism. This will provide the Group with another platform from which further capital could be raised through a more diversified shareholder base. It also gave the Group a chance to explore business opportunities within Taiwan. The Group wanted to take advantage of the new ECFA agreement (trade agreement) between China and Taiwan. The TDR application procedures are still ongoing.

There are three significant development plans that are slated for the upcoming year. By late 2010, the Group aims to proceed to the acquisition of an up-stream farming facility near Qingdao, Shandong Province. This facility is already operational and includes a fully operational logistics facility on premises complete with cold chain. Shandong Province has been traditionally a principal and abundant crops base in China and this farm grows vegetables and is perfectly positioned to serve the north parts of China and as well as supply to the south parts to alleviate the pressures of "Act of God" for concentrated farming location and seasonality for the Group's Agro Business.

The second investment is the acquisition of a retail vegetable sales window, set in the local Chinese wet markets of Hong Kong. This will help the Group secure good local demand, the volume from which is expected to allow the Group to explore further contract-farming opportunities. This is also seen as a good tool for gathering market intelligence as well as an effective brand-building instrument for the Group for its self-cultivated products.

The third investment is the set-up of an agro processing plant in Huidong of Guangdong Province. This plant will provide onsite post-harvest capability facilitating processing, packaging and swift delivery for crops from our Huidong farmland to Hong Kong, Macau and the south parts of China.

The Group is also planning to expand its investment in developing the phase 2 extension of the Zhongshan Logistics facility. It will also allow the Group to roll out a "Built-to-Suit" program aimed at developing production capabilities to suit the needs of major customers with large F&B chains. The Group also aims to complete deals with existing clients to locate the centre of their current and future logistics and warehousing in the Zhongshan facility.

In the year ahead, the Group will continue to be diligent with the evolving process of its interwoven business model into a much stronger, more robust, and profitable business, investing into and growing business extensions to enhance our integrated supply chain model.

NUMBER AND REMUNERATION OF EMPLOYEES

At 30 June 2010, the Group had approximately 650 staff for its operations in the PRC, Hong Kong and Macau. The Group's employees are remunerated in accordance with their work performance and experience. The Group also participates in a retirement benefit scheme for its staff in the PRC and a defined Mandatory Provident Fund Scheme for its staff in Hong Kong. The Group has adopted a share option scheme of which the Board may, at its discretion, grant options to eligible participants of the share option scheme. As at the date of this announcement, a total of 47,014,543 share options remain unexercised.

DIVIDENDS

The Board recommends the payment of a final dividend of HK1 cent (2009: Nil) per share in respect of the year ended 30 June 2010 to shareholders whose names appear on the register of members on 28 December 2010. Shareholders should ensure that transfers are lodged with the Company's Share Registrar in Hong Kong for registration no later than 4:00 p.m. on 22 December 2010. This proposed dividend is subject to approval by the shareholders at the forthcoming annual general meeting. The Board also proposes a bonus issue of shares in the proportion of one bonus share for every twenty shares held by shareholders of the Company.

The bonus issue of shares is subject to the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the bonus shares. Further details regarding the proposed final dividend and the bonus shares will be set out in a circular to be despatched to shareholders of the Company. Though the Group has decided to reserve more working capital to further sustain the Group's expansion plans in the coming years, the Board has resolved to pay a final dividend in cash and issue the proposed bonus shares by way of a special dividend as a gesture to thank current shareholders for their loyalty and support during the past year.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules throughout the year ended 30 June 2010.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all the Company's directors any non-compliance with the Model Code during the year ended 30 June 2010 and they all confirmed that they had fully complied with the required standards set out in the Model Code and its code of conduct regarding director's securities transactions.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 30 June 2010.

AUDIT COMMITTEE REVIEW

The Company has an Audit Committee which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee consists of two independent non-executive directors and one non-executive director of the Company.

The financial statements of the Group for the year ended 30 June 2010 have been reviewed by the Audit Committee, who is of the opinion that such financial statements comply with the applicable accounting standards, and the requirements of the Listing Rules and the applicable laws, and that adequate disclosures have been made.

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

Hong Kong, 28 October 2010

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