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HOP HING GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 47)

DISCLOSEABLE TRANSACTIONS AND GRANTING OF AN INDEMNITY BY A CONNECTED PERSON

Pinghu Hop Hing, a 51% owned subsidiary of the Company incorporated in the PRC, which is principally engaged in the refining of edible oils, had in its ordinary course of business obtained banking facilities from certain entities in the PRC, which was guaranteed by Zhejiang Tianyi, an independent third party. On a reciprocal basis, Pinghu Hop Hing also provided guarantees in similar amount to the Bank for certain banking facilities granted by the Bank to Zhejiang Tianyi. Details of such cross guarantee arrangement between Pinghu Hop Hing and Zhejiang Tianyi are described as follows :

2009 GUARANTEE AGREEMENT

On 19 March 2009, Pinghu Hop Hing entered into the 2009 Guarantee Agreement with the Bank, pursuant to which Pinghu Hop Hing shall provide the 2009 Guarantee to the Bank on a joint liability basis with Zhejiang Tianyi as security in respect of the 2009 General Credit Agreement for a maximum amount of RMB10,000,000 (equivalent to approximately HK\$11,363,636).

2010 GUARANTEE AGREEMENT

On 1 January 2010, Pinghu Hop Hing entered into the 2010 Guarantee Agreement with the Bank, pursuant to which Pinghu Hop Hing shall provide the 2010 Guarantee to the Bank on a joint liability basis with Zhejiang Tianyi as security in respect of the 2010 General Credit Agreement for a maximum amount of RMB10,000,000 (equivalent to approximately HK\$11,363,636).

BANK CONFIRMATION

Despite the fact that the 2009 Guarantee Agreement and the 2010 Guarantee Agreement are two separate agreements, the Bank provided written confirmation to the Company on 30 March 2010 that the combined maximum amount of the 2009 Guarantee and the 2010 Guarantee shall only be RMB10,000,000 (equivalent to approximately HK\$11,363,636).

CROSS GUARANTEE AGREEMENTS

Zhejiang Tianyi provided the Cross Guarantees on a joint liability basis with Pinghu Hop Hing to certain entities in the PRC for the grant of banking facilities to Pinghu Hop Hing under the Cross Guarantee Agreements.

INDEMNITY

To provide additional protection for the interests of the Company and its minority shareholders, on 16 April 2010, the Indemnifier, a connected person of the Company, executed the Indemnity Deed in favour of the Company for the purpose of indemnifying the Company against any loss or liability which the Company may incur in relation to, among other things, the 2009 Guarantee Agreement and the 2010 Guarantee Agreement, up to a maximum amount of RMB10,000,000 (equivalent to approximately HK\$11,363,636).

LISTING RULES IMPLICATIONS

As one of the relevant applicable percentage ratios under Rule 14.07 of Listing Rules in relation to each of the 2009 Guarantee Agreement and the 2010 Guarantee Agreement is more than 5% but less than 25% at the time the relevant agreement was entered into, each of the 2009 Guarantee Agreement and the 2010 Guarantee Agreement constituted a discloseable transaction for the Company.

2009 GUARANTEE AGREEMENT

Introduction

On 19 March 2009, Pinghu Hop Hing entered into the 2009 Guarantee Agreement with the Bank, pursuant to which Pinghu Hop Hing shall provide the 2009 Guarantee to the Bank as security in respect of the 2009 General Credit Agreement.

Under the 2009 General Credit Agreement, the Bank would grant a nine-month short term general credit limit of RMB20,000,000 (equivalent to approximately HK\$22,727,273) to Zhejiang Tianyi, commencing from 19 March 2009.

Scope of the 2009 Guarantee

The 2009 Guarantee was given by Pinghu Hop Hing on a joint liability basis with Zhejiang Tianyi for the purpose of securing the principal, interests, penalties, damages and the Bank's expenses in relation to the enforcement of the relevant indebtedness.

Term

- (a) In respect of each Application, the term of the 2009 Guarantee commences from the repayment date of the indebtedness under such Application (or the date on which the bank advance is made) up to the expiration of the 2 years' period after the latest repayment date of an indebtedness under an Application (or the date on which the bank advance is made).

- (b) If the Application provides that the repayment is to be made by installments, then, in respect of each installment under such Application, the term of the 2009 Guarantee commences from the repayment date of each installment (or the date on which the bank advance is made) up to the expiration of the 2 years' period after the repayment date of the final installment under such Application (or the date on which the bank advance is made).

Maximum Amount

The maximum amount of the 2009 Guarantee provided by Pinghu Hop Hing is RMB10,000,000 (equivalent to approximately HK\$11,363,636). Such amount was determined by the parties on arm's length basis.

2010 GUARANTEE AGREEMENT

Introduction

On 1 January 2010, Pinghu Hop Hing entered into the 2010 Guarantee Agreement with the Bank, pursuant to which Pinghu Hop Hing shall provide the 2010 Guarantee to the Bank as security in respect of the 2010 General Credit Agreement.

Under the 2010 General Credit Agreement, the Bank would grant a one-year short term general credit limit of RMB20,000,000 (equivalent to approximately HK\$22,727,273) to Zhejiang Tianyi, commencing from 10 December 2009.

Scope of the 2010 Guarantee

The 2010 Guarantee was given by Pinghu Hop Hing on a joint liability basis with Zhejiang Tianyi for the purpose of securing the principal, interests, penalties, damages and the Bank's expenses in relation to the enforcement of the relevant indebtedness.

Term

- (a) In respect of each Application, the term of the 2010 Guarantee commences from the repayment date of the indebtedness under such Application (or the date on which the bank advance is made) up to the expiration of the 2 years' period after the latest repayment date of an indebtedness under an Application (or the date on which the bank advance is made).
- (b) If the Application provides that the repayment is to be made by installments, then, in respect of each installment under such Application, the term of the 2010 Guarantee commences from the repayment date of each installment (or the date on which the bank advance is made) up to the expiration of the 2 years' period after the repayment date of the final installment under such Application (or the date on which the bank advance is made).

Maximum Amount

The maximum amount of the 2010 Guarantee provided by Pinghu Hop Hing is RMB10,000,000 (equivalent to approximately HK\$11,363,636). Such amount was determined by the parties on arm's length basis.

BANK CONFIRMATION

Despite the fact that the 2009 Guarantee Agreement and the 2010 Guarantee Agreement are two separate agreements, the Bank provided written confirmation to the Company on 30 March 2010 that the combined maximum amount of the 2009 Guarantee and the 2010 Guarantee shall only be RMB10,000,000 (equivalent to approximately HK\$11,363,636).

CROSS GUARANTEE AGREEMENTS

Zhejiang Tianyi provided the Cross Guarantees on a joint liability basis with Pinghu Hop Hing to certain entities in the PRC for the grant of banking facilities to Pinghu Hop Hing under the Cross Guarantee Agreements. The Cross Guarantee Agreements include:

- (a) the guarantee agreement dated 2 September 2008 entered into between Zhejiang Tianyi and the Pinghu Branch of Bank of China Limited (中國銀行股份有限公司平湖支行) ("**Bank of China**"), pursuant to which Zhejiang Tianyi shall provide a guarantee to Bank of China as security in respect of, the grant of loan facilities and other general credit for a maximum principal amount of RMB5,000,000 (equivalent to approximately HK\$5,681,818), by Bank of China to Pinghu Hop Hing, the related interests and penalties, damages and expenses that may incur in relation to the enforcement of the relevant indebtedness;
- (b) the guarantee and loan agreement dated 12 October 2009 entered into between Pinghu Hop Hing, Zhejiang Tianyi and Pinghu Kangtai Small Amount Facility Co., Ltd.* (平湖市康泰小額貸款股份有限公司) ("**Pinghu Kangtai**"), pursuant to which Zhejiang Tianyi shall provide a guarantee to Pinghu Kangtai as security in respect of, the grant of loan facilities for a maximum principal amount of RMB4,000,000 (equivalent to approximately HK\$4,545,455) by Pinghu Kangtai to Pinghu Hop Hing, the related interests and penalties, damages and expenses that may incur in relation to the enforcement of the relevant indebtedness; and
- (c) the guarantee agreement dated 20 January 2010 entered into between Zhejiang Tianyi and Shanghai Pudong Development Bank (上海浦東發展銀行) ("**Development Bank**"), pursuant to which Zhejiang Tianyi shall provide a guarantee to Development Bank as security in respect of, the grant of certain types of credits for a maximum principal amount of RMB9,900,000 (equivalent to approximately HK\$11,250,000) by Development Bank to Pinghu Hop Hing, the related interests and penalties, damages and expenses that may incur in relation to the enforcement of the relevant indebtedness.

REASONS FOR ENTERING INTO THE 2009 GUARANTEE AGREEMENT AND THE 2010 GUARANTEE AGREEMENT AND DELAY IN DISCLOSURE

The operation of Pinghu Hop Hing's business relies on external financial resources including bank borrowings and other facilities which may require third party guarantee as security. It is a common practice for most of the banks and other lending entities in the PRC to request for an independent third party's guarantee to support the grant of banking facilities or loan facilities. The giving of the 2009 Guarantee and the 2010 Guarantee, respectively, is a result of the cross-guarantee arrangements with Zhejiang Tianyi. Under such arrangements, Zhejiang Tianyi would provide guarantees to secure Pinghu Hop Hing's banking facilities on a reciprocal basis. The Directors consider that such cross-guarantee arrangements were in Pinghu Hop Hing's commercial interest as they facilitated the obtaining of banking facilities by Pinghu Hop Hing in its ordinary course of business.

The net effect of, the provisions of the 2009 Guarantee and the 2010 Guarantee as a whole on the one hand and the Cross Guarantees on the other, on the financial position of the Company is immaterial. However, if there is a default under the 2009 General Credit Agreement or the 2010 General Credit Agreement by Zhejiang Tianyi, Pinghu Hop Hing will be responsible for repayment up to the maximum amount of RMB10,000,000. To further protect the interests of the Company and its minority shareholders, the Indemnifier executed the Indemnity Deed in favour of the Company for nil consideration against any loss or liability which the Company may incur in relation to, among other things, the 2009 Guarantee Agreement and the 2010 Guarantee Agreement with retrospective effect. The indemnity is described in more details under the section "Indemnity" below.

The 2009 Guarantee Agreement and the 2010 Guarantee Agreement were entered into on normal commercial terms. The Directors believe that the terms of these two agreements are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Due to an inadvertent oversight, the Company did not make an announcement immediately after its entering into the 2009 Guarantee Agreement and the 2010 Guarantee Agreement, respectively. As soon as the Board became aware of this inadvertent oversight, it had immediately taken the following remedial steps:

- (i) secured the Indemnity from the Indemnifier to indemnify the Company against any loss or liability which the Company may incur in relation to, among other things, the 2009 Guarantee Agreement and the 2010 Guarantee Agreement; and
- (ii) adopted a new internal policy that the provision of guarantee by any member of the Group must be pre-approved by the Board.

The Board considers the impact of such delay in disclosure is limited for the following reasons:

- (i) the subject matter under each of the 2009 Guarantee Agreement and the 2010 Guarantee Agreement has not significantly changed and is not expected to significantly change the Group's business operation;
- (ii) since the provision of the 2009 Guarantee and the 2010 Guarantee, the Bank has not made any claim against Pinghu Hop Hing;

- (iii) the Group is not required to pay any fee or charge in relation to the Cross Guarantees;
- (iv) the Bank has provided the Company with a written confirmation on 30 March 2010 that the combined maximum amount of the 2009 Guarantee and the 2010 Guarantee shall only be RMB10,000,000 (equivalent to approximately HK\$11,363,636). Therefore the potential liability of Pinghu Hop Hing under the 2009 Guarantee Agreement and the 2010 Guarantee Agreement is limited accordingly;
- (v) the Indemnifier has agreed to provide the Indemnity in favour of the Company in relation to, among other things, the 2009 Guarantee Agreement and the 2010 Guarantee Agreement;
- (vi) Pinghu Hop Hing is only owned as to 51% by the Company, hence the potential financial impact on the Company under the 2009 Guarantee Agreement and the 2010 Guarantee Agreement is limited accordingly; and
- (vii) the Company has had an almost unblemished past compliance record, which indicates that the delay in disclosure of the 2009 Guarantee Agreement and the 2010 Guarantee Agreement is just an unfortunate one-off incident which is unlikely to be repeated in the future.

INDEMNITY

On 16 April 2010, the Indemnifier executed the Indemnity Deed in favour of the Company for nil consideration. According to the Indemnity Deed, the Indemnifier shall make due and prompt payment to indemnify the Company in full against any loss or liability which the Company may incur or suffer or as a result of, or in connection with payments that may be made by Pinghu Hop Hing under the 2009 Guarantee Agreement and the 2010 Guarantee Agreement up to a maximum amount of RMB10,000,000 (equivalent to approximately HK\$11,363,636) with retrospective effect.

The voting power at general meetings of the Indemnifier is indirectly controlled by the trustee of a discretionary trust whose discretionary beneficiaries include certain associates of Mr. Hung Hak Hip, Peter, a non-executive Director.

The Indemnity qualifies as financial assistance provided by the Indemnifier for the benefit of the Company on normal commercial terms where no security over the assets of the Company is granted in respect of such financial assistance. The Indemnity falls within Rule 14A.65(4) of the Listing Rules and thus shall be exempted from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

LISTING RULES IMPLICATIONS

As one of the relevant applicable percentage ratios under Rule 14.07 of Listing Rules in relation to each of the 2009 Guarantee Agreement and the 2010 Guarantee Agreement is more than 5% but less than 25% at the time the relevant agreement was entered into, each of the 2009 Guarantee Agreement and the 2010 Guarantee Agreement constituted a discloseable transaction for the Company.

INFORMATION RELATING TO THE GROUP / THE BANK/ ZHEJIANG TIANYI

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiry, the Bank and Zhejiang Tianyi and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

The Group is principally engaged in the extraction, refining, blending, bottling, packaging and distribution of edible oils and their ancillary activities.

The Bank is principally engaged in the provision of banking and related financial services in the PRC.

Zhejiang Tianyi is principally engaged in the production of kitchen utensils, computer controlled shower rooms, shower cabins and bathtubs in the PRC.

DEFINITIONS

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

“2009 General Credit Agreement”	the general credit limit agreement dated 19 March 2009 entered into between the Bank and Zhejiang Tianyi
“2009 Guarantee”	the guarantee provided by Pinghu Hop Hing to the Bank as security in respect of the 2009 General Credit Agreement
“2009 Guarantee Agreement”	the guarantee agreement dated 19 March 2009 entered into between Pinghu Hop Hing and the Bank in relation to 2009 Guarantee
“2010 General Credit Agreement”	the general credit limit agreement dated 10 December 2009 entered into between the Bank and Zhejiang Tianyi
“2010 Guarantee”	the guarantee provided by Pinghu Hop Hing to the Bank as security in respect of the 2010 General Credit Agreement
“2010 Guarantee Agreement”	the guarantee agreement dated 1 January 2010 entered into between Pinghu Hop Hing and the Bank in relation to 2010 Guarantee
“Application”	the application for the use of credit limit made or to be made by Zhejiang Tianyi pursuant to the 2009 General Credit Agreement or the 2010 General Credit Agreement (as the case may be), respectively
“Bank”	the creditor to the 2009 General Credit Agreement and the 2010 General Credit Agreement, namely, Jiaying Pinghu Branch of the Bank of Communications Co., Ltd. (交通銀行股份有限公司嘉興平湖支行), respectively

“Board”	the board of Directors
“Company”	Hop Hing Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the securities of which are listed on the Stock Exchange
“connected person(s)”	has the meaning given to it by the Listing Rules
“Cross Guarantees”	the cross guarantees provided by Zhejiang Tianyi under the Cross Guarantee Agreements
“Cross Guarantee Agreements”	the various cross guarantee agreements entered into between Zhejiang Tianyi and certain entities in the PRC for the grant of banking facilities to Pinghu Hop Hing, respectively, details of which are disclosed in the section headed “Cross Guarantee Agreements” of this announcement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Indemnifier”	Grand Synergy Investments Limited, a company incorporated in the British Virgin Islands, and a connected person of the Company
“Indemnity”	the indemnity granted by the Indemnifier in favour of the Company in relation to, among other things, the 2009 Guarantee Agreement and the 2010 Guarantee Agreement pursuant to the Indemnity Deed
“Indemnity Deed”	the indemnity deed executed by the Indemnifier on 16 April 2010 in favour of the Company in relation to the Indemnity
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Pinghu Hop Hing”	Pinghu Hop Hing Vegetable Oils Company, Limited (平湖合興植物油有限公司), a company incorporated in the PRC, an indirect non-wholly owned subsidiary of the Company
“PRC”	People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhejiang Tianyi”	Zhejiang Tianyi Sanitary Ware and Kitchen Appliances Manufacturing Inc. Company* (浙江天一廚衛製造股份有限公司), a company incorporated in the PRC

* For identification purpose only

Unless otherwise defined, an exchange rate of HK\$1.00 = RMB0.88 is adopted in this announcement, for illustration purposes only.

By Order of the Board
Hop Hing Group Holdings Limited
Wong Kwok Ying
Executive Director and Company Secretary

Hong Kong, 16 April 2010

As at the date hereof, the executive directors of the Company are Mr. Wong Kwok Ying and Ms. Lam Fung Ming, Tammy. The non-executive directors of the Company are Mr. Hung Hak Hip, Peter, Ms. Hung Chiu Yee and Mr. Lee Pak Wing. The independent non-executive directors of the Company are Dr. Wong Yu Hong, Philip, GBS, Mr. Sze Tsai To, Robert, Mr. Cheung Wing Yui, Edward, Mr. Seto Gin Chung, John and Hon. Shek Lai Him, Abraham, SBS, JP.