

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its 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 this announcement.



HOP HING GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 47)

CONTINUING CONNECTED TRANSACTIONS

SALES AGREEMENT

On 24 November 2010, Panyu Hop Hing, an indirect wholly-owned subsidiary of the Company, entered into the Sales Agreement with Shenzhen You Rong, a connected person (as defined in the Listing Rules) of the Company, for the sale and purchase of the Products and the Peach Blossom Products produced by the Group.

The Transactions constitute continuing connected transactions of the Company for the purposes of the Listing Rules. Particulars of the Transactions and certain other relevant information are given below in accordance with Rule 14A.56 of the Listing Rules. The terms and conditions of the Transactions have been negotiated on an arm's length basis. The Transactions are in the ordinary and usual course of business of the Company and on normal commercial terms. The Board (including the independent non-executive Directors) considers that the terms of the Transactions are fair and reasonable, and the Transactions are in the interests of the Company and the Shareholders, taken as a whole.

As all applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Transactions, on an annual basis, are less than 5%, the Transactions are subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules but are exempt from the independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

A. SALES AGREEMENT

Summarized below are the principal terms of the Sales Agreement:

Date : 24 November 2010

Parties: Panyu Hop Hing as seller
Shenzhen You Rong as purchaser

Subject Matter: Panyu Hop Hing has agreed to supply to Shenzhen You Rong the Products and the Peach Blossom Products for sales in the PRC.

Term: From 1 January 2011 to 31 December 2013 (both dates inclusive).

Price: The prices at which the Products and the Peach Blossom Products are supplied to Shenzhen You Rong by Panyu Hop Hing are charged at the following rates ("Supply Prices"):

	Supply Prices (RMB)
The Products	Distribution price less an agreed discount
The Peach Blossom Products	Panyu Hop Hing's production cost plus an agreed percentage

In consideration of Panyu Hop Hing's supply of the Products and the Peach Blossom Products at the Supply Prices, Shenzhen You Rong has agreed to be responsible for (a) the expenses for promoting the sales of the Products and the Peach Blossom Products, in particular, at its supermarket chain; and (b) distributing the Products and the Peach Blossom Products from its central warehouse to its supermarket chain at its own costs.

Historical figures: The total sales of the Products and the Peach Blossom Products by Panyu Hop Hing to Shenzhen You Rong were as follows:

For the year ended 31 December 2008:

Approximately RMB7,100,000 (by adopting the exchange rate of RMB1.00 = HK\$1.13 on 31 December 2008, equivalent to approximately HK\$8,000,000).

For the year ended 31 December 2009:

Approximately RMB4,800,000 (by adopting the exchange rate of RMB1.00 = HK\$1.14 on 31 December 2009, equivalent to approximately HK\$5,500,000).

For the period from 1 January 2010 to 31 October 2010:

Approximately RMB2,920,000 (equivalent to approximately HK\$3,400,000).

Annual caps:

The maximum aggregate annual value of the sales by Panyu Hop Hing to Shenzhen You Rong under the Transactions for each of the three financial years ending 31 December 2013 is estimated not to exceed RMB7,200,000 (equivalent to approximately HK\$8,352,000), which represents the target sales agreed between Panyu Hop Hing and Shenzhen You Rong (the annual target sales of the Products are estimated not to exceed RMB6,700,000 (equivalent to approximately HK\$7,772,000) and the annual target sales of the Peach Blossom Products are estimated not to exceed RMB500,000 (equivalent to approximately HK\$580,000)).

The above target sales were agreed after taking into account the historical sales by Panyu Hop Hing to Shenzhen You Rong and the current market condition. Thus the Board considers that RMB7,200,000 (equivalent to approximately HK\$8,352,000) is a reasonable estimate of the annual cap for the Transactions.

The historical annual cap for the year ended 31 December 2008 was RMB9,000,000 (by adopting the exchange rate of RMB1.00 = HK\$1.07 on 31 December 2007, equivalent to approximately HK\$9,600,000). The revised historical annual cap for the two years ending 31 December 2010 was RMB7,200,000 (by adopting the exchange rate of RMB1.00 = HK\$1.14 on 31 December 2009, equivalent to approximately HK\$8,200,000).

- Other significant terms: (a) Shenzhen You Rong has undertaken to Panyu Hop Hing that the prices at which the Products and the Peach Blossom Products are to be sold by Shenzhen You Rong in the retail market shall not be lower than the prevailing market retail prices from time to time, and in the event of breach, Shenzhen You Rong shall be liable for any claim arising therefrom.
- (b) In the event that the Supply Prices are higher than the prevailing market retail prices, Shenzhen You Rong shall have the right to sell the Products and the Peach Blossom Products at the then prevailing market retail prices, and Panyu Hop Hing shall compensate for the differences in prices.
- (c) Panyu Hop Hing shall only be required to provide one-stop delivery services to Shenzhen You Rong (within the territory of Shenzhen).
- (d) Shenzhen You Rong shall make payments to Panyu Hop Hing through electronic transfers prior to delivery of goods.
- (e) Panyu Hop Hing shall provide one promotional staff for every RMB100,000 of sales.

B. REASONS FOR AND BENEFITS OF THE SALES AGREEMENT

Despite the agreed discount on the Products and the supply of the Peach Blossom Products on a cost plus basis, the terms and conditions of the Transactions have been negotiated on an arm's length basis since (a) Shenzhen You Rong would be responsible for distributing the Products and the Peach Blossom Products to its retail outlets (in contrast to the sale of the relevant products to other independent third parties of the Group where Panyu Hop Hing would normally distribute the products to its customers' individual retail outlets); (b) Shenzhen You Rong would promote, at its own costs, the sales of the Products and the Peach Blossom Products, in particular at its supermarket chain (in contrast to the sale of the products to other independent third parties of the Group where Panyu Hop Hing would normally be responsible for promotional activities relating to the relevant products); and (c) Shenzhen You Rong would make payment in advance to Panyu Hop Hing in respect of each of the Transactions. The Board considers that the above helps the Group, to save on its costs of sales, including but not limited to distribution costs and marketing costs, which would otherwise have to be incurred by the Group; and to facilitate the logistics and marketing operations and cashflow of the Group.

The Transactions are in the ordinary and usual course of business of the Company and on normal commercial terms. The Board (including the independent non-executive Directors) considers that the terms of the Transactions are fair and reasonable, and the Transactions are in the interests of the Company and the Shareholders, taken as a whole.

Mr. Hung and Ms. Hung have material interests in the Transactions and have abstained from voting on the Board resolution in relation to the Transactions. Save as disclosed above, none of the Directors has any material interest in the Transactions and none of the Directors has abstained from voting on the Board resolution.

C. LISTING RULES IMPLICATIONS

As at the date hereof, Mr. Hung, being a non-executive Director, is the sole director and beneficial owner of the trustee of two family discretionary trusts which beneficially owned approximately 64% of the issued share capital of the Company. Mr. Hung is also deemed to be interested in approximately 1.9% of the issued share capital of the Company.

The voting power at general meetings of Shenzhen You Rong is indirectly controlled by the trustee of a discretionary trust. The sole shareholder of such trustee is a brother of Mr. Hung. Shenzhen You Rong is therefore an associate of Mr. Hung and constitutes a connected person of the Company under the Listing Rules.

As all applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Transactions, on an annual basis, are less than 5%, the Transactions are subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules but are exempt from the independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

D. INFORMATION RELATING TO THE GROUP/ PANYU HOP HING/ SHENZHEN YOU RONG

The Group is principally engaged in the extraction, refining, blending, bottling, packaging and distribution of edible oils and their ancillary activities. Panyu Hop Hing is principally engaged in the extraction, refining, blending, bottling, packaging and distribution of edible oils in the PRC. Shenzhen You Rong is principally engaged in operating supermarket chains in the PRC.

E. DEFINITIONS

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

“associate” has the meaning given to it by the Listing Rules

“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 ” has the meaning given to it by the Listing Rules

“Directors”	the directors of the Company
"Group"	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Hung”	Mr. Hung Hak Hip, Peter, a non-executive Director and a brother of Ms. Hung
“Ms. Hung”	Ms. Hung Chiu Yee, a non-executive Director and a sister of Mr. Hung
"Panyu Hop Hing"	Panyu Hop Hing Oils & Fats Co. Ltd. (番禺合興油脂有限公司), a wholly foreign-owned enterprise established in the PRC on 26 December 1995, being an indirect wholly-owned subsidiary of the Company
"Peach Blossom Products"	edible oil products under the "Peach Blossom (紅桃)" brand
“PRC”	The People’s Republic of China (excluding Hong Kong and Macau Special Administrative Regions)
"Products"	edible oil products under various brands, including but not limited to, the "Lion and Globe (獅球嘜)", "Camel (駱駝嘜)", "Kitchen King (廚寶)", "SS" and "IGA (愛家愛)" brands
“RMB”	Renminbi, the lawful currency of the PRC
“Sales Agreement”	the agreement dated 24 November 2010 and entered into between Panyu Hop Hing and Shenzhen You Rong in respect of the sale and purchase of the Products and the Peach Blossom Products
“Shareholders”	shareholders of the Company
"Shenzhen You Rong"	Shenzhen You Rong Retail Co. Ltd. (深圳市有榮配銷有限公司), a limited liability company established in the PRC on 18 March 1997
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

"Transactions"

the sale and purchase of the Products and the Peach Blossom Products under the Sales Agreement

Unless otherwise defined, an exchange rate of RMB1.00 = HK\$1.16 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, 24 November 2010

As at the date hereof, the executive Directors are Mr. Wong Kwok Ying and Ms. Lam Fung Ming, Tammy. The non-executive Directors are Mr. Hung Hak Hip, Peter, Ms. Hung Chiu Yee and Mr. Lee Pak Wing. The independent non-executive Directors are Dr. Hon. 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.