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Hang Fat Ginseng Holdings Company Limited
恒發洋參控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 911)

UPDATE ON BUSINESS DEVELOPMENT

This is a voluntary announcement made by Hang Fat Ginseng Holdings Company Limited (“**Company**”, together with its subsidiaries, collectively the “**Group**”) to inform its shareholders and potential investors of the latest business development of the Group.

The board (“**Board**”) of directors (“**Directors**”) of the Company is pleased to announce that, on 11 March 2015, HF Development (Asia) Limited (“**HF Development**”), an indirect non-wholly-owned subsidiary of the Company, entered into a non-binding letter of intent (“**LOI**”) with each of (1) Nature Holdings Co., Ltd. (“**Nature Holdings**”); (2) Beauty Creation International Co., Ltd. (“**Beauty Creation**”); and (3) Masuda Tokubee Shoten Co., Ltd. (“**Masuda**”).

Pursuant to the LOI entered with Nature Holdings, HF Development and Nature Holdings shall jointly develop healthcare supplements and cosmetic products containing essence of American ginseng and form a joint venture for the development and distribution of the newly developed product. It is agreed that any intellectual property rights arising in the course of or in connection with such cooperation shall belong to the Company.

Pursuant to the LOI entered with Beauty Creation, HF Development and Beauty Creation shall jointly develop health care supplements containing essence of American ginseng and form a joint venture for the development and distribution of the newly developed product. It is agreed that any intellectual property rights arising in the course of or in connection with such cooperation shall belong to the Company.

Pursuant to the LOI entered with Masuda, HF Development and Masuda shall jointly develop ginseng Japanese sake of various type and form a joint venture for the development and distribution of the newly developed product. It is agreed that any intellectual property rights arising in the course of or in connection with such cooperation shall belong to the Company.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of Nature Holdings, Beauty Creation and Masuda and their respective ultimate beneficial owners are independent third parties and not connected with the Company or any of its connected persons.

REASONS AND BENEFITS FOR ENTERING INTO THE LOI

The Group is principally engaged in the sourcing and wholesaling of American ginseng.

Nature Holdings is a company incorporated in Japan and principally engaged in the business of production, development and distribution of healthcare supplements and cosmetic products. Beauty Creation is a company incorporated in Japan and principally engaged in the business of developing and manufacturing of cosmetic and healthcare products. Masuda is a company incorporated in Japan and principally engaged in the business of the production, development and distribution of Japanese sake.

By entering into each of the LOIs, the Group shall leverage its strengths in its American ginseng industry and the experience of its professional team to establish the joint ventures, with an aim of expanding its business into provision of American ginseng-related products. As such, the Board considers that entering into each of the LOIs is in the interest of the Company and its shareholders as a whole.

Each of the LOIs is a non-binding framework agreement (other than clauses including confidentiality, intellectual property and governing law) setting out the general principles of possible cooperation between the parties. Detailed terms and conditions of the possible business cooperation under each of the LOIs will be subject to legally binding agreements to be entered into between the parties. Further announcements will be made by the Company as and when appropriate in compliance with the Listing Rules.

Further legally binding agreements may or may not be entered into and cooperation or joint venture may or may not materialise. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

On behalf of the Board
Hang Fat Ginseng Holdings Company Limited
Yeung Wing Yan
Chairman and Chief Executive Officer

Hong Kong, 11 March 2015

As at the date of this announcement, the executive Directors are Mr. Yeung Wing Yan, Mr. Yeung Wing Kong and Ms. Fu Fung Sau; and the independent non-executive Directors are Mr. Wong Senta, Mr. Kwok Lam Kwong Larry and Mr. Cheung Chung Wai Billy.