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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Hang Fat Ginseng Holdings Company Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Capitalised terms used in this circular shall have the same meanings as defined in the section headed “Definitions” in this circular.

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

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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)**

**PROPOSED SHARE SUBDIVISION,  
PROPOSED CHANGE IN BOARD LOT SIZE,  
GRANTING OF GENERAL MANDATES TO  
ISSUE AND REPURCHASE SHARES,  
RE-ELECTION OF RETIRING DIRECTORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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Notice of the Annual General Meeting of Hang Fat Ginseng Holdings Company Limited to be held at Boardroom 6, M/F, Renaissance Hong Kong Harbour View Hotel, 1 Harbour Road, Wanchai, Hong Kong on Friday, 22 May 2015 at 11 a.m. is set out on pages 18 to 22 of this circular.

A form of proxy for the Annual General Meeting is also enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions stated thereon and return it to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting and at any adjournment thereof if you so wish. If such event, the form of proxy shall be deemed to be revoked.

22 April 2015

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## CONTENTS

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	<i>Page</i>
<b>Definitions</b> . . . . .	1
<b>Expected timetable</b> . . . . .	4
<b>Letter from the Board</b>	
1. Introduction . . . . .	6
2. Proposed Share Subdivision . . . . .	7
3. Proposed Change in Board Lot Size . . . . .	8
4. Reasons for the Share Subdivision and the Change in Board Lot Size . . . . .	9
5. Granting of the Issue Mandate, the Repurchase Mandate and the Extension Mandate . . . . .	9
6. Proposed re-election of retiring Directors . . . . .	10
7. Closure of the register of members . . . . .	11
8. Actions to be taken . . . . .	11
9. Responsibility Statement . . . . .	12
10. Recommendation . . . . .	12
11. Additional information . . . . .	12
<b>Appendix I – Explanatory statement</b> . . . . .	13
<b>Appendix II – Particulars of Directors for re-election</b> . . . . .	16
<b>Notice of Annual General Meeting</b> . . . . .	18

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“AGM Notice”	the notice for convening the Annual General Meeting set out on pages 18 to 22 of this circular
“Annual General Meeting”	the annual general meeting of the Company convened to be held on Friday, 22 May 2015 at Boardroom 6, M/F, Renaissance Hong Kong Harbour View Hotel, 1 Harbour Road, Wanchai, Hong Kong at 11 a.m.
“Articles”	the articles of association of the Company as amended from time to time
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 2,000 Shares to 10,000 Subdivided Shares
“Company”	Hang Fat Ginseng Holdings Company Limited (恒發洋參控股有限公司), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Director(s)”	the director(s) of the Company
“Extension Mandate”	a general and unconditional mandate proposed to be granted to the Directors to the effect that any Shares or Subdivided Shares (as the case may be) repurchased under the Repurchase Mandate will be added to the total number of or Subdivided Shares (as the case may be) Shares which may be allotted and issued under the Issue Mandate
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited

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## DEFINITIONS

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“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise the power of the Company to allot, issue or otherwise deal with Shares or Subdivided Shares (as the case may be) of up to a maximum of 20% of the aggregate number of issued shares of the Company as at the date of passing of the relevant resolution at the Annual General Meeting
“Latest Practicable Date”	15 April 2015, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information in this circular
“Listing Committee”	the listing sub-committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Outstanding Options”	the right(s) granted under the Share Option Scheme to subscribe for shares of the Company in accordance with the Share Option Scheme
“PRC”	the People’s Republic of China, for the purpose of this circular only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus dated 17 June 2014 published by the Company
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to enable them to repurchase Shares or Subdivided Shares, as the case may be, the aggregate number of which does not exceed 10% of the aggregate number of issued Shares or Subdivided Shares (as the case may be) as at the date of passing the relevant resolution at the Annual General Meeting
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the existing issued and unissued capital of the Company, the par value of which being of \$0.01 each prior to completion of the Share Subdivision

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## DEFINITIONS

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“Shareholder(s)”	holder(s) of the Share(s) or Subdivided Share(s), as the case may be
“Share Option Scheme”	the share option scheme of the Company adopted on 9 June 2014
“Share Subdivision”	the proposed subdivision of every one (1) issued and unissued Share of par value of \$0.01 each into ten (10) Subdivided Shares of par value of \$0.001 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subdivided Share(s)”	ordinary share(s) of par value of \$0.001 each in the share capital of the Company upon completion of the Share Subdivision
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs by the Securities and Futures Commission in Hong Kong
“\$” and “cents”	Hong Kong dollars and cents, respectively
“%”	per cent.

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## EXPECTED TIMETABLE

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Set out below is the proposed timetable for the Share Subdivision and Change in Board Lot Size:

<b>Event</b>	<b>Time and date</b>
Latest time for return of proxy form of the AGM (not less than 48 hours prior to time of the AGM) . . . . .	11:00 a.m. on Wednesday, 20 May 2015
Latest time for lodging transfer of shares to qualify for voting at the AGM . . . . .	4:30 p.m. on Wednesday, 20 May 2015
Register of member closes (both days inclusive) . . . . .	Thursday, 21 May 2015 to Friday, 22 May 2015
AGM . . . . .	11:00 a.m. on Friday, 22 May 2015
Publication of announcement of results of the AGM . . . . .	Friday, 22 May 2015
<b>The following events are conditional on the fulfillment of the conditions for the implementation of the Share Subdivision.</b>	
Effective date of the Share Subdivision . . . . .	Tuesday, 26 May 2015
Commencement of dealings in the Subdivided Shares . . . . .	9:00 a.m. on Tuesday, 26 May 2015
Original counter for trading in Shares (in board lots of 2,000 Shares) closes . . . . .	9:00 a.m. on Tuesday, 26 May 2015
Temporary counter for trading in Subdivided Shares in board lots of 20,000 Subdivided Shares (in the form of existing share certificates) opens . . . . .	9:00 a.m. on Tuesday, 26 May 2015
First day of free exchange of existing share certificates for new share certificates for Subdivided Shares commences . . . . .	Tuesday, 26 May 2015
Original counter for trading in Subdivided Shares in new board lots of 10,000 Subdivided Shares (in the form of new share certificates) re-opens . . . . .	9:00 a.m. on Tuesday, 9 June 2015

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## EXPECTED TIMETABLE

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Parallel trading in Subdivided Shares

(in the form of new and existing share certificates) begins . . . . . Tuesday, 9 June 2015

Temporary counter for trading in Subdivided Shares in board lots of

20,000 Subdivided Shares (in the form of

existing share certificates) closes . . . . . 4:00 p.m. on Monday, 29 June 2015

Parallel trading in Subdivided Shares (in the form of

new and existing certificates) ends . . . . . 4:00 p.m. on Monday, 29 June 2015

Last day of free exchange of existing certificates for

new certificates for Subdivided Shares . . . . . Thursday, 2 July 2015

*All times and dates in this circular refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders as and when appropriate*

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Yeung Wing Yan  
Mr. Yeung Wing Kong  
Madam Fu Fung Sau

*Independent non-executive Directors:*

Mr. Wong Senta  
Mr. Kwok Lam Kwong Larry  
Mr. Cheung Chung Wai Billy

*Registered office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Head Office and Principal Place of  
Business in Hong Kong:*

Ground Floor  
Nam Pak Hong Commercial Centre  
44 Bonham Strand West  
Hong Kong

22 April 2015

*To the Shareholders*

Dear Sir/Madam

**PROPOSED SHARE SUBDIVISION,  
PROPOSED CHANGE IN BOARD LOT SIZE,  
GRANTING OF GENERAL MANDATES TO  
ISSUE AND REPURCHASE SHARES  
AND  
RE-ELECTION OF RETIRING DIRECTORS**

**1. INTRODUCTION**

The primary purpose of this circular is to provide you with information regarding the resolutions to be proposed at the Annual General Meeting and to give you notice of the Annual General Meeting. Resolutions to be proposed at the Annual General Meeting include: (a) ordinary resolution relating to the Share Subdivision; (b) ordinary resolutions relating to the proposed grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate; and (c) ordinary resolutions relating to the re-election of the retiring Directors.



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## LETTER FROM THE BOARD

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### 2. PROPOSED SHARE SUBDIVISION

The Board proposes to put forward to the Shareholders a proposal to effect the proposed Share Subdivision whereby every one (1) existing issued and unissued Share of par value of \$0.01 each in the share capital of the Company will be subdivided into ten (10) Subdivided Shares of par value of \$0.001 each.

#### Conditions of the Share Subdivision

The Share Subdivision is conditional upon (i) the passing of an ordinary resolution to approve the Share Subdivision by the Shareholders at the AGM; and (ii) the Listing Committee of the Stock Exchange granting approval to the listing of, and permission to deal in, the Subdivided Shares and the Subdivided Shares which may fall to be issued upon exercise of the Outstanding Options.

Assuming all conditions are fulfilled, the Share Subdivision will become effective on the day following passing of the ordinary resolution at the AGM, which is expected to be 22 May 2015.

#### Effect of the Share Subdivision

As at the Latest Practicable Date, the authorised share capital of the Company is \$50,000,000 divided into 5,000,000,000 Shares of \$0.01 each, of which 2,000,000,000 Shares have been issued and are fully paid or credited as fully paid. Assuming that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the AGM, immediately after the Share Subdivision becoming effective, the authorised share capital of the Company will become \$50,000,000 divided into 50,000,000,000 Subdivided Shares of \$0.001 each, of which 20,000,000,000 Subdivided Shares will be in issue which are fully paid or credited as fully paid following the Share Subdivision becoming effective. Each of the final dividend and the special dividend for the year ended 31 December 2014 which is subject to the approval by the Shareholders at the AGM shall be adjusted from \$0.02 per Share and \$0.03 per Share, respectively, to \$0.002 per Subdivided Share and \$0.003 per Subdivided Share, respectively, upon the Share Subdivision becoming effective.

Upon the Share Subdivision becoming effective, the Subdivided Shares will rank *pari passu* in all respects with each other and the Share Subdivision will not result in any change in the rights of the Shareholders.

#### Free exchange of Subdivided Shares' certificates and trading arrangement

Subject to the Share Subdivision becoming effective, which is expected to be on Tuesday, 26 May 2015, Shareholders may, during the period from Tuesday, 26 May 2015 to Thursday, 2 July 2015 (both days inclusive) between 9:00 a.m. and 4:30 p.m. on any Business Day, submit share certificates for the existing Shares in grey colour to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, to exchange, at the expense of the Company, for new certificates of the Subdivided Shares in blue colour. Thereafter, each share certificate for the existing Shares will be accepted for exchange only on payment of a fee of \$2.50 (or such higher amount as may from time to

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## LETTER FROM THE BOARD

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time be specified by the Stock Exchange) for each new share certificate issued for the Subdivided Shares or each share certificate for the existing Shares submitted for cancellation, whichever the number of certificates issued or cancelled is higher. Nevertheless, the share certificates for the existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for the Subdivided Shares at any time after Thursday, 2 July 2015 but are not accepted for trading, settlement and registration upon completion of the Share Subdivision.

### **The Outstanding Options**

As at the Latest Practicable Date, there were 112,100,000 Outstanding Options granted under the Share Option Scheme. Under the relevant terms and conditions thereof, the Share Subdivision may lead to adjustments to the exercise price and/or the number of shares of the Company falling to be issued upon exercise of the Outstanding Options pursuant to the terms thereof. Further announcement will be made by the Company in respect of such adjustments as and when appropriate.

Save for the aforesaid, the Company does not have any options outstanding under any share option scheme of the Company or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the Latest Practicable Date.

### **Listing application**

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Subdivided Shares and the Subdivided Shares which may fall to be issued upon exercise of the Outstanding Options.

Subject to the granting of the listing of, and permission to deal in, the Subdivided Shares on the Stock Exchange, the Subdivided Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Subdivided Shares on the Stock Exchange or, under contingent situation, such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

No part of the securities of the Company is listed or dealt in on which listing or permission to deal in is being or is proposed to be sought on other stock exchanges.

### **3. PROPOSED CHANGE IN BOARD LOT SIZE**

As at the Latest Practicable Date, the Shares are traded in board lots of 2,000 Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 2,000 Shares to 10,000 Subdivided Shares after and conditional upon the Share Subdivision becoming effective.

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## LETTER FROM THE BOARD

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Based on the closing price of \$4.53 per Share (equivalent to \$0.453 per Subdivided Share) as at the Latest Practicable Date, the value of each board lot of 10,000 Subdivided Shares, assuming the Share Subdivision and the Change in Board Lot Size had already become effective, would be \$4,530.

### **Odd lot arrangement**

As the Subdivided Shares will be traded in board lots of 10,000 Subdivided Shares after the Share Subdivision and the Change in Board Lot Size becoming effective, the Share Subdivision will not result in odd lots of the Subdivided Shares. Therefore, no odd lot arrangement will be provided to the Shareholders by virtue of the Share Subdivision.

#### **4. REASONS FOR THE SHARE SUBDIVISION AND THE CHANGE IN BOARD LOT SIZE**

Upon the proposed Share Subdivision becoming effective, the par value of each share of the Company will decrease and the total number of shares of the Company in issue will increase. The Share Subdivision will result in a downward adjustment to the trading price of the shares of the Company. Based on the closing price of the \$4.53 per Share as quoted on the Stock Exchange as at the date of this announcement, the market value per board lot of 2,000 existing Shares is \$9,060. The estimated market value per new board lot of 10,000 Subdivided Shares will theoretically be reduced to \$4,530 immediately upon the Share Subdivision and the Change in Board Lot Size becoming effective. The Board believes that the Share Subdivision will reduce the trading spread as well as the volatility of the trading price of its shares and thus improving liquidity in the Company's Subdivided Shares. The Board also considers that the proposed Change in Board Lot Size will maintain the trading amount for each board lot at a reasonable level and attract more investors and broaden the shareholder base of the Company. In view of the above, the Board considers that the Share Subdivision and the Change in Board Lot Size are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Other than the relevant expenses, including but not limited to professional fees and printing charges incurred, the implementation of the Share Subdivision and the Change in Board Lot Size will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Company or the interests of the Shareholders. The Directors believe that the Share Subdivision will not have any material adverse effect on the financial position of the Group

#### **5. GRANTING OF THE ISSUE MANDATE, THE REPURCHASE MANDATE AND THE EXTENSION MANDATE**

By written resolutions passed by the then Shareholders on 9 June 2014, the Directors were granted (a) a general unconditional mandate to allot, issue and deal with Shares not exceeding 20% of the aggregate number of issued shares of the Company immediately following completion of the Global Offering (as defined in the Prospectus) and the Capitalisation Issue (as defined in the Prospectus) but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option (as defined in the Prospectus); (b) a general unconditional mandate to repurchase Shares with an aggregate number not exceeding 10% of the aggregate number of issued shares of the Company immediately following completion of the Global Offering and the Capitalisation issue but excluding any Shares which may be issued pursuant

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## LETTER FROM THE BOARD

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to the exercise of the Over-allotment Option; and (c) the power to extend the general mandate mentioned in (a) above by an amount representing the aggregate amount of the Shares repurchased by the Company pursuant to the mandate to repurchase Shares referred to in (b) above.

The above general mandates will expire at the conclusion of the Annual General Meeting. At the Annual General Meeting, the following resolutions, among other matters, will be proposed:

- (a) to grant the Issue Mandate to the Directors to exercise the powers of the Company to allot, issue and otherwise deal with the Shares or Subdivided Shares, as the case may be, up to a maximum of 20% of the aggregate number of issued shares of the Company on the date of passing of such resolution. As at the Latest Practicable Date, a total of 2,000,000,000 Shares were in issue. Subject to the passing of the proposed resolution granting the Issue Mandate to the Directors and on the basis that no Shares will be issued or repurchased by the Company for the period from the Latest Practicable Date up to and including the date of the Annual General Meeting, the Company will be allowed under the Issue Mandate to issue a maximum of 400,000,000 Shares or 4,000,000,000 Subdivided Shares, as the case may be, representing 20% of the Shares in issue as at the Latest Practicable Date;
- (b) to grant the Repurchase Mandate to the Directors to enable them to repurchase the Shares on the Stock Exchange up to a maximum of 10% of their aggregate number of issued shares of the Company on the date of passing such resolution; and
- (c) to grant the Extension Mandate to the Directors to increase the total number of Shares or Subdivided Shares, as the case may be, which may be allotted and issued under the General Mandate by an additional number representing such number of Shares or Subdivided Shares, as the case may be, repurchased under the Repurchase Mandate.

Each of the Issue Mandate, the Repurchase Mandate and the Extension Mandate will expire at the earliest of: (a) the conclusion of the next annual general meeting of the Company following the Annual General Meeting; (b) the date by which the next annual general meeting is required by the Companies Law or the Articles to be held; or (c) when revoked or varied by ordinary resolution(s) of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

An explanatory statement required by the Listing rules to provide the Shareholders with requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the granting of the Repurchase Mandate is set out in the Appendix I to this circular.

### **6. PROPOSED RE-ELECTION OF RETIRING DIRECTORS**

In accordance with Article 105(A) of the Articles, Mr. Yeung Wing Yan and Mr. Wong Senta shall retire at the Annual General Meeting. Both retiring Directors, being eligible, will offer themselves for re-election as Directors at the Annual General Meeting.

Particulars of each of Mr. Yeung Wing Yan and Mr. Wong Senta are set out in Appendix II to this circular.

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## LETTER FROM THE BOARD

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### 7. CLOSURE OF THE REGISTER OF MEMBERS

In order to determine the Shareholders who are eligible to attend the Annual General Meeting, the register of members of the Company will be closed from Thursday, 21 May 2015 to Friday, 22 May 2015 (both dates inclusive) during which period no transfer of Shares will be registered.

Shareholders are reminded that in order to qualify for voting at the Annual General Meeting, all transfers of Shares accompanied by the relevant share certificate and transfer forms must be lodged with the Registrar no later than 4:30 p.m. on Wednesday, 20 May 2015.

Subject to the Shareholders' approval of the recommended final dividend and special dividend at the Annual General Meeting, the final dividend and special dividend will be payable on or about Wednesday, 22 July 2015. For the purpose of ascertaining shareholders' entitlement to the proposed final dividend and special dividend, the register of members will be closed from Tuesday, 2 June 2015 to Thursday, 4 June 2015, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend and special dividend for the year ended 31 December 2014, all transfer documents accompanied by the relevant share certificate(s) must be lodged with the Registrar for registration no later than 4:30 p.m. on Monday, 1 June 2015.

### 8. ACTIONS TO BE TAKEN

Set out on pages 18 to 22 of this circular is the AGM Notice. At the Annual General Meeting, resolutions will be proposed to approve, among other matters, the following:

- (a) the Share Subdivision;
- (b) the grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate; and
- (c) the re-election of retiring Directors.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. An announcement on the results of the poll will be published by the Company after the AGM in the manner prescribed under the Rule 13.39(5) of the Listing Rules.

You will find enclosed with this circular a form of proxy for use at the Annual General Meeting. Whether or not you are able to attend the Annual General Meeting in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and, in any event no later than 48 hours before the time for the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof should you so wish.

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## LETTER FROM THE BOARD

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### 9. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purposes of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement in this circular misleading.

### 10 RECOMMENDATION

The Directors believe that the proposed Share Subdivision, proposed grant of the Issue Mandate, the Repurchase Mandate and Extension Mandate, and the re-election of the Directors named above are in the best interests of the Company and the Shareholders as a whole.

Accordingly, the Directors recommend that all Shareholders should vote in favour of the ordinary resolutions approving the Share Subdivision, the grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate and the re-election of the retiring Directors at the Annual General Meeting.

### 11. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular.

Yours faithfully  
For and on behalf of the Board  
**Hang Fat Ginseng Holdings Company Limited**  
**Yeung Wing Yan**  
*Chairman*

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide the requisite information as to the proposed Repurchase Mandate.

## **1. LISTING RULES RELATING TO THE REPURCHASE OF SECURITIES**

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their shares on the Stock Exchange and any other stock exchange on which the securities of the company are listed and such exchange is recognised by the Securities and Futures Commission of Hong Kong subject to certain restrictions. Among such restrictions, the Listing Rules provide that the shares of such company must be fully paid up and all repurchase of shares by such company must be approved in advance by an ordinary resolution of shareholders, either by way of a general repurchase mandate or by specific approval of a particular transaction.

## **2. SHARE CAPITAL**

As at Latest Practicable Date, there were a total of 2,000,000,000 Shares in issue.

Subject to the passing of the proposed resolution granting the Repurchase Mandate and on the basis that no further Shares will be issued or repurchased prior to the Annual General Meeting, the Company will be allowed under Repurchase Mandate to repurchase a maximum of 200,000,000 Shares or 2,000,000,000 Subdivided Shares (as the case may be), representing 10% of the number of issued shares of the Company as at the Latest Practicable Date.

## **3. REASONS FOR THE REPURCHASE**

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to seek a general authority from the Shareholders to enable the Company to repurchase the Shares or Subdivided Shares, as the case may be, on the Stock Exchange or any other stock exchange on which the Shares or Subdivided Shares, as the case may be, are listed. Share or Subdivided Shares, as the case may be, repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share or Subdivided Shares, as the case may be, and/or earnings per Share or Subdivided Shares, as the case may be, and will only be made when the Directors believe that such repurchase will benefit the Company and the Shareholders.

## **4. FUNDING OF REPURCHASES**

Repurchase made pursuant to the Repurchase Mandate would be funded out of funds legally available for the purpose in accordance with the Company's memorandum of association, the Articles, the Companies Law and other applicable laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Under the Companies Law, repurchases by the Company may only be made out of profits of the Company or out of the proceeds of a fresh issue of Shares or Subdivided Shares, as the case may be, made for the purpose or, if so authorised by the Articles and subject to the provisions of the Companies Law, out of capital. Any premium payable on a redemption or

purchase over the par value of the Shares or Subdivided Shares, as the case may be, to be purchased must be provided for out of profits of the Company or out of the Company's share premium account or, if so authorised by the Articles and subject to the provisions of the Companies Law, out of capital.

Taking into account the current working capital position of the Company, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Company as compared with the position as at 31 December 2014, being the date of its latest audited consolidated financial statements. However, the Directors do not intend to make any repurchases to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

## 5. SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange from 27 June 2014, being the date of listing of the Shares on the Stock Exchange and up to the Latest Practicable Date are as follows:

	<b>Highest</b>	<b>Lowest</b>
	\$	\$
<b>2014</b>		
June (from 27 June 2014)	1.67	1.46
July	1.70	1.49
August	1.94	1.49
September	2.35	1.92
October	2.17	1.76
November	1.92	1.70
December	1.91	1.69
<b>2015</b>		
January	2.69	1.83
February	3.21	2.40
March	3.55	2.87
April ( <i>Note</i> )	4.61	3.35

*Note:* Up to the Latest Practicable Date

## 6. THE TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

If a Shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase Shares or Subdivided Shares, as the case may be, pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert (as defined in the Takeovers Code) could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.



As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, Mr. Yeung Wing Yan, the chairman and chief executive officer of the Company, and an executive Director, held 1,389,000,000 Shares, representing approximately 69.45% of the existing issued Shares. By virtue of the SFO, Ms. Wong Mei Kuen, Joan, the spouse of Mr. Yeung Wing Yan, is deemed to be interested in the Shares in which Mr. Yeung Wing Yan is interested for the purpose of Division 2 and 3 of Part XV of the SFO.

On the basis that there were 2,000,000,000 Shares in issue as at the Latest Practicable Date and assuming that there will be no issue or repurchase of Shares prior to the date of the Annual General Meeting, if the Repurchase Mandate were exercised in full, the percentage shareholding in the Company of Mr. Yeung Wing Yan and Ms. Wong Mei Kuen, Joan would increase to approximately 77.17% of the existing issued Shares or Subdivided Shares, as the case may be.

On the basis of the current shareholding of Mr. Yeung Wing Yan and Ms. Wong Mei Kuen, Joan, an exercise of the Repurchase Mandate in full will not result in Mr. Yeung Wing Yan and Ms. Wong Mei Kuen, Joan becoming obliged to make a mandatory offer under Rule 26 of the Takeovers Code.

The Directors have no intention to exercise the Repurchase Mandate to such an extent that will result in the level of shareholdings in the Company held by the public falling below the prescribed minimum percentage of 25%.

Save as disclosed above, the Directors are currently not aware of any consequences which will arise under the Takeovers Code as a result of any purchase made under the Repurchase Mandate.

## **7. SHARE REPURCHASE MADE BY THE COMPANY**

The Company had not purchased any of the Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

## **8. GENERAL**

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules), has any present intention to sell any Shares to the Company, if the Repurchase Mandate is approved at the Annual General Meeting and exercised.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will only exercise the Repurchase Mandate in accordance with the Listing Rules, applicable laws of the Cayman Islands and the regulations set out in the memorandum of association of the Company and the Articles.

As at the Latest Practicable Date, no core connected person (as defined in the Listing Rules) of the Company has notified the Company that he/she/it has a present intention to sell any Shares to the Company nor has any such core connected person undertaken not to sell any Shares held by him/her/it to the Company in the event that the Repurchase Mandate is granted.

The particulars of the Directors eligible for re-election at the Annual General Meeting are set out below:

### EXECUTIVE DIRECTOR

#### Mr. Yeung Wing Yan (楊永仁) (“Mr. Yeung”)

Mr. Yeung Wing Yan (楊永仁), aged 49, the co-founder of the Group, is the chairman, chief executive officer of the Company and an executive Director. Mr. Yeung is responsible for the corporate strategic planning and overall business development of our Group. Mr. Yeung has over 30 years of experience in the American Ginseng industry. Mr. Matthew Yeung is the chairman of 江西省旅港同鄉會(第十三屆) (Hong Kong Jiangxi Clansmen Association (13<sup>th</sup> sessions)) and was the vice chairman of 11<sup>th</sup> and 12<sup>th</sup> sessions. In January 2013, Mr. Yeung also became a member of 第十一屆中國人民政治協商會議江西省委員會 (Jiangxi Provincial Committee of the Chinese People’s Political Consultative Conference).

Save as disclosed above, in the three years immediately preceding the Latest Practicable Date, Mr. Yeung had not held any directorship in listed public companies or other major appointments and qualifications.

Mr. Yeung has entered into a service contract with the Company for an initial term of three years from 9 June 2014 and expiring on 6 June 2017. The term of service shall be renewed and extended automatically by one year on the expiry of such initial term and on the expiry of every successive period of one year thereafter, unless either party has given at least three months’ written notice of non-renewal before the expiry of the then existing term. Under the service contract, Mr. Yeung is currently entitled to an annual basic salary of \$3,000,000, (subject to an annual increment after 9 June 2015 at the discretion of the Directors of not more than 5% of the annual salary immediately prior to such increase). In addition, Mr. Yeung is also entitled to a discretionary management bonus provided that the aggregate amount of the bonuses payable to all executive Directors for any financial year of the Company may not exceed 15% of the audited combined or consolidated net profit of the Group (after taxation and minority interests and payment of such bonuses but before extraordinary items) in respect of that financial year of the Company.

As at the Latest Practicable Date, Mr. Yeung was interested in 1,389,000,000 Shares pursuant to Part XV of the SFO, representing approximately 30.29% of the entire issued share capital of the Company as at the Latest Practicable Date. Mr. Yeung is the elder brother of Mr. Yeung Wing Kong and a son of Madam Fu Fung Sau, each being an executive Director. Mr. Yeung is a substantial Shareholder of the Company. By virtue of the SFO, Ms. Wong Mei Kuen, Joan, the spouse of Mr. Yeung Wing Yan, is deemed to be interested in the Shares in which Mr. Yeung Wing Yan is interested for the purpose of Division 2 and 3 of Part XV of the SFO and hence also a substantial Shareholder. Save as disclosed above, Mr. Yeung was not related to any other Directors, senior management, substantial Shareholders or controlling Shareholders of the Company as at the Latest Practicable Date.

**INDEPENDENT NON-EXECUTIVE DIRECTOR****Mr. Wong Senta (王忠桐) (“Mr. Wong”)**

Mr. Wong Senta (王忠桐) BBS, aged 71, has been acting as an independent non-executive Director since 9 June 2014. Mr. Wong is a founder of the group of Wong’s Kong King International (Holdings) Limited (a company listed on the Main Board of the Stock Exchange (Stock Code: 532)). He has been a director and chairman and chief executive officer of such group since March 1989. Mr. Wong is responsible for such group’s overall management and formulation of its corporate strategies. Mr. Wong has been an executive member (常務委員) of 第九、十及十一屆中國人民政治協商會議江西省委員會 (Jiangxi Provincial Committee of the Chinese People’s Political Consultative Conference (9th, 10th and 11th Sessions)).

Save as disclosed above, in the three years immediately preceding the Latest Practicable Date, Mr. Wong had not held any directorship in listed public companies or other major appointments and qualifications.

Mr. Wong has entered into an appointment letter with the Company with an initial term of two year commencing from 9 June 2014 renewable automatically for successive term of one year each commencing from the next day after the expiry of the then current term of appointment, unless terminated by either Mr. Wong or the Company giving not less than three months’ notice in writing expiring at the end of the initial term or at any time thereafter. Mr. Wong is entitled to a fixed director’s fee of \$160,000 per annum. The director’s fee was mutually agreed upon between the Board and Mr. Wong with reference to the prevailing market conditions and was determined by the Board based on his anticipated effort and expertise to be exercised on the Company’s affairs.

As at the Latest Practicable Date, Mr. Wong had no interested in the entire issued share capital of the Company as at the Latest Practicable Date. Mr. Wong was not related to any other Directors, senior management, substantial Shareholders or controlling Shareholders of the Company as at the Latest Practicable Date.

Save as disclosed above, the Company is not aware of any other matters that need to be brought to the attention of the holders of the Shareholders in relation to the re-election of each of Mr. Yeung Wing Yan and Mr. Wong Senta and there is no information which is discloseable nor is/was Mr. Yeung Wing Yan and Mr. Wong Senta involved in any matters required to be disclosed pursuant to any of the requirements of the provisions under paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules.

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## NOTICE OF ANNUAL GENERAL MEETING

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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)

### NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general meeting of Hang Fat Ginseng Holdings Company Limited (“**Company**”) will be held at Boardroom 6, M/F, Renaissance Hong Kong Harbour View Hotel, 1 Harbour Road, Wanchai, Hong Kong on Friday, 22 May 2015 at 11 a.m. for the following purposes:

1. to receive and approve the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors (“**Directors**”) of the Company and the Company’s auditors for the year ended 31 December 2014;
2. to declare a final dividend of HK2 cents per share of \$0.01 each or HK0.2 cent per share of \$0.001 each (upon the Share Subdivision (as defined below) becoming effective) in the Company for the year ended 31 December 2014;
3. to declare a special dividend of HK3 cents per share of \$0.01 each or HK0.3 cent per share of \$0.001 each (upon the Share Subdivision (as defined below) becoming effective) in the Company for the year ended 31 December 2014;
4. to consider and approve, each as a separate resolution, if thought fit, the following resolutions:
  - (a) to re-elect Mr. Yeung Wing Yan as Director;
  - (b) to re-elect Mr. Wong Senta as Director; and
  - (c) to authorise the board of directors to fix the Directors’ remuneration;
5. to re-appoint the Company’s auditors and to authorise the board of Directors to fix their remuneration;

and, as special business, to consider and, if thought fit, pass the following resolutions as ordinary resolutions:

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## NOTICE OF ANNUAL GENERAL MEETING

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6. “**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of, and permission to deal in, the Subdivided Shares (as hereafter defined), each of the issued and unissued ordinary shares of \$0.01 each in the share capital of the Company be and is hereby subdivided into 10 ordinary shares of \$0.001 each (the “**Subdivided Shares**”), with effect from the business day which is a settlement day for the trading of shares of the Company on the Stock Exchange immediately following the date on which this resolution is passed (the “**Share Subdivision**”) and that any director of the Company be and is hereby authorised for and on behalf of the Company to execute all such documents, instruments and agreements and to do all such acts or things deemed by the Director in his/her absolute discretion to be incidental to, ancillary to or in connection with the matters contemplated in, for completion of the Share Subdivision including but not limited to, to cancel any existing share certificates and to issue new share certificates in respect of the Subdivided Shares to holders of the existing shares of the Company pursuant to the Share Subdivision.”
7. “**THAT:**
- (a) subject to paragraph (c) below, pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the exercise by the directors of the Company during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue and deal with the unissued shares in the capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for shares in the Company, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
  - (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options, including warrants to subscribe for shares in the Company, which might require the exercise of such powers after the end of the Relevant Period;
  - (c) the aggregate number of shares allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to options or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined in paragraph (d) below); or (ii) the exercise of any options granted under the share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares or Subdivided Shares, as the case may be, in lieu of the whole or part of a dividend on shares in the Company in accordance with the articles of association of the Company in force from time to time; or (iv) any issue of shares in the Company upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into shares in the Company shall not exceed the aggregate of:
    - (aa) 20 per cent. of the aggregate number of issued shares of the Company on the date of the passing of this resolution; and

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## NOTICE OF ANNUAL GENERAL MEETING

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(bb) (if the directors of the Company are so authorised by a separate ordinary resolution of the shareholders of the Company) the aggregate number of any share of the Company purchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate number of issued shares of the Company on the date of the passing of this resolution),

and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

(d) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands or any other applicable law of the Cayman Islands to be held; or
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution;

“**Rights Issue**” means an offer of shares in the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares in the Company open for a period fixed by the directors of the Company to holders of shares in the Company whose names appear on the Company’s register of members on a fixed record date in proportion to their then holdings of shares in the Company (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

8. “**THAT:**

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as defined in paragraph (c) below) of all powers of the Company to purchase shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) or any other stock exchange on which the Shares or Subdivided Shares, as the case may be, may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for such purpose, and

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## NOTICE OF ANNUAL GENERAL MEETING

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otherwise in accordance with the rules and regulations of the Securities and Futures Commission of Hong Kong, the Stock Exchange, the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) (“**Companies Law**”) of the Cayman Islands and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;

- (b) the aggregate number of shares in the Company which may be purchased or agreed to be purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent. of the aggregate number of issued shares of the Company as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
  - (c) for the purposes of this resolution, “**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:
    - (i) the conclusion of the next annual general meeting of the Company;
    - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, the Companies Law or any other applicable law of the Cayman Islands to be held; or
    - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution.”
9. “**THAT** conditional on the passing of resolutions numbered 7 and 8 above, the general mandate granted to the directors of the Company pursuant to paragraph (a) of resolution numbered 7 above be and it is hereby extended by the addition to the aggregate number of shares of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to or in accordance with such general mandate of an amount representing the aggregate number of the shares of the Company purchased by the Company pursuant to or in accordance with the authority granted under paragraph (a) of resolution numbered 8 above.”

By order of the Board of Directors of  
**Hang Fat Ginseng Holdings Company Limited**  
**Yeung Wing Yan**  
*Chairman*

Hong Kong, 22 April 2015

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## NOTICE OF ANNUAL GENERAL MEETING

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*Registered office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Principal Place of Business in Hong Kong:*

Ground Floor  
Nam Pak Hong Commercial Centre  
44 Bonham Strand West  
Hong Kong

*Notes:*

1. A shareholder entitled to attend and vote at the meeting convened by the above notice is entitled to appoint another person as his proxy to attend and vote instead of him. A shareholder who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the meeting. A proxy need not be a member of the Company but must be present in person to represent him.
2. To be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited at the offices of the Company's Hong Kong branch share registrar ("**Branch Registrar**"), Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 48 hours before the time of the meeting or any adjournment thereof.
3. For determining the entitlement to attend and vote at the meeting convened by the above notice, the register of members of the Company will be closed from Thursday, 21 May 2015 to Friday, 22 May 2015, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for voting at the meeting convened by the above notice, all transfers of shares accompanied by the relevant share certificates must be lodged with the Branch Registrar no later than 4:30 p.m. on Wednesday, 20 May 2015.
4. For determining the entitlement to the proposed final dividend and special dividend, the register of members of the Company will be closed from Tuesday, 2 June 2015 to Thursday, 4 June 2015, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for voting at the meeting convened by the above notice, all transfers of shares accompanied by the relevant share certificates must be lodged with the Branch Registrar no later than 4:30 p.m. on Monday, 1 June 2015.
5. In relation to the proposed resolutions numbered 4 and 6 above, approval is being sought from the shareholders for the grant to the Directors of a general mandate to authorise the allotment and issue of shares under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**"). The Directors have no immediate plans to issue any new shares other than shares which may fall to be issued under the share option scheme of the Company.
6. In relation to the proposed resolution numbered 5 above, the Directors wish to state that they will exercise the powers conferred thereby to purchase shares in circumstances which they deem appropriate for the benefit of the shareholders. An explanatory statement containing the information necessary to enable the shareholders to make an informed decision to vote on the proposed resolution as required by the Listing Rules is set out in a circular to the shareholders.
7. As at the date of this notice, the board of Directors comprises Mr. Yeung Wing Yan, Mr. Yeung Wing Kong and Madam Fu Fung Sau as executive Directors, and Mr. Wong Senta, Mr. Kwok Lam Kwong Larry and Mr. Cheung Chung Wai Billy as independent non-executive Directors.