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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)

**VOLUNTARY ANNOUNCEMENT –
SUBSCRIPTION OF CONVERTIBLE NOTES
AND
THE PROPOSED COOPERATION WITH RUI KANG**

This is a voluntary announcement made by Hang Fat Ginseng Holdings Company Limited (“**Company**”, together with its subsidiaries, collectively the “**Group**”).

THE SUBSCRIPTION AGREEMENT

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 15 January 2016, a member of the Group (the “**Subscriber**”) entered into a subscription agreement (the “**Subscription Agreement**”) with Rui Kang Pharmaceutical Group Investments Limited (“**Rui Kang**”), a company listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (stock code: 8037). Pursuant to the Subscription Agreement, the Subscriber conditionally agrees to subscribe (the “**Subscription**”) for the zero coupon convertible notes due 2018 (the “**Notes**”) in the principal amount of HK\$43,340,000. Based on the initial price (the “**Convertible Price**”) per the share of Rui Kang (the “**Conversion RK Share**”) which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Notes, of HK\$0.22 per Conversion RK Share (adjusted on the assumption that the proposed share consolidation (the “**RK Share Consolidation**”) of the shares of Rui Kang on the basis of every two issued and unissued existing shares of HK\$0.05 each in the share capital of Rui Kang be consolidated into one consolidated share of HK\$0.10 each in the share capital of Rui Kang having become effective) and assuming full conversion of the Notes at the initial Convertible Price, the Notes will be converted into 197,000,000 Conversion RK Shares, representing 29.99% of the issued share capital of Rui Kang as at the date of this announcement (adjusted on the assumption that the RK Share Consolidation having become effective) and approximately 23.07% of the issued share capital of Rui Kang as enlarged by

the issue of the Conversion RK Shares (assuming there is no other change in the issued share capital of Rui Kang and adjusted on the assumption that the RK Share Consolidation having become effective).

PROPOSED COOPERATION WITH RUI KANG

The Board is also pleased to announce that on 15 January 2016, the Company also entered into a memorandum of understanding (the “MOU”) with Rui Kang. Pursuant to the MOU, the Group shall sell cultivated ginseng and wild ginseng as well as healthcare products to Rui Kang. The MOU is a non-binding agreement (other than clauses relating to cost, confidentiality, governing law and jurisdiction, notice, nature of the MOU and counterparts which are legally binding) providing a basis of further negotiation and discussion between the Company and Rui Kang. The terms of the transactions contemplated under the MOU are subject to the terms of any definitive agreement(s) which the Company and Rui Kang may separately enter into. If the Subscriber becomes a substantial shareholder of Rui Kang and the transactions between the Group and Rui Kang materialise, the transactions contemplated under the MOU may constitute connected transaction(s) or continuing connected transaction(s) for the Company under Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange.

Reasons and Benefits for Entering into the MOU

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

Rui Kang is principally engaged in (i) manufacture, research and development, sale and distribution of consumer cosmetics, health related and pharmaceutical products, health supplement wine, dental materials and equipment in the People’s Republic of China and Hong Kong; (ii) provision of medical laboratory testing services and health check services in Hong Kong; and (iii) trading of securities in Hong Kong.

By entering into the MOU, the Group shall combine its strengths in the American ginseng industry with Rui Kang’s sales channel to expand its business in both Hong Kong and People’s Republic of China. As such, the Board considers that entering into the MOU is in the interest of the Company and its shareholders as a whole.

Further announcement(s) regarding the Subscription and the MOU would be made by the Company, as and when appropriate.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Rui Kang and its ultimate beneficial owner(s) are independent third parties and not connected with the Company or any of its connected persons.

Shareholders and potential investors should be aware that completion of the Subscription is subject to certain conditions being satisfied, and consequently, the Subscription may or may not proceed. In addition, further legally binding agreements in relation to the transactions contemplated under the MOU may or may not be entered into and the transactions contemplated under the MOU 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.

By order of the Board
Hang Fat Ginseng Holdings Company Limited
Yeung Wing Yan
Chairman & Chief Executive Officer

Hong Kong, 15 January 2016

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