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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 (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 20 January 2016, the Company entered into a strategic cooperation letter of intent (the “**LOI**”) with 重慶萊美藥業股份有限公司 (Chongqing Lummy Pharmaceutical Company Limited\*) (“**Lummy**”), a company listed on the ChiNext market of The Shenzhen Stock Exchange (stock code: 300006).

Pursuant to the LOI, the Company shall provide Canadian grown American ginseng at around approximately 300 to 400 tonnes to Lummy, while Lummy shall be responsible for arranging necessary approval and importing procedures for the sale of American ginseng in the People’s Republic of China (the “**PRC**”) with relevant regulatory authorities. Further, pursuant to the LOI, the Company and Lummy may establish a joint venture enterprise for future cooperation, as and when appropriate.

The LOI is a non-binding framework agreement (other than clauses relating to confidentiality and governing law, which are legally binding) providing a framework of cooperation between the Company and Lummy for a long run cooperation foundation. The terms of the cooperation contemplated under the LOI are subject to the terms of any agreement(s) which the Company and Lummy may separately enter into from time to time.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Lummy and its ultimate beneficial owner(s) 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.

Lummy is principally engaged in pharmaceutical research and development, manufacturing and sale of pharmaceutical products.

By entering into the LOI, the Group shall combine its strengths in the American ginseng industry with Lummy's sales connection in the PRC to expand its business in the PRC. As such, the Board considers that entering into the LOI is in the interests of the Company and the shareholders of the Company as a whole.

*Further legally binding agreements in relation to formal cooperation between the Company and Lummy may or may not be entered into and formal cooperation between the Company and Lummy 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, 20 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.*

\* *For identification purpose only*