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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)**

**ANNOUNCEMENT REGARDING**  
**(1) UNUSUAL PRICE AND TRADING VOLUME MOVEMENTS;**  
**(2) CLARIFICATION OF MEDIA REPORTS;**  
**(3) DEALINGS IN SECURITIES BY DIRECTORS**  
**DURING BLACK-OUT PERIOD;**  
**(4) RULE 3.7 OF THE TAKEOVERS CODE AND**  
**RULE 13.09 OF THE LISTING RULES**  
**AND INSIDE INFORMATION PROVISION UNDER**  
**PART XIVA OF THE SECURITIES AND FUTURES ORDINANCE;**  
**AND**  
**(5) RESUMPTION OF TRADING**

Reference is made to the announcement of the Company dated 28 January 2016 in relation to trading halt of the Shares on the Stock Exchange.

This announcement is made by the Company pursuant to (i) Rules 13.09 and 13.10 of the Listing Rules; and (ii) Rule 3.7 of the Takeovers Code and Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO.

**UNUSUAL PRICE AND TRADING VOLUME MOVEMENTS**

The Board has noted a decrease in the price and an increase in trading volume of the Shares on 28 January 2016 prior to its trading halt from 10:36 a.m. on 28 January 2016. The Board, after having made such enquiry with respect to the Company as is reasonable in the circumstances, confirms that, save as the reason disclosed below, it is not aware of any reasons for such price or volume movements or of any information which must be announced to avoid a false market in the Shares or of any inside information that needs to be disclosed under Part XIVA of the SFO.

As set out in the Company's announcement of 28 January 2016, it was announced that trading of the Shares will be halted with effect from 10:36 a.m. on 28 January 2016 pending the release of an announcement relating to inside information. The Board would like to announce that there was negotiation (the "**Negotiation**") regarding possible subscription of new Shares, which is considered as inside information, prior to its trading halt from 10:36 a.m. on 28 January 2016. The Board confirms that the Negotiation has been terminated and no definitive and/or legally binding agreement has been entered into in relation to the Negotiation.

The Company wishes to inform the Shareholders and potential investors that despite the information disclosed below, the business, operations and financial position of the Group remain normal.

## **CLARIFICATION OF MEDIA REPORTS**

The Company has noticed recent media reports saying, among other matters, (i) the Shares held by Mr. Matthew Yeung were charged; and (ii) Shares held by certain Shareholders that were deposited with security firms as collateral were being sold (the "**Media Reports**").

Upon inquiry made with Mr. Matthew Yeung and Mr. Jeffrey Yeung with regard to the aforesaid Media Reports, the Company clarifies as follows:

- (i) Mr. Matthew Yeung and Mr. Jeffrey Yeung engaged in margin financing for personal investments purposes;
- (ii) certain Shares held by the Controlling Shareholders were deposited with securities firms (the "**Brokers**") as collaterals to secure margin financing for both Mr. Matthew Yeung and Mr. Jeffrey Yeung (the "**Margin Securities**"); and
- (iii) prior to the trading halt of the Shares at 10:36 a.m. on 28 January 2016, 849,970,000 Shares out of the Margin Securities, representing approximately 4.25% of the entire issued share capital of the Company and approximately 5.67% of the Shares held by the Controlling Shareholders, were sold ("**Disposal**") by some of the Brokers.

The Company was also informed by Mr. Matthew Yeung that he is currently obtaining legal advice in relation to, among other matters, the legality of the Disposal and possible action(s) and/or consequential remedy(ies), if any, the Controlling Shareholders might have regarding the Disposal. Further announcement will be made by the Company as and when appropriate if the Board should receive any update information of the said matter from any of the Controlling Shareholders.

The Company wishes to remind the Shareholders and potential investors to refer to announcements posted on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the Company's website when seeking information about the Group.

## DEALINGS IN SECURITIES BY DIRECTORS DURING THE BLACK-OUT PERIOD

Pursuant to paragraph C.14 of Appendix 10 to the Listing Rules, the Directors were prohibited from dealing in any securities of the Company during the Black-out Period.

The Board has been informed by the Controlling Shareholders that:

- (i) on 29 January 2016, Mr. Matthew Yeung entered into the Loan Agreement with an independent third party to obtain financing for his personal use. Pursuant to the Loan Agreement, 5,000,000,000 Shares which were owned by Cervera, representing approximately 24.98% of the existing issued share capital of the Company as at the date of this announcement, were charged in favour of such lender as security for the Loan; and
- (ii) on the same date, the Controlling Shareholders also entered into the MOU in relation to a possible disposal of Shares held by the Controlling Shareholders, which the MOU was terminated as at the date of this announcement.

The Company was informed by Mr. Matthew Yeung and Mr. Jeffrey Yeung that they were experiencing certain financial difficulty whereby they required to obtain funding immediately. Under the circumstances, Mr. Matthew Yeung and Mr. Jeffrey Yeung considered the Shares held by the Controlling Shareholders were the more valuable and liquid assets of the Controlling Shareholders, and they considered a possible disposal of the Shares held by them and Ms. Fu Fung Sau was the only reasonable cause they have. The Directors, who are not interested in the transactions contemplated under each of the Loan Agreement and the MOU (i.e. the non-executive Directors and the independent non-executive Directors) concurred with the views of Mr. Matthew Yeung and Mr. Jeffrey Yeung and agreed that the entering into of the Loan Agreement and the MOU by Mr. Matthew Yeung and the Controlling Shareholders, respectively, during the Black-out Period was considered as exceptional circumstances, and that each of Mr. Matthew Yeung, Mr. Jeffrey Yeung and Ms. Fu Fung Sau should be allowed to deal in the Shares during the Black-out Period.

The Board was informed by the Controlling Shareholders that the Controlling Shareholders are in preliminary discussion with another independent third party (“**Potential Purchaser**”) on 2 February 2016 of a possible transaction regarding disposal of Shares held by the Controlling Shareholders (“**Possible Disposal of Shares**”). The Board understands that at present the discussion is at an initial stage and no definitive terms have been agreed.

## SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out (i) the shareholding structure of the Company immediately prior to the Disposal; and (ii) the shareholding structure of the Company immediately upon the Disposal (assuming there will be no changes to the issued share capital of the Company):

	Immediately prior to the Disposal		Immediately upon the Disposal	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Cervera <sup>1</sup>	11,436,610,000	57.14	10,970,350,000	54.81
Athena Power Limited <sup>2</sup>	2,417,470,000	12.08	2,417,470,000	12.08
Ace Fame Management Limited <sup>3</sup>	210,000,000	1.05	210,000,000	1.05
Dragon Jump Global Limited <sup>4</sup>	900,000,000	4.50	516,290,000	2.58
Mr. Matthew Yeung	25,000,000	0.12	25,000,000	0.12
Other public Shareholders	<u>5,027,120,000</u>	<u>25.12</u>	<u>5,877,090,000</u>	<u>29.36</u>
<b>Total</b>	<b><u>20,016,200,000</u></b>	<b><u>100.00</u></b>	<b><u>20,016,200,000</u></b>	<b><u>100.00</u></b>

*Notes:*

1. Cervera was owned by Mr. Matthew Yeung, Mr. Jeffrey Yeung and Ms. Fu Fung Sau, each an executive Director, as to approximately 63%, 30% and 7%, respectively, as at the date of this announcement.
2. Athena Power Limited was wholly-owned by Mr. Matthew Yeung, an executive Director, as at the date of this announcement.
3. Ace Fame Management Limited was wholly-owned by Ms. Fu Fung Sau, an executive Director, as at date of this announcement.
4. Dragon Jump Global Limited was wholly-owned by Mr. Jeffrey Yeung, an executive Director, as at the date of this announcement.

## IMPLICATION OF TAKEOVERS CODE

The Possible Disposal of Shares, if materialised, may lead to a change in control of the Company and a mandatory general offer under the Takeovers Code for all the issued Shares (other than those already owned by or agreed to be acquired by the Potential Purchaser and parties acting in concert with it) and for all outstanding options of the Company. No formal and legally binding acquisition agreements have been entered into in respect of the Possible Disposal of Shares as at the date of this announcement. The discussions are still in progress and the Possible Disposal of Shares may or may not proceed.

In compliance with Rule 3.7 of the Takeovers Code, monthly announcement(s) setting out the progress of the aforesaid discussions will be made until announcement of firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with an offer is made. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Listing Rules and the Takeovers Code (as the case may be).

In compliance with Rule 3.8 of the Takeovers Code, the relevant securities of the Company comprised 20,016,200,000 Shares in issue and 1,106,800,000 outstanding options as at the date of this announcement. Save for the aforesaid, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date hereof.

The associates of the Company (including the Shareholders having interests of 5% or more in the relevant securities of the Company) are hereby reminded to disclose their dealings in any securities of the Company under Rule 22 of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

*“Responsibilities of stockbrokers, banks and other intermediaries*

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

“Executive” referred to above has the meaning ascribed to it under the Takeovers Code.

**There is no assurance that any transaction mentioned in this announcement will materialise or eventually be consummated and the discussions may or may not lead to a general offer. Shareholders and public investors are urged to exercise extreme caution when dealing in the Shares and/or other securities of the Company.**

## RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 10:36 a.m. on 29 January 2016 pending the release of this announcement.

Application has been made by the Company for resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 3 February 2016.

## DEFINITIONS

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

“Black-out Period”	From 23 January 2016, being 60 days immediately preceding the proposed publication date of the annual results of the Group, to 23 March 2016, being the proposed publication date of the annual results of the Group
“Board”	the board of Directors
“Cervera”	Cervera Holdings Limited, a company incorporated in the British Virgin Islands and owned by Mr. Matthew Yeung, Mr. Jeffrey Yeung and Ms. Fu Fung Sau as to 63%, 30% and 7%, respectively, and one of the Controlling Shareholders
“Company”	Hang Fat Ginseng Holdings Company Limited, a company incorporated in the Cayman Islands, the Shares of which are listed on the Main Board of the Stock Exchange
“Controlling Shareholders”	collectively, Cervera, Athena Power Limited, Ace Fame Management Limited, Dragon Jump Global Limited, Mr. Matthew Yeung, Mr. Jeffrey Yeung and Ms. Fu Fung Sau
“Director(s)”	director(s) of the Company, from time to time
“Group”	collectively, the Company and its subsidiaries
“Loan”	the secured loan in the amount of HK\$200,000,000 made by an independent third party to Mr. Matthew Yeung under the Loan Agreement
“Loan Agreement”	the loan agreement dated 29 January 2016 and entered into between Mr. Matthew Yeung and an independent third party

“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the memorandum of understanding dated 29 January 2016 and entered into between the Controlling Shareholders and an independent third party in relation to the possible disposal of Shares by the Controlling Shareholders
“Mr. Jeffrey Yeung”	Mr. Yeung Wing Kong, an executive Director and one of the Controlling Shareholders
“Mr. Matthew Yeung”	Mr. Yeung Wing Yan, an executive Director and one of the Controlling Shareholders
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“%”	per cent.

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

Hong Kong, 2 February 2016

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

*All the Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*