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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
UPDATE ON THE STATUS OF THE COMPANY

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

Reference is made to the (i) announcement of the Company dated 10 March 2016 regarding legal proceedings against subsidiaries of the Company (the “**Announcement**”); and (ii) circular dated 18 April 2016 (the “**Circular**”) regarding, among other things, the Subscription, the Placing and the Whitewash Waiver. Capitalised terms used herein shall have the same meanings as those defined in the Announcement and the Circular unless the context requires otherwise.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to update the shareholders and potential investors of the Company regarding the status of the Company as at the date of this announcement:

- As disclosed in the Circular, the Group had outstanding bank borrowings of approximately HK\$795 million as at 29 February 2016. Since 1 March 2016 and up to the date of this announcement, the Group had repaid bank borrowings of approximately HK\$455 million in aggregate, while the total outstanding bank borrowings as at the date of this announcement was approximately HK\$340 million. Approximately HK\$190 million in total of the total outstanding bank borrowings was fully secured by the bank deposit of the Group, so the net outstanding bank borrowings (excluding those secured by the bank deposit) as at the date of this announcement was approximately HK\$150 million.
- As disclosed in the Announcement, a writ of summons dated 9 March 2016 was issued by a bank against three subsidiaries of the Company, claiming for, among other things, payment of the sum of approximately HK\$26 million and interest. As at the date of the announcement, all such sum was repaid in full.

- The total bank balances and cash (including the pledged bank deposit) as at the date of this announcement was approximately HK\$313 million.

The Board will continue to seek appropriate ways of fund raising in order to improve the financial position of the Group, and will continue to make its best efforts to develop its current businesses of trading of American ginseng and at the same time explore new business areas and suitable investment opportunities.

The information contained in this announcement is only based on a preliminary assessment by the management of the Company with reference to the information currently available, including the latest unaudited consolidated management accounts of the Company, which have not been reviewed or audited by the Company's auditors or the audit committee of the Company, and the actual results of the Company may be different from those disclosed herein.

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
George Lu
Chairman & Chief Executive Officer

Hong Kong, 25 May 2016

As at the date of this announcement, the executive Directors are Mr. George Lu, Mr. Yeung Wing Yan, Mr. Yeung Wing Kong and Mr. Wong Kwok Ming; the non-executive Director is Ms. Shen Wei and the independent non-executive Directors are Mr. Li Wei, Mr. Wu Wai Leung Danny and Mr. Yuen Chee Lap Carl.