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## **REAL NUTRICEUTICAL GROUP LIMITED**

**瑞年國際有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2010)**

### **DISCLOSEABLE TRANSACTION DISPOSAL OF THE TARGET COMPANIES**

#### **DISPOSAL**

The Board announces that on 22 December 2017, the Vendors (each a subsidiary of the Company) and the Purchaser entered into the Sale and Purchase Agreement pursuant to which the Purchaser has conditionally agreed to purchase and the Vendors have conditionally agreed to sell the Sale Shares, representing the entire equity interests in Target 1, Target 2 and Target 3, respectively.

Upon Completion, each of the Target Companies will cease to be an indirect subsidiary of the Company.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Disposal as calculated under Rule 14.07 of the Listing Rules exceed(s) 5% but are all less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements.

#### **INTRODUCTION**

The Board announces that on 22 December 2017, the Vendors (each a subsidiary of the Company) and the Purchaser entered into the Sale and Purchase Agreement pursuant to which the Purchaser has conditionally agreed to purchase and the Vendors have conditionally agreed to sell the Sale Shares, representing the entire equity interests in Target 1, Target 2 and Target 3, respectively.

Details of the Sale and Purchase Agreement are set out below:

## **THE SALE AND PURCHASE AGREEMENT**

### **Date**

22 December 2017

### **Parties**

- (a) the Purchaser
- (b) the Vendors, each a subsidiary of the Company

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Group and its connected persons.

As at the date of this announcement, the Company is indirectly interested in the Sale Shares which is held as to 100% by Dragon Base in Target 1, 24.54% by Jet Bright and 75.46% by Ruinian Industry in Target 2, respectively, and 100% by Ruinian Industry in Target 3. Further information on the Purchaser and the Vendors are set out in the section headed "Information on the Parties" below.

### **The Disposal**

Pursuant to the Sale and Purchase Agreement, the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Sale Shares, representing the entire equity interests in Target 1, Target 2 and Target 3, respectively.

### **Consideration**

The total consideration for the Disposal is RMB15 million (equivalent to approximately HK\$17.25 million) and it shall be paid by the Purchaser to the Vendors in cash upon Completion.

The Consideration was determined after arm's length negotiation between the Purchaser and the Vendors on normal commercial terms with reference to the net asset value of the Target Group.

## **Conditions Precedent**

Completion of the Disposal is conditional on the following conditions precedent:

- (a) approvals having been obtained from the board of directors of the Purchaser for the purchase of the Sale Shares;
- (b) each of the Target Company and the Vendors' Group having completed their internal assets and liabilities reorganisation (the “**Reorganisation**”) to the satisfaction of the Purchaser and the Vendors;
- (c) the Company having published this announcement pursuant to the Listing Rules;
- (d) all necessary or applicable licences, approvals, consents, registrations and authorisations from any relevant government authorities, courts or regulatory authorities or bodies, which are required for the execution and performance of the Sale and Purchase Agreement or Completion, having been obtained in the satisfaction of the Purchaser; and
- (e) approvals having been obtained from the board of directors of the Vendors for the disposal of the Sale Shares.

Neither the Purchaser nor the Vendors shall have the right to waive any of the conditions set out in paragraphs (a) to (e) above. The above conditions are expected to be satisfied on or before 28 February 2018 (or such later date as the parties to Sale and Purchase Agreement may agree in writing). If any of the conditions has not been satisfied by then, the Sale and Purchase Agreement shall be terminated and no party shall have any claim against any of the others, except in respect of any antecedent breach of the terms thereof.

## **Completion**

Completion will take place on the third business day after all the conditions precedent under the Sale and Purchase Agreement as set out in the section headed “Conditions Precedent” above having been fulfilled or such other date as the Purchaser and the Vendors may agree.

Upon Completion, each of the Target Companies will cease to be an indirect subsidiary of the Company.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT**

The Group is the leading brand in the amino acids health supplement market in the PRC with a diversified product portfolio across the health industry spectrum. The Group principally conducts three major business segments, including the (i) manufacture and sales of health and nutritional supplements; (ii) manufacture and sales of health drink; and (iii) manufacture and sales of pharmaceutical products.

The Directors consider that the Disposal represents a good opportunity for the Group to realise its investment in the Target Group, dispose its manufacture and sale of pharmaceutical products business and free up its current capital contribution to enable the Group to re-allocate its management and financial resources in the development of its remaining businesses, including the health and nutritional supplements business and the health drink business. The Board considers that the Disposal will not have a material adverse impact on the Company's revenue. The Group intends to use the proceeds from the Disposal as general working capital and funds for potential acquisition and investment, such as expansion of the Group's distribution channels and online sales platforms.

The terms of the Sale and Purchase Agreement have been determined after arm's length negotiations between the parties thereto. In view of the above, the Directors are of the view that the Sale and Purchase Agreement was entered into on normal commercial terms which are fair and reasonable and in the interests of the Company and Shareholders as a whole.

## **INFORMATION ON THE PARTIES**

### **Information on the Company and the Vendors**

The Company is an investment holding company. The Group is principally engaged in the manufacturing and sales of health and nutritional supplements and pharmaceutical products.

Dragon Base is incorporated in Hong Kong with limited liability and is indirectly held as to 60% by the Company. Dragon Base is principally engaged in investment holding.

Tongrui is incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the Company, which is principally engaged in investment holding.

Jet Bright is incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company, which is principally engaged in investment holding.

Ruinian Industry is incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, which is principally engaged in the manufacture and sales of health and nutritional supplements.

### **Information on the Purchaser**

The Purchaser is a company incorporated in the PRC with limited liability, which is principally engaged in the development of medical technology, biotechnology and public health technology.

### **Information on the Target Group**

Target 1 is a wholly foreign owned enterprise incorporated in the PRC and is wholly owned by Dragon Base, in which the Company indirectly holds as to 60% of its equity interests. Target 1 is principally engaged in the manufacture and sale of pharmaceutical products in the PRC.

Target 2 is a sino-foreign equity joint venture incorporated in the PRC. Target 2 is held as to 24.54% by Jet Bright and 75.46% by Ruinian Industry directly. As Ruinian Industry is a wholly-owned subsidiary of Jet Bright, Target 2 in turn is an indirect wholly-owned subsidiary of Jet Bright. Target 2 is principally engaged in the business of manufacturing and sale of pharmaceutical products in the PRC.

Target 3 is a company incorporated in the PRC with limited liability. As at the date of this announcement, Target 3 is wholly owned by Ruinian Industry. Target 3 is principally engaged in the business of sale of pharmaceutical products in the PRC.

## **FINANCIAL INFORMATION OF THE TARGET GROUP**

For the financial year ended 31 December 2015, the consolidated profit/(loss) before and after tax and extraordinary items of the Target Group were approximately RMB29.23 million and RMB(6.29) million, respectively. For the financial year ended 31 December 2016, the profit/(loss) before and after tax and extraordinary items of the Target Group were approximately RMB7.52 million and RMB(2.03) million, respectively.

The consolidated total asset of the Target Group as at 31 December 2016 was approximately RMB1,104 million.

## **FINANCIAL EFFECT OF THE DISPOSAL**

Upon Completion, the Target Companies will cease to be indirect subsidiaries of the Company and the financial results of the Target Companies will not be consolidated into the Group's financial statement.

Subject to audit by the auditor of the Group, the Group expects to recognize a gain of approximately RMB5.27 million from the Disposal, which is calculated with reference to the Consideration, the adjusted unaudited carrying amount of net assets value upon completion of the Reorganisation of the Target Group of approximately RMB9.73 million as at 30 November 2017.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Disposal as calculated under Rule 14.07 of the Listing Rules exceed(s) 5% but are all less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements.

## **DEFINITIONS**

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“BVI”	British Virgin Islands

“Company”	Real Nutraceutical Group Limited, a company incorporated in the Cayman Islands with limited liability and the ordinary shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Disposal
“Consideration”	RMB15 million (equivalent to approximately HK\$17.25 million), being the aggregate consideration payable by the Purchaser to the Vendors for the purchase of the Sale Shares
“Director(s)”	the director(s) of the Company
“Disposal”	the Disposal of the Sale Shares by the Vendors to the Purchaser at a total consideration of RMB15 million (equivalent to approximately HK\$17.25 million) pursuant to the terms of the Sale and Purchase Agreement
“Dragon Base”	Dragon Base Industries Limited (龍基實業有限公司), a company incorporated in Hong Kong with limited liability, which is indirectly held as to 60% by the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jet Bright”	Jet Bright International Holdings Limited (捷輝國際集團有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company, which directly holds the entire equity interests in Ruinian Industry
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purposes of this announcement only, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Shanghai Heyu Medical Technology Co., Ltd* (上海和寓醫療科技有限公司) a company incorporated in the PRC with limited liability and is an independent third party to the Group and its connected persons
“RMB”	Renminbi, the lawful currency of the PRC

“Ruinian Industry”	Wuxi Ruinian Industry & Commerce Co., Limited* (無錫瑞年實業有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Sale Shares”	(i) the entire equity interests in Target 1; (ii) the entire equity interests in Target 2; and (iii) the entire equity interests in Target 3, subject to the Disposal
“Shareholder(s)”	holder(s) of the share(s) in the share capital of the Company
“Sale and Purchase Agreement”	the agreement dated 22 December 2017 entered into between the Vendors and the Purchaser in relation to, among other things, the sale and purchase of the Sale Shares from the Vendors to the Purchaser
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target 1”	Anhui Province Shuangke Pharmaceutical Company Limited* (安徽省雙科藥業有限公司), a wholly foreign owned enterprise established under the PRC laws which is wholly-owned by Dragon Base
“Target 2”	Nanjing Ruinian Best Pharmaceutical Co., Ltd.* (南京瑞年百思特製藥有限公司), a sino-foreign equity joint venture incorporated in the PRC with limited liability which is held as to 24.54% by Jet Bright and 75.46% by Ruinian Industry, and each is an indirect wholly-owned subsidiary of the Company
“Target 3”	Wuxi Ruinian Pharmaceutical Company Limited* (無錫瑞年醫藥有限公司), a company incorporated in the PRC with limited liability which is wholly owned by Ruinian Industry and is an indirect wholly-owned subsidiary of the Company
“Target Company(ies)”	Target 1, Target 2 and Target 3
“Target Group”	the Target Companies and their subsidiaries
“Tongrui”	Tongrui Holdings Limited (同瑞控股有限公司), a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company, which directly holds the entire equity interests in Jet Bright
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendors”	Dragon Base, Tongrui, Jet Bright and Ruinian Industry

“Vendors’ Group” each Vendor and each of its subsidiary or holding company, or a fellow subsidiary of the holding company

“%” per cent

*In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.15. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.*

*In this announcement, unless the context requires otherwise, the terms “connected person(s)”, “percentage ratio(s)”, “subsidiary(ies)” and “holding company(ies)” shall have the meanings given to such terms in the Listing Rules.*

*The English names of Chinese entities marked with “\*” are translations of their Chinese names and are included in this announcement for identification purpose only, and should not be regarded as their official English translation. In the event of any inconsistency, the Chinese name prevails.*

By order of the Board of Directors of  
**Real Nutraceutical Group Limited**  
**Wang Fucai**  
Chairman

Hong Kong, 22 December 2017

*As at the date of this announcement, the Executive Directors are Mr. Wang Fucai, Mr. Yu Yan, Mr. Li Lin, Mr. Yi Lin, Mr. Zhang Yan and Ms. Au-yeung Kam Ling; the independent non-executive Directors are Dr. Fong Chi Wah, Mr. Xu Hua Feng and Mr. Chan Kee Ming.*