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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)**

### **VOLUNTARY ANNOUNCEMENT MEMORANDUM OF UNDERSTANDING IN RELATION TO THE ZHANGYE ELDERLY HEALTHCARE PROJECT**

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

#### **THE MOU**

The board of directors (the “**Directors**”) of the Company (the “**Board**”) wishes to inform shareholders and potential investors of the Company that, on 8 March, 2018, the Company entered into a non-legally binding memorandum of understanding (the “**MOU**”) with the management committee of the Minle Ecological Industrial Park in Zhangye City of Gansu Province of the People’s Republic of China (甘肅省張掖市民樂生態工業園區管理委員會) (the “**Minle Management Committee**”) and Zhangye City Yongzhen Pharmaceutical Co., Ltd. (張掖市永正藥業有限公司) (“**Zhangye Yongzhen**”), each an independent third party to the Company, pursuant to which the Company, the Minle Management Committee and Zhangye Yongzhen agreed to cooperate in the development of a retirement village in the Minle County, Zhangye City, Gansu Province, the PRC (the “**Zhangye Elderly Healthcare Project**”). The Zhangye Elderly Healthcare Project is intended to be developed into a large scale retirement village combining elderly healthcare services, medical checks services, pollution-free Chinese medicine plantation and production, and ecological hotel and tourism services, with an estimated total investment up to RMB1 billion and construction floor area of approximately 160,000 square meters.

It is intended that the Company will be, among others, responsible for the introduction of investments and financing, providing technological support and in charge of the operation of the Zhangye Elderly Healthcare Project; while Zhangye Yongzhen will provide the relevant business and technological support; and the Minle Management Committee will, among others, provide the necessary policy support and assistance for the Zhangye Elderly Healthcare Project.

The Zhangye Elderly Healthcare Project would further promote the Group’s core amino acids health supplements business as the retirement village would provide a new recurring customer base for the Group’s health supplement products. The retirement village and

medical check centre can provide more comprehensive services to the Group's health club members by offering them vacation with stay at the retirement village hotel for thorough medical check-ups and ecological tours. Furthermore, as the Group has developed a sizable elderly membership base through the sales and promotion of its health supplements for more than 10 years, the Zhangye Elderly Healthcare Project could release the earning potential of such elderly membership base.

Due to population ageing in the PRC, there has been an increasing demand for elderly healthcare services and a constant shortage in the supply of such services. The Board believes the Zhangye Elderly Healthcare Project will be a great opportunity for the Group to expand its healthcare services business and sales channels. In the opinion of the Board, the Group considers it to be a natural extension of its business focus on the healthcare sector. The Zhangye Elderly Healthcare Project will also reflect the Group's commitment to fulfil its social responsibility and will be in line with the national policy on improving elderly healthcare.

The Group has engaged (i) the Pension Service Committee of the China Home Service Association\* (“中國家庭服務業協會養老服務專業委員會 or CHSA”), (ii) Ms. Lu Jun, the vice president and secretary general of the Chinese Geriatrics Society\* (“中國老年醫學學會 or CGS”), and (iii) Ms Liu Qiao Ling, the chairman of the Elderly Healthcare Branch of the China Health Care Association\* (“中國保健協會機構養老分會 or CHCA”) as consultants for the Zhangye Elderly Healthcare Project to provide professional advice, referral and guidance. CHSA is a non-profit organisation set up in the PRC and its mission includes the integration of relevant resources for home community services and the expansion of community elderly healthcare services. CGS is a non-profit organisation set up in the PRC by experts, professors and academics in the field of geriatrics with the mission to promote research, academic exchange, talent development, business guidance, health education and disease prevention relating to geriatrics. CHCA is a professional institution specialized in research and development and institutional management of elderly healthcare industry.

**Shareholders and potential investors of the Company should note that the MOU is not legally binding and no definitive agreement has been entered into as at the date of this announcement. Accordingly, as the transaction contemplated under the MOU may or may not materialise. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company. The Board will make further announcement as and when necessary in compliance with the Listing Rules and applicable laws.**

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

Hong Kong, 8 March, 2018

*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 Celeste; the independent non-executive Directors are Dr. Fong Chi Wah, Mr. Xu Hua Feng and Mr. Chan Kee Ming.*

\* For identification purposes only