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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)

SUSPENSION OF TRADING: RESUMPTION GUIDANCE

This announcement is made by Real Nutraceutical Group Limited (“**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 22 August 2018, 24 August 2018 and 31 August 2018 (collectively, the “**Announcements**”) respectively in relation to, among other things, (a) that Wuxi Ruinian Industry & Commerce Co., Limited, a subsidiary of the Company, was under investigation by the Wuxi Public Securities Bureau (無錫市公安局) and Mr. Wang Fucui, the chairman of the board (“**Board**”) of directors of the Company (“**Directors**”), the chief executive officer of the Company and an executive Director, has been imposed by the police in the PRC criminal coercive measures (刑事強制措施) (“**Reported Incidents**”); (b) the suspension (“**Suspension**”) of trading in the shares of the Company on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) with effect from 9:00 a.m. on 4 July 2018 as directed by the Securities and Futures Commission (“**SFC**”) pursuant to its power under Rule 8(1) of the Securities and Futures (Stock Market Listing) Rules (“**Rule 8(1)**”); (c) the issues and concerns raised by the SFC leading to its exercise of its power under Rule 8(1) as aforesaid; (d) the transitional arrangements under the amended delisting framework applied to the Company under the amended Listing Rules effective from 1 August 2018; and (e) the delay in publication of the interim results for the six-month period ended 30 June 2018.

RESUMPTION GUIDANCE

On 10 September 2018, the Company has been notified by the Stock Exchange of the following resumption guidance (“**Resumption Guidance**”) for the Company:

- (i) publish outstanding financial results and address any audit qualifications; and
- (ii) inform the market of all material information for the shareholders and the investors to appraise the Company’s position.

In addition, the Stock Exchange required the Company to remedy the issues causing its trading suspension and fully comply with the Listing Rules to the Stock Exchange’s satisfaction before the trading in its securities is allowed to resume and the Company was reminded of its primary responsibility to devise its action plan for resumption.

The Stock Exchange has indicated that it might modify or supplement the Resumption Guidance if the Company’s situation changes.

UPDATE ON THE SUSPENSION OF TRADING

As disclosed in the Announcements, the independent non-executive Directors considered the Company is unable to publish the unaudited financial results of the Group for the first six months ended 30 June 2018 (“**2018 Interim Results**”) by 31 August 2018, i.e., not later than two months after the end of the said six-month period, since the same had not yet been completed and finalised and under the circumstances, as informed from the management team of the Group in Hong Kong, that all members of the Group’s finance and accounting team in the PRC so far could not effectively support and have failed to respond to the repeated requests and directions from the management team of the Group in Hong Kong in relation to the preparation of financial statements and information relating to the business operations of the Group in the PRC since the Company became award of the Reported Incidents. In view of the situation mentioned above, the independent non-executive Directors expect that more time will be required for them to ascertain whether the business operations of the various departments of the Group are still functioning and the impact of the current situation on the business operations of the Group, and if necessary, to recruit suitable replacements or additional workforce, and therefore, the publication of the 2018 Interim Results will be delayed.

The independent non-executive Directors have been attempting to work with the management of the Company in Hong Kong with a view to resolving the abovementioned issues and to work with all relevant parties to address the issues and concerns of the SFC as disclosed in the Announcements and formulate a resumption plan towards the resumption of trading in the Company’s shares as soon as possible. The independent non-executive Directors will keep the shareholders and potential investors informed of the progress of the above and the fulfillment of the Resumption Guidance as and when appropriate.

On the date of this announcement, a meeting of the Board has been held to resolve the following matters:

- (i) an independent board committee comprising initially all the independent non-executive Directors from time to time (“**IBC**”) was established with immediate effect to carry out an internal and independent investigation into the issues and matters raised by the SFC and the Reported Incidents and make recommendations to the Board on the IBC’s findings and appropriate actions to be taken with a view to publishing the 2018 Interim Results, complying with the requirements under the Resumption Guidance and the Listing Rules and ultimately to have the Suspension uplifted to resume trading in the Shares;
- (ii) the Company shall provide the IBC with legal support at the cost of the Company;
- (iii) the Company shall engage a forensic accountant to perform forensic investigation on the Company accounts at the cost of the Company;
- (iv) the Company shall provide all necessary professional support to the IBC at the cost of the Company;
- (v) the Company shall provide extra funding and in any event within one month from the date of the said Board meeting to the IBC in relation to the legal, accounting and other professional costs reasonably necessary for the performance of its duties, including but not limited to engagement of forensic accountant, legal advisers and other professional advisers where necessary, so that the IBC could commence its works as mentioned above as soon as possible. The Company shall also provide additional funding from time to time to the IBC where necessary on a timely basis in order for the IBC to perform its functions as mentioned above.

All members of the IBC shall be appointed, removed or replaced by the Board and the IBC may also invite other person(s) including legal advisers and accountants to attend all or part of its meeting(s).

The success of the work of the IBC depends largely on the support of the executive Directors and management of the Company and the financial resources available to it to engage legal advisers, forensic accountant and other professionals. Without such management support and financial resources, the IBC could not perform any of its duties.

The Company will make further announcement(s) in relation to the progress of the investigation by the IBC as and when appropriate.

Since the suspension of trading of the Shares on the Stock Exchange from 4 July 2018 and up to and including the date of this announcement, the independent non-executive Directors (“**INEDs**”) have, amongst other things, continuously tried to contact the Chairman and all of the executive Directors through the chief financial officer and company secretary of the Company in Hong Kong, for information to (1) respond to the SFC concerns referred in the Company’s announcement dated 24 August 2018; (2) devise the Company’s action plan for resumption in response to the Stock Exchange’s notification to the Company of the Resumption Guidance; and (3) prepare and publish the 2018 Interim Results. However, neither the INEDs nor the chief financial officer and company secretary of the Company have managed to contact the Chairman, the executive Directors and the management of the Company and its subsidiaries (“**Group**”).

Despite the Company’s announcement and formation of the Independent Board Committee consisting of the INEDs (“**IBC**”) on 26 September 2018 to address the matters referred in the Company’s announcement dated 26 September 2018, the IBC has not been able to communicate with, or received any support from, any of the executive Directors or management of the Group (except the chief financial officer and company secretary of the Company, who have tried to liaise with each of the executive Directors, but without success). The IBC has not been provided with any financial resources to enable the Company to engage legal advisers, forensic accountants and other professional advisers that are necessary for the performance of its duties.

In addition, there were meetings of the audit committee of the Company (“**Audit Committee**”) held on 25 July 2018 and 6 August 2018. Attempts have been made by the Audit Committee to contact the Company’s auditors with a view to set up a meeting to discuss the abovementioned matters but they have not responded so far as at date of this announcement. Besides, Board meetings were held on 22 August 2018 and 21 September 2018, but the Chairman, all of the executive Directors and the Group’s management team (except the chief financial officer and company secretary of the Company) have failed to join all of those meetings mentioned without any response or reason for non-attendance.

Under the present circumstances, without any support from the executive Directors and management of the Group and without any financial resources to engage professional advisers, the INEDs have encountered extreme difficulties in devising the Company’s action plan for resumption of trading of the Shares on the Stock Exchange, respond to the abovementioned matters or continue to carry on any work for the Company.

The INEDs consider that, as of the date of this announcement, despite their continuous efforts, they are still unable to communicate with or receive any support from the executive Directors or management of the Company and they are not provided with any financial resources to enable the Company to engage legal advisers, forensic accountants and other professional advisers that are necessary for the performance of the aforementioned work, and hence the INEDs consider that they are no longer in a position nor able to perform their duties as INEDs.

UPDATE ON BUSINESS OPERATIONS

As neither the INEDs nor the company secretary of the Company have managed to contact the Chairman, the executive Directors and the management of the Company and its subsidiaries (“**Group**”) in the PRC, further update on the business operations of the Group is not available as at the date of this announcement.

CONTINUED SUSPENSION OF TRADING

Trading in the Shares on the Stock Exchange will remain suspended until further notice. The Company will keep the public informed of the latest developments by making further announcement(s) as and when appropriate.

On behalf of the Board
Real Nutraceutical Group Limited
Dr. Fong Chi Wah Mr. Xu Hua Feng Mr. Chan Kee Ming
Independent non-executive Directors

Hong Kong, 11 December 2018

As at the date of this announcement, the executive Directors are Mr. Wang Fucui, Mr. Yu Yan, Mr. Li Lin, Mr. Yi Lin and Mr. Zhang Yan; and the independent non-executive Directors are Dr. Fong Chi Wah, Mr. Xu Hua Feng and Mr. Chan Kee Ming.