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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)

PROPOSED RIGHTS ISSUE IN THE PROPORTION OF NINE RIGHTS SHARES FOR EVERY FORTY SHARES HELD ON THE RECORD DATE AND CLOSURE OF BOOKS

Underwriters of the Rights Issue

Furui Investments Limited



Haitong International Securities Company Limited

Financial Advisor to the Company



Haitong International Capital Limited

PROPOSED RIGHTS ISSUE

The Board proposes to raise not less than approximately HK\$324 million but not more than approximately HK\$328 million, before expenses, by issuing not less than 360,006,449 Rights Shares but not more than 364,005,599 Rights Shares at the Rights Issue Price of HK\$0.90 per Rights Share.

The Rights Issue is available only to the Qualifying Shareholders on the basis of the provisional allotment of nine (9) Rights Shares for every forty (40) existing Shares in issue and held on the Record Date. The Rights Issue is not available to Excluded Shareholders.

IRREVOCABLE UNDERTAKINGS OF FURUI, MR. WANG AND MRS. WANG

Mr. Wang, a substantial shareholder of the Company and an executive Director, has irrevocably undertaken to the Company and the Underwriters; and Furui, a substantial shareholder of the Company wholly-owned by Mr. Wang and one of the Underwriters, has irrevocably undertaken to the Company and Haitong, among other things, that (a) he/it will remain as the ultimate beneficial owner or beneficial owner (as the case may be) of the 263,468,394 Existing Shares currently directly and beneficially owned by Furui and Strong Ally in aggregate, and will not and will procure Furui and Strong Ally (including their respective nominees) not to, from the date of the Irrevocable Undertakings up to the Record Date (both days inclusive), sell, transfer or otherwise dispose of any of the Existing Shares; (b) he/it will not and will procure their respective associates and/or parties acting in concert with him/it (including but not limited to Strong Ally and his spouse Mrs. Wang) will not, from the date of the Irrevocable Undertakings up to the date of completion of the Rights Issue, whether by way of acquisition, exercise of options (including the Share Options held by Mr. Wang and Mrs. Wang), conversion of convertible securities (if any) or otherwise, increase their respective shareholding in the Company otherwise than by (i) accepting the Rights Shares provisionally allotted to them (or Strong Ally) or their respective nominees, (ii) applying for Rights Shares by lodging Excess Application Form in their (or Strong Ally) names, or (iii) taking up the Underwritten Shares called upon by the Company to subscribe or procure subscription thereof, and (c) he/it will apply and pay, or procure the application and payment, for the 59,280,388 Committed Shares which will be provisionally allotted to Furui and Strong Ally or their respective nominees pursuant to the Rights Issue by the Latest Time for Acceptance in accordance with the instructions printed on the Prospectus Documents. Mrs. Wang has also undertaken to the Company and the Underwriters that, from the date of the Irrevocable Undertakings up to the date of completion of the Rights Issue, she will not, whether by way of acquisition, exercise of options (including the Share Options held by her), conversion of convertible securities (if any) or otherwise, increase her shareholding in the Company.

As at the date of this announcement, Mr. Wang is the holder of Share Options which entitle him to subscribe for 400,000 Shares upon full exercise thereof and Mrs. Wang, the spouse of Mr. Wang, is the holder of Share Options which entitle her to subscribe for 100,000 Shares upon full exercise thereof.

UNDERWRITING ARRANGEMENT

The Underwritten Shares are fully underwritten by the Underwriters on the terms and conditions of the Underwriting Agreement. Furui, being the principal underwriter of the Rights Issue, has undertaken to underwrite to the maximum extent possible but such that the aggregate shareholding of it and parties acting in concert with it in the Company will not exceed 29.5% immediately upon completion of the Rights Issue (as enlarged by the issue of the Rights Shares), and Haitong has undertaken to underwrite the remaining Rights Shares after Furui has performed Furui Underwriting Commitment.

LISTING RULES IMPLICATIONS

As the Rights Issue would not increase either the issued share capital or the market capitalisation of the Company by more than 50%, and the Rights Issue is fully underwritten, the Rights Issue is not subject to Shareholders' approval under the Listing Rules. Furui, one of the Underwriters, is a substantial shareholder of the Company and a company wholly-owned by Mr. Wang, a substantial shareholder of the Company and an executive Director and hence is a connected person of the Company. However, since the Company is not paying any commission to Furui for its underwriting of the Furui Underwriting Commitment under the Underwriting Agreement, the Company's entering into the Underwriting Agreement with Furui is a fully-exempt connected transaction pursuant to Rule 14A.92(2)(b) of the Listing Rules.

GENERAL

The Prospectus Documents containing, among other matters, further details of the Rights Issue are expected to be despatched to the Qualifying Shareholders as soon as practicable on or before Friday, 23 October 2015, and the Prospectus will be despatched to the Excluded Shareholders for information only.

CLOSURE OF REGISTER OF MEMBERS

To determine the entitlements to the Rights Issue, the register of members of the Company will be closed from Thursday, 15 October 2015 to Thursday, 22 October 2015 (both days inclusive). No transfer of Shares will be registered during this period. The last day of dealings in the Shares on cum rights basis is Monday, 12 October 2015. The Shares will be dealt in on ex-rights basis from Tuesday, 13 October 2015. To qualify for the Rights Issue, Shareholders must be registered as members of the Company on the Record Date and must not be Excluded Shareholders.

In order to be registered as members of the Company at the close of business on the Record Date, owners of Shares must lodge any transfer of Shares (together with the relevant share certificates) with the Share Registrar at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 14 October 2015.

ODD LOT MATCHING SERVICES

In order to alleviate the difficulties in trading of odd lots of Shares arising from the Rights Issue, the Company has procured the Share Registrar to provide matching service for the purchase and sale of odd lots of the Shares at the relevant market price per Share for the period from Tuesday, 17 November 2015 to Monday, 7 December 2015 (both days inclusive). Holders of odd lots of the Shares should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed.

Shareholders who wish to take advantage of this matching service either to dispose of their odd lots Shares or to top up to a full board lot, may contact the Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, at telephone number (852) 2862 8555.

Any Shareholder, who is in any doubt about the odd lot arrangement, is recommended to consult his/her/its own professional advisers.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

The Shares will be dealt in on an ex-rights basis from Tuesday, 13 October 2015. Dealings in the Rights Shares in the nil-paid form will take place from Tuesday, 27 October 2015 to Tuesday, 3 November 2015 (both days inclusive).

The Rights Issue is conditional upon the satisfaction of certain conditions as described in the section headed “Terms of the Rights Issue — Conditions of the Rights Issue” in this announcement. In particular, it is subject to the Underwriting Agreement having become unconditional and not having been terminated (see the section headed “Underwriting Arrangements — Rescission and termination of the Underwriting Agreement” in this announcement). Accordingly, the Rights Issue may or may not become unconditional and may or may not proceed.

Any Shareholders or other persons contemplating selling or purchasing Shares and/or Rights Shares in their nil-paid form who are in any doubt about their position are recommended to consult their professional advisers. Any Shareholders or other persons dealing in Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled and the date on which the Underwriters’ right of termination of the Underwriting Agreement ceases will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed.

PROPOSED RIGHTS ISSUE

The Board proposes to raise not less than approximately HK\$324 million but not more than approximately HK\$328 million by way of the Rights Issue. The major terms of the proposed Rights Issue are set out as follows:

Issue statistics

Basis of the Rights Issue	:	Nine (9) Rights Shares for every forty (40) Shares held on the Record Date
Number of existing authorised Shares	:	2,000,000,000 Shares of HK\$0.01 each
Number of existing issued Shares	:	1,600,028,666 Shares as at the date of this announcement
Number of Rights Shares	:	Not less than 360,006,449 Rights Shares (<i>Notes 1 and 2</i>) but not more than 364,005,599 Rights Shares (<i>Notes 1 and 2</i>)
Subscription Price	:	HK\$0.90 per Rights Share

Underwriters	:	Furui and Haitong
Funds to be raised	:	Not less than approximately HK\$324 million but not more than approximately HK\$328 million, before expenses
Enlarged issued share capital of the Company upon completion of the Rights Issue	:	Not less than 1,960,035,115 Shares but not more than 1,981,808,265 Shares

Notes:

1. As at the date of this announcement, there were no outstanding options issued pursuant to the pre-IPO share option scheme of the Company adopted on 29 January 2010 and there were Share Options granted and outstanding which may give rise to a total of 18,274,000 Shares to be issued upon full exercise pursuant to the share option scheme of the Company adopted on 1 February 2010, among which an aggregate of 17,774,000 underlying Shares are involved in the Exercisable Options.
2. The figure of 360,006,449 Rights Shares is calculated on the assumption that there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date, and the figure of 364,005,599 Rights Shares is calculated on the assumption that there is no change in the issued share capital of the Company other than all the Exercisable Options being exercised in full from the date of this announcement up to the Record Date.

TERMS OF THE RIGHTS ISSUE

The Underwritten Shares are fully underwritten by the Underwriters severally on the terms and subject to the conditions set out in the Underwriting Agreement. Assuming that no Shares (other than the Rights Shares) are allotted and issued before completion of the Rights Issue, under the Rights Issue, 360,006,449 nil-paid Rights Shares will be provisionally allotted, representing approximately 22.50% of the existing total issued share capital of the Company and approximately 18.37% of the total issued share capital of Company as enlarged by the issue of 360,006,449 Rights Shares, and the aggregate nominal value of the Rights Shares will be HK\$3,600,064.49.

As at the date of this announcement, there were Share Options issued pursuant to the share option scheme of the Company adopted on 1 February 2010 which entitle the holders thereof to receive a total of 18,274,000 new Shares upon full exercise of such Share Options, among which an aggregate of 17,774,000 underlying Shares are involved in the Exercisable Options.

Assuming that all the Exercisable Options are fully exercised on or before the Record Date, under the Rights Issue, 364,005,599 nil-paid Rights Shares will be provisionally allotted, representing approximately 22.75% of the existing total issued share capital of the Company and approximately 18.37% of the total issued share capital of the Company as enlarged by the issue of 364,005,599 Rights Shares, and the aggregate nominal value of the Rights Shares will be HK\$3,640,055.99.

Save as disclosed above, there are no outstanding options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange for new Shares.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the close of business of the Record Date and must be a Qualifying Shareholder. The register of members of the Company will be closed from Thursday, 15 October 2015 to Thursday, 22 October 2015 (both days inclusive) for ascertaining entitlements of the Shareholders under the Rights Issue. In order to be registered as members of the Company on the Record Date, all transfers of Shares must be lodged (together with the relevant share certificate(s)) with the Share Registrar by 4:30 p.m. (Hong Kong time) on Wednesday, 14 October 2015.

The address of the Share Registrar is:

Computershare Hong Kong Investor Services Limited

Shops 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

The Company will send the Prospectus Documents to the Qualifying Shareholders and the Prospectus only to the Excluded Shareholders (if any) for information purposes.

Holders of Exercisable Options who wish to participate in the Rights Issue should exercise their options in accordance with their terms not later than 4:30 p.m. on Wednesday, 14 October 2015 so as to enable them to be registered as members of the Company on the Record Date.

Excluded Shareholders

If there are any Overseas Shareholders at the close of business on the Record Date, such Overseas Shareholders may not be eligible to take part in the Rights Issue.

As at the date of this announcement, the Company has no Shareholders whose addresses as shown on the register of members are located outside Hong Kong. The Company will ascertain on the Record Date whether there is any Shareholder whose address as shown on the register of members is outside Hong Kong. In compliance with Rule 13.36(2)(a) of the Listing Rules, the Directors will make enquiries as to whether the issue of Rights Shares to the Overseas Shareholders may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange. If, after making such enquiry, the Directors are of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any applicable requirements of the relevant regulatory body or stock exchange in that place, not to offer the Rights Shares to such Overseas Shareholders, the Rights Issue will not be extended to such Overseas Shareholders who will become Excluded Shareholders. Further details regarding the Excluded Shareholders will be set out in the Prospectus.

In case there are Excluded Shareholder(s), arrangements will be made for as many as possible of the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholder(s) in nil-paid form, to be sold as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained, the Company will then distribute such proceeds in Hong Kong dollars to the Excluded Shareholders pro rata (but rounded down to the nearest cent) to their shareholdings on the Record Date, except that individual amount of less than HK\$100 shall not be so distributed but shall be retained for the benefit of the Company. Any such nil-paid Rights Shares remaining unsold at the Latest Time for Acceptance shall be made available for Excess Application.

Application for listing of the Rights Shares on the Stock Exchange

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other dates as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Nil-paid Rights Shares are expected to be traded in board lots of 1,000 Rights Shares (the Shares are currently traded on the Stock Exchange in board lots of 1,000 Shares).

Dealings in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be subject to payment of stamp duty, Stock Exchange trading fees, SFC transaction levy and any other applicable fees and charges in Hong Kong.

Subscription Price

HK\$0.90 per Rights Share, payable in full upon acceptance of the provisional allotment of the Rights Shares under the Rights Issue or (where applicable) application for excess Rights Shares or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 30.77% to the closing price of HK\$1.30 per Share as quoted on the Stock Exchange on Friday, 2 October 2015, being the Last Trading Day of the Shares on the Stock Exchange prior to the date of entering into of the Underwriting Agreement;
- (ii) a discount of approximately 32.33% to the average closing price of HK\$1.33 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;

- (iii) a discount of approximately 32.84% to the average closing price of HK\$1.34 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 26.65% to the theoretical ex-rights price of HK\$1.227 per Share based on the closing price of HK\$1.30 per Share as quoted on the Stock Exchange on the Last Trading Day.

The Subscription Price was arrived at after arm's length negotiations between the parties to the Underwriting Agreement with reference to the recent market prices of the Shares and the prevailing market conditions.

The Directors (including the independent non-executive Directors) consider that discount of the Subscription Price would encourage the Qualifying Shareholders to participate in the Rights Issue and accordingly maintain their shareholdings in the Company and participate in the future growth of the Company.

Basis of provisional allotments

Nine (9) Rights Shares (in nil-paid form) for every forty (40) existing Shares held by the Qualifying Shareholders as at the close of business on the Record Date.

Fractions of the Rights Issue

Fractional entitlements for the nil-paid Rights Shares will not be issued but will be aggregated and sold, if a premium (net of expenses) can be obtained, for the benefit of the Company. Any unsold aggregate of fractions of nil-paid Rights Shares will be made available for Excess Application under the Excess Application Forms.

Odd lot matching services

In order to alleviate the difficulties in trading of odd lots of Shares arising from the Rights Issue, the Company has procured the Share Registrar to provide matching service for the purchase and sale of odd lots of the Shares at the relevant market price per Share for the period from Tuesday, 17 November 2015 to Monday, 7 December 2015 (both days inclusive). Holders of odd lots of the Shares should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed.

Shareholders who wish to take advantage of this matching service either to dispose of their odd lots Shares or to top up to a full board lot, may contact the Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, at telephone number (852) 2862 8555.

Any Shareholder, who is in any doubt about the odd lot arrangement, is recommended to consult his/her/its own professional advisers.

Status of the Rights Shares

The Rights Shares (when allotted, issued and fully paid) will rank pari passu with the then existing Shares in issue in all respects. Holders of fully paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment of the Rights Shares.

Certificates for the Rights Shares

Subject to the fulfillment or the waiver in whole or in part by the Underwriters of the conditions of the Rights Issue, certificates for the fully-paid Rights Shares are expected to be posted on or before Monday, 16 November 2015 by ordinary post to those Qualifying Shareholders and transferees of nil-paid Rights Shares who have paid for and accepted the Rights Shares, at their own risks.

Application for excess Rights Shares

The Qualifying Shareholders shall be entitled to apply for any unsold entitlements of the Excluded Shareholders (if any), any unsold Rights Shares created by adding together fractions of nil-paid Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders. Application may be made by completing the Excess Application Form and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Directors will allocate the excess Rights Shares at their discretion, but on a fair basis in accordance with the Listing Rules on the following principles:

The Directors will, upon consultation with the Underwriters, allocate the excess Rights Shares at their discretion on a fair and equitable basis according to the principle that any excess Rights Shares will be allocated to Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of excess Rights Shares applied for, but no reference will be made to the number of Rights Shares applied for under a Provisional Allotment Letter or the existing number of Shares held by such Qualifying Shareholders. If the aggregate number of Rights Shares not taken up by the Qualifying Shareholders under Provisional Allotment Letter is greater than the aggregate number of excess Rights Shares applied for through Excess Application Forms, the Directors will allocate in full to each Qualifying Shareholder the number of excess Rights Shares applied for under the Excess Application Forms. No preference will be given to topping up odd lots to whole board lots.

In applying the above principles, reference will only be made to the number of excess Rights Shares being applied for.

Refund cheques in respect of wholly or partially unsuccessful Excess Applications (if any) are expected to be posted on or before Monday, 16 November 2015 by ordinary post to the relevant unsuccessful applicants at their own risks.

Irrevocable Undertakings

Mr. Wang, a substantial shareholder of the Company and an executive Director, has irrevocably undertaken to the Company and the Underwriters; and Furui, a substantial shareholder of the Company wholly-owned by Mr. Wang and one of the Underwriters, has irrevocably undertaken to the Company and Haitong, among other things, that (a) he/it will remain as the ultimate beneficial owner or beneficial owner (as the case may be) of the 263,468,394 existing Shares (“Existing Shares”) currently directly and beneficially owned by Furui and Strong Ally in aggregate, and will not and will procure Furui and Strong Ally (including their respective nominees) not to, from the date of the Irrevocable Undertakings up to the Record Date (both days inclusive), sell, transfer or otherwise dispose of any of the Existing Shares; (b) he/it will not and will procure their respective associates and/or parties acting in concert with him/it (including but not limited to Strong Ally and his spouse Mrs. Wang) will not, from the date of the Irrevocable Undertakings up to the date of completion of the Rights Issue, whether by way of acquisition, exercise of options (including the Share Options held by Mr. Wang and Mrs. Wang), conversion of convertible securities (if any) or otherwise, increase their respective shareholding in the Company otherwise than by (i) accepting the Rights Shares provisionally allotted to them (or Strong Ally) or their respective nominees, (ii) applying for Rights Shares by lodging Excess Application Form in their (or Strong Ally) names, or (iii) taking up the Underwritten Shares called upon by the Company to subscribe or procure subscription thereof, and (c) he/it will apply and pay, or procure the application and payment, for the 59,280,388 Rights Shares which will be provisionally allotted to Furui and Strong Ally or their respective nominees pursuant to the Rights Issue by the Latest Time for Acceptance in accordance with the instructions printed on the Prospectus Documents. Mrs. Wang has also undertaken to the Company and the Underwriters that, from the date of the Irrevocable Undertakings up to the date of completion of the Rights Issue, she will not, whether by way of acquisition, exercise of options (including the Share Options held by her), conversion of convertible securities (if any) or otherwise, increase her shareholding in the Company.

As at the date of this announcement, Mr. Wang is the holder of Share Options which entitle him to subscribe for 400,000 Shares upon full exercise thereof and Mrs. Wang, the spouse of Mr. Wang, is the holder of Share Options which entitle her to subscribe for 100,000 Shares upon full exercise thereof.

Save for the Irrevocable Undertakings, the Board has not received any information from any substantial shareholders of the Company of their intention to take up the Rights Shares provisionally allotted or offered to them or to be provisionally allotted or offered to them.

Conditions of the Rights Issue

The Rights Issue is conditional upon the following conditions precedent to the obligations of the Underwriters under the Underwriting Agreement being fulfilled and/or (if applicable) waived:

1. the Board passing the resolutions to grant its approval and authorisation to, among other matters, the execution and performance by the Company of its obligation under the Underwriting Agreement and the publication of this announcement;
2. the publication of this announcement by no later than 8:30 a.m. on the business day following the date of the Underwriting Agreement or such later time and/or date as may be agreed between the Company and the Underwriters in writing;
3. the Stock Exchange granting or agreeing to grant (subject to allotment) the listing of and permission to deal in all the Rights Shares (in each case, in their nil-paid and fully-paid forms) by no later than the Prospectus Posting Date and the Stock Exchange not having withdrawn or revoked such listings and permission on or before the Latest Time for Termination;
4. the filing and registration of all documents (including but not limited to the Prospectus Documents relating to the Rights Issue) which are required to be filed or registered with the Registrar of Companies in Hong Kong in accordance with the Companies (WUMP) Ordinance by no later than the Prospectus Posting Date;
5. the posting of the Prospectus Documents to Qualifying Shareholders by the Prospectus Posting Date, and the posting of the Prospectus to the Non-Qualifying Shareholders, if any, for information only, by two business days after the Prospectus Posting Date;
6. the compliance with and performance of all the undertakings and obligations of the Company under the Underwriting Agreement by the Latest Time for Termination;
7. the delivery to the Company and the Underwriters on or before the Prospectus Posting Date the original of the Irrevocable Undertakings duly executed by Mr. Wang, Mrs. Wang and Furui;
8. the full compliance with and performance of the Irrevocable Undertakings by Mr. Wang, Mrs. Wang and Furui by the Latest Time for Termination;
9. the delivery to each of the Underwriters the conditions precedent documents required under the Underwriting Agreement on or before the Prospectus Posting Date;
10. there being no event occurring prior to the Latest Time for Termination, which if such event has occurred, would have rendered any of the representations, warranties and undertakings given by the Company to the Underwriters untrue or incorrect in any material respect;

11. the deposit by Furui in immediately available funds a sum of not less than the aggregate Subscription Price in respect of the Underwritten Shares for which it is obligated to subscribe or procure subscription for in an account designated by the Company by not later than one business day before the Latest Time for Termination, and shall notify the Company and Haitong by providing evidence of performance of this obligation; and
12. the Underwriting Agreement not being terminated by any Underwriter pursuant to the terms thereof on or before the Latest Time for Termination.

None of the parties to the Underwriting Agreement may waive any of the conditions precedent other than items 2, 6, 7, 9 and 10. The Underwriters may at their absolute discretion jointly waive the conditions precedent contained in items 2, 6, 7, 9 and 10 in whole or in part by written notice to the Company.

If the conditions precedent are not satisfied and/or otherwise validly waived pursuant to the Underwriting Agreement, the Underwriting Agreement shall terminate and (save in respect of indemnity and fees and expenses and any rights or obligations which may accrue under the Underwriting Agreement prior to such termination) no party will have any claim against any other party for costs, damages, compensation or otherwise.

FUND RAISING EXERCISE BY THE COMPANY IN THE PAST TWELVE MONTHS

Save and except disclosed below, no equity fund raising activities has been conducted by the Group in the past 12 months immediately preceding the date of this announcement.

Date of Announcement	Event	Proceeds (approximately)	Intended use of proceeds (as announced)	Actual use of proceeds
12 April 2015	Placing of new shares under general mandate	Gross proceeds: Approximately HK\$306.8 million Net proceeds: Approximately HK\$303.5 million	To use all of the net proceeds for mergers and acquisitions	To be used as intended (<i>Note</i>)
4 June 2015	Placing of new shares under general mandate	Gross proceeds: Approximately HK\$371.0 million Net proceeds: Approximately HK\$367.0 million	To use all of the net proceeds for mergers and acquisitions	To be used as intended (<i>Note</i>)

Date of Announcement	Event	Proceeds (approximately)	Intended use of proceeds (as announced)	Actual use of proceeds
22 July 2015	Placing and top-up subscription of shares under general mandate	Gross proceeds: Approximately HK\$118.0 million Net proceeds: Approximately HK\$116.5 million	To use all of the net proceeds for mergers and acquisitions and general working capital	To be used as intended (<i>Note</i>)

Note: The net proceeds raised in the fund raising activities set out above are intended to be used in the potential acquisition described in the paragraphs headed “Reasons for the Rights Issue and use of proceeds” in this announcement.

UNDERWRITING ARRANGEMENTS

Underwriting Agreement

After the trading hours on 5 October 2015, the Company and the Underwriters entered into the Underwriting Agreement in respect of the proposed Rights Issue, details of which are set out below.

Date	:	5 October 2015
Parties	:	The Company, Furui and Haitong
Underwriters	:	Furui and Haitong

Furui is a company incorporated in the BVI with limited liability and is principally engaged in investment holding. As at the date of this announcement, Furui holds (including both direct and indirect interest) an aggregate of 263,468,394 Shares, representing approximately 16.47% of the existing issued share capital of the Company, and hence is a substantial shareholder of the Company. Furui is wholly-owned by Mr. Wang, a substantial shareholder of the Company and an executive Director.

Haitong is a company incorporated in Hong Kong with limited liability and a licensed corporation to carry out business in type 1 (dealing in securities), type 3 (leveraged foreign exchange trading) and type 4 (advising on securities) regulated activities under the SFO (Chapter 571 of the Laws of Hong Kong). To the best of the Directors' knowledge, information and belief after having made all reasonable enquiry, Haitong and its ultimate beneficial owners are Independent Third Parties.

- Number of Underwritten Shares : All the Rights Shares (other than the 59,280,388 Committed Shares undertaken to be taken up by Mr. Wang (or Furui and Strong Ally) under the Irrevocable Undertakings), being not less than 300,726,061 Rights Shares and not more than 304,725,211 Rights Shares. The Rights Issue is fully underwritten severally by the Underwriters in the following manner:
- (i) firstly, Furui shall subscribe or procure subscription for such Untaken Shares to the extent of the Furui Underwriting Commitment; and
 - (ii) secondly, Haitong shall subscribe or procure subscription for such Untaken Shares to the extent of the Haitong Underwriting Commitment.
- Commission : Furui will not receive any commission for underwriting its portion of Underwritten Shares.

Haitong will be entitled to receive an underwriting commission at the rate of 1.5% of the aggregate Subscription Price in respect of the Haitong Underwriting Commitment. The commission rate was determined after arms' length negotiations between the Company and Haitong with reference to, among other things, the scale of the Rights Issue and the market rate, and the Board considers that the underwriting commission rate is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Board considers that the terms of the Underwriting Agreement including the commission rate payable by the Company to Haitong in respect of Haitong Underwriting Commitment are fair and reasonable as compared to the market practice and commercially reasonable as agreed between the parties of the Underwriting Agreement.

Subject to the provisions of the Underwriting Agreement, if and to the extent that at the Latest Acceptance Date, there shall be any Untaken Shares, they shall be taken up (i) firstly by Furui or subscribers procured by Furui to the extent of the Furui Underwriting Commitment, and (ii) secondly by Haitong or subscribers procured by Haitong to the extent of the Haitong Underwriting Commitment.

In the event that there is insufficient public float of the Shares within the meaning of the Listing Rules immediately upon the allotment and issue of the Rights Shares solely because of Furui's performance of its obligations under the Underwriting Agreement, Furui shall take such appropriate steps as may be reasonably required to maintain the minimum public float for the Shares in compliance with the Listing Rules.

Pursuant to the Underwriting Agreement, (a) each of Haitong and Furui shall use all reasonable endeavours to procure that each of the subscribers (including any direct and indirect sub-underwriters (if any), but other than Furui itself) shall be a third party independent of, not acting in concert with and not connected with connected persons of the Company and their respective associates; and (b) each of Furui and Haitong shall ensure that none of the subscribers (including any direct and indirect sub-underwriters (if any), but other than Furui itself) will become a substantial shareholder of the Company as a result of such subscription and such subscriber, together with parties acting in concert with it, shall not be holding 29.9% or more of the issued share capital of the Company upon the allotment and issue of the Rights Shares.

Conditions of the Underwriting Agreement

The conditions of the Underwriting Agreement have been set out in the paragraph headed "Conditions of the Rights Issue" above.

If the conditions precedent are not satisfied and/or otherwise validly waived pursuant to the Underwriting Agreement, the Underwriting Agreement shall terminate and (save in respect of indemnity and fees and expenses and any rights or obligations which may accrue under the Underwriting Agreement prior to such termination) no party will have any claim against any other party for costs, damages, compensation or otherwise.

Rescission and termination of the Underwriting Agreement

Any of the Underwriters shall be entitled by a notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement if, prior to the Latest Time for Termination:

- (1) in the sole and reasonable opinion of any Underwriter, the success of the Rights Issue would be affected by:
 - (a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may materially and adversely affect the business or the financial or trading position of the Group as a whole; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof), of a political, military, financial, economic or other nature (whether or not ejusdem generic with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may materially and adversely affect the business or the financial or trading position of the Group as a whole; or
 - (c) any material adverse change in the business or in the financial or trading position of the Group as a whole; or
 - (d) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than 10 consecutive business days, excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue; or
- (2) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions for this purpose includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which in the sole and reasonable opinion of any Underwriter makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (3) any event of force majeure occurs, including without limitation, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out in Hong Kong, the PRC and the United States which in the reasonable and sole opinion of any Underwriter makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (4) there is any moratorium, suspension or restriction on trading in shares or securities generally, or the establishment of minimum prices, on the Stock Exchange, the London Stock Exchange plc, the New York Stock Exchange, Inc., or the NASDAQ National Market, or any major disruption of any securities settlement or clearing services in Hong Kong, the PRC or the United States; or

- (5) the Prospectus in connection with the Rights Issue when published contain information (either as to the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which in the sole and reasonable opinion of any Underwriter is material to the Group as a whole and is likely to affect materially and adversely the success of the Rights Issue or might cause a prudent investor not to apply for its provisional allotment of Rights Shares under the Rights Issue; or
- (6) any statement contained in the Prospectus has become or been discovered to be untrue, incorrect, incomplete or misleading in any material respect, or matters have arisen or have been discovered which would, if the Prospectus was to be issued at the time, constitute a material omission therefrom; or
- (7) there is any breach of the representations, warranties and/or undertakings of the Company and/or Furui contained in the Underwriting Agreement.

Any of the Underwriters shall be entitled by a notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination (1) any material breach of any of the warranties contained in the Underwriting Agreement comes to the knowledge of that Underwriter or (2) any event occurs which would render any of the representations, warranties and undertakings given by the Company to the Underwriters in the Underwriting Agreement untrue or incorrect in any material respect. Any such notice shall be served by the Underwriters prior to the Latest Time for Termination.

Haitong shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination, it has not received any notice from Furui or the Company that the condition 11 set out in the section headed “Conditions of the Rights Issue” had been fulfilled.

If prior to the Latest Time for Termination any such notice as is referred to above is given by any of the Underwriters, the obligations of all parties under the Underwriting Agreement shall terminate forthwith (save for certain clauses in respect of indemnity to the Underwriters by the Company and fees and expenses which shall remain in full force).

Rescission or termination of the Underwriting Agreement shall be without prejudice to any rights of any party in respect of any breach by the others prior to such rescission or termination.

In such event of termination, the Rights Issue will not proceed.

EFFECTS ON SHAREHOLDING STRUCTURE

Set out below is a summary of the shareholding structure of the Company before and after completion of the Rights Issue.

	(1) As at the date of this announcement		(2) Immediately after completion of the Rights Issue on the assumptions set out in Notes 1 and 3		(3) Immediately after completion of the Rights Issue on the assumptions set out in Notes 2 and 3		(4) Immediately after completion of the Rights Issue on the assumptions set out in Notes 1 and 4		(5) Immediately after completion of the Rights Issue on the assumptions set out in Notes 2 and 4	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Mr. Wang and parties acting in concert with him (including Furui and Strong Ally)	263,468,394	16.5	322,748,782	16.5	322,748,782	16.3	578,210,358	29.5	584,633,438	29.5
Other connected persons	9,902,062	0.6	12,130,026	0.6	13,845,026	0.7	9,902,062	0.5	11,302,062	0.6
Haitong	0	0	0	0	0	0	45,264,485	2.3	42,840,555	2.2
Other public Shareholders	<u>1,326,658,210</u>	<u>82.9</u>	<u>1,625,156,307</u>	<u>82.9</u>	<u>1,645,214,457</u>	<u>83.0</u>	<u>1,326,658,210</u>	<u>67.7</u>	<u>1,343,032,210</u>	<u>67.7</u>
Total:	<u>1,600,028,666</u>	<u>100.00</u>	<u>1,960,035,115</u>	<u>100.00</u>	<u>1,981,808,265</u>	<u>100.00</u>	<u>1,960,035,115</u>	<u>100.00</u>	<u>1,981,808,265</u>	<u>100.00</u>

Notes:

- (1) Assuming none of the Exercisable Options have been exercised on or before the Record Date.
- (2) Assuming the Exercisable Options are exercised in full on or before the Record Date. Exercisable Options involving an aggregate of 1,400,000 underlying Shares are held by connected persons of the Company and Exercisable Options involving an aggregate of 16,374,000 underlying Shares are held by others who are not connected persons of the Company.
- (3) Assuming all Shareholders subscribe for their respective provisional allotment of the Rights Shares in full.
- (4) Assuming (i) all Shareholders (save for Furui and Strong Ally who would subscribe for all Rights Shares provisionally allotted to them or their respective nominees pursuant to the Irrevocable Undertakings) do not subscribe for any provisional allotments of the Rights Shares; and (ii) the provisional allotments of the Rights Shares of all Shareholders (save for Furui and Strong Ally) are taken up by the Underwriters pursuant to the underwriting obligations of the Underwriters under the Underwriting Agreement.
- (5) Certain percentage figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

EXPECTED TIMETABLE FOR THE RIGHTS ISSUE

Set out below is the expected timetable in relation to the proposed Rights Issue:

Last day of dealings in Shares on cum-rights basis Monday, 12 October 2015

Ex-date (the first day of dealings in Shares on ex-rights basis)..... Tuesday, 13 October 2015

Latest time for lodging transfers of shares to qualify for the Rights Issue..... 4:30 p.m. on Wednesday, 14 October 2015

Register of members closes for the Rights Issue (both days inclusive)	Thursday, 15 October 2015 to Thursday, 22 October 2015
Record Date	Thursday, 22 October 2015
Despatch of Prospectus Documents.....	Friday, 23 October 2015
Register of members re-opens	9:00 a.m. on Friday, 23 October 2015
First day of dealings in nil-paid Rights Shares.....	9:00 a.m. on Tuesday, 27 October 2015
Latest time for splitting of Provisional Allotment Letters.....	4:30 p.m. on Thursday, 29 October 2015
Last day of dealings in nil-paid Rights Shares	4:00 p.m. on Tuesday, 3 November 2015
Latest time for acceptance and payment for Rights Shares and application for excess Rights Shares (Latest Acceptance Date).....	4:00 p.m. on Friday, 6 November 2015
Latest time for the termination of the Underwriting Agreement (Latest Time for Termination).....	4:00 p.m. on Wednesday, 11 November 2015
Announcement of the allotment results	Friday, 13 November 2015
Despatch of certificates for fully-paid Rights Shares and refund cheques	Monday, 16 November 2015
Expected first day of dealings in fully-paid Rights Shares.....	9:00 a.m. on Tuesday, 17 November 2015
Matching services start for sale and purchase of odd lots Shares	9:00 a.m. on Tuesday, 17 November 2015
Matching services cease for sale and purchase of odd lots Shares	4:00 p.m. on Monday, 7 December 2015

Note: All times in this announcement refer to Hong Kong local times and dates.

Dates or deadlines specified in this announcement are indicative only and may be varied by the Company. Any substantial changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The Latest Acceptance Date will be postponed if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning

in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Friday, 6 November 2015. Instead, the Latest Acceptance Date will be rescheduled to 5:00 p.m. on the same business day if those warnings are no longer in force after 12:00 noon or in other cases, to 4:00 p.m. on the next business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.. If the Latest Acceptance Date is postponed in accordance with the foregoing, the dates mentioned in the section headed “Expected timetable for the Rights Issue” in this announcement may be affected. An announcement will be made by the Company in such event.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

Reasons for the Rights Issue

The principal business activities of the Group include (i) engaging in the development, manufacturing and trading of a wide range of nutritional supplemental products; and (ii) manufacturing and trading of pharmaceutical products.

The Group has been actively looking for suitable opportunities to acquire attractive pharmaceutical retail stores in the PRC and intends to further strengthen the distribution channels of its products in the PRC in order to further penetrate into the PRC market. As announced by the Company on 14 January 2015, the Group has entered into a memorandum of understanding for the potential acquisition (“**Potential Acquisition**”) of Shenzhen City Ailire Investment Consulting Company Limited, a domestic enterprise established in the PRC with its subsidiaries controlling several hundreds of integrated drug retail chain stores in various provinces and cities in the PRC. The Company has been making progress on the Potential Acquisition, but has not yet entered into any legally binding agreements in relation to it. As at the date of this announcement, the Board intends to apply the whole of the net proceeds from the Rights Issue and the net proceeds from the placing of shares as set out in the paragraph headed “Fund raising exercise by the Company in the past twelve months” to fund the Potential Acquisition and in case there is any amount remaining after the completion of the Potential Acquisition depending on the terms and conditions including the consideration and payment terms to be agreed between the Group and the potential seller in the definitive agreements which have yet to be concluded as at the date of this announcement, such unutilized amount would be allocated to be used as general working capital of the Group.

The Company considers that the Rights Issue is a good opportunity and necessary for the Company to raise capital to implement the abovementioned acquisitions plan while at the same time to enlarge its capital base to support its future development. The Group intends to

take this opportunity to raise fund and considers this the best timing to do so. In addition, the Directors consider that the Rights Issue will provide additional cash inflow, reduce the Group's gearing ratio and strengthen the financial position of the Company.

In order to grasp this fund raising opportunity under the proposed Rights Issue and to utilize to the maximum extent the remaining unissued Shares in the authorised share capital of the Company (i.e., 2,000,000,000 Shares), i.e., 399,971,334 unissued Shares as at the date of this announcement, for issuing of the Rights Shares, the Board has come up with the current subscription ratio of 40 for 9, which the Board believes it is an optimal subscription ratio for maximizing the fund raising scale taking into account the aforesaid number of unissued Shares as at the date of this announcement, odd lots matching arrangement available for odd lot Shares arising from the Rights Issue as set out under the paragraph headed "Odd lot matching services", and after comparing the possible fund raising scale if other subscription ratio is to be adopted.

While the Directors noted that the creation of odd lots are common and inevitable in whatever subscription ratio to be adopted in rights issue, in order to alleviate the difficulties in trading of odd lots of Shares arising from the Rights Issue, the Company has procured the Share Registrar to provide matching service for the purchase and sale of odd lots of the Shares at the relevant market price per Share for the period from Tuesday, 17 November 2015 to Monday, 7 December 2015 (both days inclusive).

Taking into consideration the above factors and the subscription rights under the proposed Rights Shares are available to all the Shareholders on pro-rata basis, the Directors consider that the current ratio of 40 for 9 is fair and reasonable and in the interest of the Company and its Shareholders as a whole.

Use of Proceeds

It is expected the Rights Issue will raise approximately HK\$324 million (assuming no exercise of Exercisable Options) or approximately HK\$328 million (assuming full exercise of Exercisable Options), before expenses, and the estimated net proceeds from the Rights Issue after deducting expenses will be approximately HK\$321 million or HK\$325 million respectively. The net price per Rights Share is estimated to be approximately HK\$0.89 (assuming no exercise of Exercisable Options) or approximately HK\$0.89 (assuming full exercise of Exercisable Options).

The Company intends to apply the whole of the net proceeds from the Rights Issue and the net proceeds from the placing of shares as set out in the paragraph headed "Fund raising exercise by the Company in the past twelve months" to fund the Potential Acquisition. As the Group has not yet concluded any legally binding definitive agreements with the potential seller, depending on the terms and conditions of the Potential Acquisition including the consideration and payment terms to be agreed between the Group and the potential seller in the definitive agreements, in the event there is any balance remaining after the Potential Acquisition is completed, such unutilized amount would be allocated to be used as general working capital of the Group. However, as at the date of this announcement, the Group has not entered into any legally binding agreements for the Potential Acquisition. The Company will make further announcement(s) relating to such Potential Acquisition as and when required under the Listing Rules and the SFO. While pending deployment, the net proceeds mentioned above will be deposited with banks or financial institutions and in the event the

Potential Acquisition does not materialise, the net proceeds mentioned above are intended to be applied for funding other acquisition opportunities available to the Group from time to time and the Company will continue to actively explore other merger and acquisition opportunities to acquire attractive pharmaceutical retail stores in the PRC so as to further strengthen the distribution channels of its products in the PRC and further penetrate into the PRC market.

As such, the Directors consider that the Rights Issue and the Underwriting Agreement are in the interests of the Company and the Shareholders as a whole. The Directors consider that the terms of the Rights Issue and the Underwriting Agreement, including the commission rate payable by the Company to Haitong in respect of Haitong's portion of Underwritten Shares, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As Mr. Wang is the sole shareholder of Furui which is one of the Underwriters for the Rights Issue, Mr. Wang is materially interested in the Rights Issue. Accordingly, Mr. Wang has abstained from voting on the resolutions proposed in the Board meeting approving the Rights Issue.

As at the date of this announcement, save and except for the abovementioned Potential Acquisition, the Directors have not identified any other material funding needs in the forthcoming twelve months in respect of its existing business operations, and therefore as at the date of this announcement, except for the Rights Issue, the Directors had not come up with other fund raising plan for the Company for the forthcoming twelve months to be used as general working capital for funding the existing business operations. However, if there happens to be any deviation in the future plans of the Group due to change in business environment which may lead to possible increase in the future funding needs, the Group may consider further fund raising plans according to the terms and conditions then available to the Group in the market and the timeliness of the availability of the fund that can be raised by the Group.

LISTING RULES IMPLICATIONS

Rights Issue

As the Rights Issue would not increase either the issued share capital or the market capitalisation of the Company by more than 50%, it is fully underwritten, and it will be carried out in compliance with Rule 7.21(1) of the Listing Rules, the Rights Issue itself is not subject to the approval of the Shareholders under the Listing Rules. Furui, being one of the Underwriters, is a substantial shareholder of the Company and wholly-owned by Mr. Wang, a substantial shareholder of the Company and an executive Director and hence is a connected person of the Company. However, since the Company is not paying any commission to Furui for its underwriting of the Furui Underwriting Commitment under the Underwriting Agreement, the Company's entering into the Underwriting Agreement with Furui is a fully-exempt connected transaction pursuant to Rule 14A.92(2)(b) of the Listing Rules.

ADJUSTMENTS TO EXERCISE PRICE UNDER SHARE OPTION SCHEME

As at the date of this announcement, there were 18,274,000 Share Options. Pursuant to the terms of the share option scheme adopted by the Company on 1 February 2010, the Rights Issue may lead to adjustments to the Share Options. Further announcement will be made by the Company in this regard.

GENERAL

The Prospectus Documents containing, among other matters, further details of the Rights Issue are expected to be despatched to the Qualifying Shareholders as soon as practicable on or before Friday, 23 October 2015, and the Prospectus will be despatched to the Excluded Shareholders for information only.

CLOSURE OF REGISTER OF MEMBERS

To determine the entitlements to the Rights Issue, the register of members of the Company will be closed from Thursday, 15 October 2015 to Thursday, 22 October 2015 (both days inclusive). No transfer of Shares will be registered during this period. The last day of dealings in the Shares on cum rights basis is Monday, 12 October 2015. The Shares will be dealt in on ex-rights basis from Tuesday, 13 October 2015. To qualify for the Rights Issue, Shareholders must be registered as members of the Company on the Record Date and must not be Excluded Shareholders.

In order to be registered as members of the Company at the close of business on the Record Date, owners of Shares must lodge any transfer of Shares (together with the relevant share certificates) with the Share Registrar at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 14 October 2015.

Holders of Exercisable Options who wish to participate in the Rights Issue should exercise their options in accordance with their terms not later than 4:30 p.m. on Wednesday, 14 October 2015 so as to enable them to be registered as members of the Company on the Record Date.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

The Shares will be dealt in on an ex-rights basis from Tuesday, 13 October 2015. Dealings in the Rights Shares in the nil-paid form will take place from Tuesday, 27 October 2015 to Tuesday, 3 November 2015 (both days inclusive).

The Rights Issue is conditional upon the satisfaction of certain conditions as described in the section headed “Terms of the Rights Issue — Conditions of the Rights Issue” in this announcement. In particular, it is subject to the Underwriting Agreement having become unconditional and not having been terminated (see the section headed “Underwriting Arrangements — Rescission and termination of the Underwriting Agreement” in this announcement). Accordingly, the Rights Issue may or may not become unconditional and may or may not proceed.

Any Shareholders or other persons contemplating selling or purchasing Shares and/or Rights Shares in their nil-paid form who are in any doubt about their position are recommended to consult their professional advisers. Any Shareholders or other persons dealing in Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled and the date on which the Underwriters' right of termination of the Underwriting Agreement ceases will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires.

“acting in concert”	has the same meaning ascribed to it under the Takeovers Code
“associate”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“BVI”	British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Committed Shares”	means the aggregate of 59,280,388 Rights Shares agreed to be taken up or procured to be taken up by Mr. Wang (in his own name or through Furui, Strong Ally and/or their respective nominee(s)) pursuant to the Irrevocable Undertakings
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Companies (WUMP) Ordinance”	the Companies Ordinance (Winding up and Miscellaneous Provision) Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Real Nutraceutical Group Limited, a company incorporated in the Cayman Islands with limited liability on 30 August 2006 and the shares of which are listed on the Stock Exchange
“connected persons”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Excess Application”	application made by the Qualifying Shareholders in accordance with the terms of the Prospectus Documents for Rights Shares in excess of Rights Shares provisionally allotted to them pursuant to the Rights Issue

“Excess Application Form(s)”	the form(s) of application for Rights Shares in excess of those provisionally allotted to the Qualifying Shareholders
“Excluded Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date but whose addresses as shown on such register are outside Hong Kong where the Directors, based on opinions provided by legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Exercisable Options”	means the Share Options less the Share Options held by Mr. Wang and Mrs. Wang who have undertaken not to exercise such options up to the completion of the Rights Issue, which entitle the holders thereof to subscribe for up to an aggregate of 17,774,000 Shares
“Furui”	Furui Investments Limited (福瑞投資有限公司), a company incorporated in the BVI with limited liability and wholly-owned by Mr. Wang and a substantial shareholder of the Company
“Furui Underwriting Commitment”	the maximum number of Underwritten Shares which, when aggregated with the shareholding of Furui and parties acting in concert with it in the Company (including such number of Rights Shares which Furui and Strong Ally would have applied for by means of Excess Application Form in their own names as registered holders and are allotted to them (if any) pursuant thereto) immediately before Furui being called upon to subscribe or procure subscription for the Underwritten Shares, would amount as closely as possible to, but not more than, 29.5% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares (in their fully-paid form) (“Enlarged Share Capital”), where 29.5% of the Enlarged Share Capital is expected to be not less than 578,210,358 Rights Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to the Record Date) and not more than 584,633,438 Rights Shares (assuming that the subscription rights attached to the Exercisable Options are exercised in full and 17,774,000 new Shares are allotted and issued pursuant thereto on or before the Record Date and there is no other change in the issued share capital of the Company from the date of this announcement and up to the Record Date)
“Group”	the Company, its subsidiaries and associated companies

“Haitong”	Haitong International Securities Company Limited, a licensed corporation to carry out business in type 1 (dealing in securities), type 3 (leveraged foreign exchange trading) and type 4 (advising on securities) regulated activities under the SFO, a party to the Underwriting Agreement in its capacity as one of the Underwriters for the Rights Issue
“Haitong Underwriting Commitment”	the balance of the total number of the Underwritten Shares after deducting Furui Underwriting Commitment (which in any case will not be affected by the actual fulfillment of Furui Underwriting Commitment under the Underwriting Agreement by Furui), which is expected to be not more than 45,264,485 Rights Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to the Record Date) and not less than 42,840,555 Rights Shares (assuming that the subscription rights attached to the Exercisable Options are exercised in full and 17,774,000 new Shares are allotted and issued pursuant thereto on or before the Record Date and there is no other change in the issued share capital of the Company from the date of this announcement and up to the Record Date)
“HK\$ and cents”	Hong Kong dollars and cents, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a party which is not connected persons of the Company and is independent of the Company and its connected persons
“Irrevocable Undertakings”	the irrevocable undertakings all dated 5 October 2015 executed by Mr. Wang, Mrs. Wang and Furui in favour of the Company and the Underwriters or (as the case may be) Haitong in relation to the Rights Issue
“Last Trading Day”	being the last full trading day of the Shares on the Stock Exchange immediately preceding the date of entering into of the Underwriting Agreement
“Latest Acceptance Date”	4:00 p.m. on Friday, 6 November 2015, the latest date upon which provisional allotments of Rights Shares in nil-paid form may be validly accepted
“Latest Time for Termination”	4:00 p.m. on Wednesday, 11 November 2015 or such later time as may be agreed between the Company and the Underwriters, being the latest time by which the Underwriters may terminate the Underwriting Agreement

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wang”	Mr. Wang Fucui (王福才), an executive Director, Chairman of the Board and a substantial shareholder of the Company and currently holding Share Options involving 400,000 underlying Shares
“Mrs. Wang”	Ms. Qin Shifeng (秦士豐), the spouse of Mr. Wang and currently holding Share Options involving 100,000 underlying Shares
“Overseas Shareholder(s)”	Shareholders with registered addresses (as shown in the register of members of the Company on the Record Date) which are outside Hong Kong
“PRC”	The People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus”	the prospectus relating to the Rights Issue to be despatched to the Shareholders
“Prospectus Documents”	the Prospectus, the Provisional Allotment Letters and the Excess Application Forms
“Prospectus Posting Date”	Friday, 23 October 2015, (subject to, if required, the approval of the Stock Exchange) or such other date as the Underwriters may agree in writing with the Company for the despatch of the Prospectus Documents
“Provisional Allotment Letter(s)”	provisional allotment letter(s) to be issued to the Qualifying Shareholders in respect of their assured entitlements under the Rights Issue
“Qualifying Shareholder(s)”	Shareholders, other than the Excluded Shareholders, whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date
“Record Date”	Thursday, 22 October, 2015, being the record date to determine entitlement to the Rights Issue, or such other date as may be agreed between the Company and the Underwriters

“Rights Issue”	the proposed issue of Rights Shares by the Company on the basis of nine (9) Rights Shares for every forty (40) existing Shares held on the Record Date to the Qualifying Shareholders at the Subscription Price, pursuant to the terms and conditions contained and more particularly described in the Prospectus Documents
“Rights Share(s)”	not less than 360,006,449 Shares but not more than 364,005,599 Shares to be allotted and issued under the Rights Issue proposed to be offered to the Qualifying Shareholders pursuant to the Rights Issue for subscription on the terms set out in the Underwriting Agreement and in the Prospectus Documents
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shares”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Options”	the outstanding options to subscribe for a total of 18,274,000 new Shares granted to Directors and employees of the Group pursuant to the share option scheme adopted by the Company on 1 February 2010
“Share Registrar”	the branch share registrar of the Company in Hong Kong, being Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strong Ally”	Strong Ally Limited, a company incorporated in the BVI and holder of 6,533,660 Shares and wholly-owned by Furui as at the date of this announcement
“Subscription Price”	the subscription price of HK\$0.90 per Rights Share
“substantial shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriters”	Furui and Haitong

“Underwriting Agreement”	the underwriting agreement dated 5 October 2015 entered into between the Company and the Underwriters in relation to the Rights Issue
“Underwritten Shares”	the Rights Shares other than the Committed Shares, being not less than 300,726,061 Rights Shares (assuming that there is no change in the issued share capital of the Company from the date hereof and up to the Record Date) but not more than 304,725,211 Rights Shares (assuming that the subscription rights attached to the Exercisable Options are exercised in full and 17,774,000 new Shares are allotted and issued pursuant thereto on or before the Record Date and there is no other change in the issued share capital of the Company from the date of this announcement and up to the Record Date)
“Untaken Shares”	the Rights Shares which have not been accepted or applied for by the Qualifying Shareholders or transferees of nil-paid Rights Shares
“%”	per cent.

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

The People’s Republic of China, 5 October 2015

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 non-executive Directors are Mr. Ip Tak Chuen Edmond and Mr. Tsang Tse Wai, Claudius, and the independent non-executive Directors are Dr. Wong Lung Tak Patrick, BBS, J.P., Dr. Fong Chi Wah, Mr. Xu Hua Feng and Mr. Chan Kee Ming.

The Directors jointly and severally accept full responsibility for the accuracy of 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.