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**VITOP GROUP LIMITED**

**(天年集團有限公司\*)**

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

**(Stock Code: 1178)**

**PROPOSED SUBSCRIPTION OF  
NEW SHARES UNDER SPECIFIC MANDATE  
AND RESUMPTION OF TRADING**

**THE SUBSCRIPTION**

On 28 October 2016 (before trading hours), the Company entered into the Subscription Agreement with the Subscriber, an Independent Third Party, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 1,000,000,000 new Shares at the Subscription Price of HK\$0.18 per Subscription Share. The Subscription Completion is subject to the conditions set out below in the paragraph headed “Conditions precedent to the Subscription” of this announcement. The Specific Mandate to allot and issue the Subscription Shares will be sought from the Shareholders at the EGM.

The Subscription Price represents (i) a discount of approximately 17.43% to the closing price of HK\$0.2180 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 16.59% to the average closing price of approximately HK\$0.2158 per Share as quoted on the Stock Exchange for the last five consecutive trading days of the Shares immediately before the Last Trading Day; and (iii) a premium of approximately 228.47% over the audited consolidated net asset value per Share of approximately HK\$0.0548 (based on the latest published audited net asset value of the Group of HK\$270,759,000 as at 30 June 2016 and 4,944,284,033 Shares in issue as at the date of this announcement).

The 1,000,000,000 Subscription Shares represents (i) approximately 20.23% of the existing issued share capital of the Company of 4,944,284,033 Shares as at the date of this announcement; and (ii) approximately 16.82% of the issued share capital of the Company of 5,944,284,033 Shares as enlarged by the allotment and issue of the Subscription Shares (assuming there will be no other changes in the issued share capital of the Company).

\* For identification purpose only

## USE OF PROCEEDS FROM THE SUBSCRIPTION

Assuming successful completion of the Subscription, the maximum gross proceeds from the Subscription are expected to be approximately HK\$180 million. The net proceeds of the Subscription (after deducting related professional fees and related expenses) are expected to be approximately HK\$179.50 million. The net issue price per Share from the Subscription will be approximately HK\$0.1795.

The Company currently intends to use the net proceeds from the Subscription in the following manner:

- (i) approximately HK\$93 million for development of the honey and related products business of Richora Group as mentioned in the section headed “Business Update” of this announcement; and
- (ii) the remaining balance for general working capital of the Group and any other investment opportunities which may arise in the foreseeable future.

## GENERAL

The Subscription Shares will be allotted and issued under Specific Mandate to be proposed for passing by the Shareholders by ordinary resolution(s) at the EGM in accordance with the Listing Rules. The general mandate of the Company will not be used for the issue of the Subscription Shares.

A circular containing, among other things, (i) further details of the Subscription; and (ii) a notice convening the EGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Completion of the Subscription are not inter-conditional and are subject to the satisfaction of the conditions precedent respectively set out in the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

**Completion of the Subscription is subject to the satisfaction of the conditions precedent set out in the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted from 9:00 a.m. on 28 October 2016 pending the release of this announcement. The Company has applied for resumption in trading of its Shares from 9:00 a.m. on 31 October 2016.

## **THE SUBSCRIPTION**

### **The Subscription Agreement**

**Date:** 28 October 2016 (before trading hours)

**Parties** (i) Issuer: The Company  
(ii) Subscriber: CM International Capital Limited

The Subscriber, being a company incorporated in Hong Kong with limited liability, is a subsidiary of China Minsheng Investment Group (“CMIG”).

As at the date of this announcement, the Subscriber does not hold any Shares.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquires, the Subscriber and its ultimate beneficial owner(s) are Independent Third Parties.

### **Principle terms of the Subscription Agreement**

**Subscription Shares:** The Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 1,000,000,000 new Shares at the Subscription Price.

The 1,000,000,000 Subscription Shares represents (i) approximately 20.23% of the existing issued share capital of the Company of 4,944,284,033 Shares as at the date of this announcement; and (ii) approximately 16.82% of the issued share capital of the Company of 5,944,284,033 Shares as enlarged by the allotment and issue of the Subscription Shares (assuming there will be no other changes in the issued share capital of the Company). The aggregate nominal value of the Subscription Share is HK\$25,000,000.

Subscription Price:

The price of HK\$0.18 per Subscription Share was determined after arm's length negotiations between the Company and the Subscriber with reference to the prevailing market price of the Shares on the Stock Exchange. The Subscription Price represents:

- (a) a discount of approximately 17.43% to the closing price of HK\$0.2180 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 16.59% to the average closing price of approximately HK\$0.2158 per Share as quoted on the Stock Exchange for the five trading days of the Shares immediately before the Last Trading Day; and
- (c) a premium of approximately 228.47% over the audited consolidated net asset value per Share of approximately HK\$0.0548 (based on the latest published audited net asset value of the Group of HK\$270,759,000 as at 30 June 2016 and 4,944,284,033 Shares in issue as at the date of this announcement).

Based on the Subscription Price of HK\$0.18, the aggregated value of the 1,000,000,000 Subscription Shares is approximately HK\$180 million.

Condition precedent for the Subscription:

It shall be conditions precedent to Subscription Completion that prior thereto:

- (a) the Shareholders shall have approved the Subscription Agreement and all the transactions contemplated thereunder in a general meeting of the Company in accordance with the Listing Rules;
- (b) each party shall have performed and complied with all agreements, obligations, undertakings and conditions contained in the Subscription Agreement that are required to be performed or complied with by it on or before Subscription Completion;
- (c) the Listing Committee of the Stock Exchange shall have granted the listing of, and permission to deal in, the Subscription Shares;

- (d) each of the warranties given by the Company and the Subscriber shall be true, complete and not misleading when made, and shall be true, complete and not misleading in any material respect on and as of the Subscription Completion with the same effect as though such representations and warranties had been made on and as of the date of such Subscription Completion; and
- (e) the Company shall have obtained all consents and approvals of, notices to and filings or registrations with any government and regulatory authorities or any other person required pursuant to any applicable law or regulation of any government and regulatory authority, or pursuant to any contract or instrument binding on the Company or to which the Company or its assets are subject or bound, in connection with the execution, delivery or performance by the Company of the Subscription Agreement or the consummation of the transactions contemplated thereby (where applicable).

If the above conditions precedent are not fulfilled or waived (other than conditions (a) and (c) which cannot be waived) on or before 23 December 2016 or such later date as may be agreed between the Company and the Subscriber, the Subscription Agreement will lapse and become null and void and the parties will be released from all obligations and liabilities thereunder, save for the liabilities for any antecedent breaches thereof.

Ranking of the Subscription Shares:

The Subscription Shares will rank *pari passu* among themselves and with all of the Shares in issue as at Subscription Completion Date.

Subscription Completion:

Subject to the fulfilment or, where permitted, waiver, of the above conditions precedent, Subscription Completion shall take place on the Subscription Completion Date, at such place and at such time as the Company and the Subscriber may agree, and each party shall perform its respective obligations pursuant to the Subscription Agreement.

## **BUSINESS UPDATE**

Reference is made to the announcements of the Company dated 4 November 2015, 22 January 2016 and 12 April 2016 and the circular of the Company dated 26 November 2015. The Group and Icing International Limited, an international natural health and beauty products group possessing the premium Manuka honey brand “Richora”, formed a joint venture company, known as Richora Group, which aims to become a leader among the manufacturers and distributors of the Manuka honey and related health and beauty products. Through utilising Richora Group as its platform to development of the honey and related health and beauty products business, the Group planned to raised approximately HK\$230 million through the placing and the subscription of new Shares under specific mandate for (i) the development of the trading business of the honey and related health and beauty products and (ii) the setup of the Group’s own production lines and facilities in New Zealand in stages.

However, as a result of lapse of the aforesaid subscription on 11 April 2016 as disclosed in the announcement of the Company dated 12 April 2016, the Company, through the Placing, has only been able to raise a net proceeds of approximately HK\$153.90 million. Although the Group has formulated a detailed plan for the development of its honey and related health and beauty business in terms of financial forecast, business model and business operation for Richoro Group, the Group, having considered its previous business plan as disclosed in the circular of the Company dated 26 November 2015, has scaled down the operation of Richora Group. Due to insufficient funding, the Group has been focusing on the preliminary stage of its business plan, being the development and expansion of trading business of honey and related products. During the financial year ended 30 June 2016, the Group has deployed (i) approximately HK\$44.40 million to support the trading operation and sourcing of Manuka honey; (ii) approximately HK\$34 million to acquire two natural health and beauty products brands so as to further expand the distribution channels of the Group’s honey and related products; and (iii) approximately HK\$3.23 million for the selling and administrative expenses. Having considered the fast pacing development of the Group’s trading business of honey and related products, the Directors believe that the setting up of the Group’s own honey production lines and facilities could secure the scarce Manuka honey resources, such as experienced beekeepers, high quality hives and fresh Manuka bush plantation, rather than relying on the supply agreement of short-term nature with the local honey suppliers. As such, the Directors have been actively seeking financial investors with positive views of the prospects of the Group in the healthcare industry.

## USE OF PROCEEDS AND THE REASONS FOR THE SUBSCRIPTION

The Group is principally engaged in manufacturing and trading of consumer goods including but not limited to, Bioenergy products, healthcare food products, multi-functional water generators and other healthcare products, and letting properties for rental income.

Assuming the successful completion of the Subscription, the maximum gross proceeds from the Subscription are expected to be approximately HK\$180 million. The net proceeds of the Subscription (after deducting related professional fees and related expenses) are expected to be approximately HK\$179.50 million. The net issue price per Share from the Subscription will be approximately HK\$0.1795.

The Company currently intends to use the net proceeds from the Subscription in the following manner:

- (i) approximately HK\$93 million for the development of honey and related products business of Richora Group as detailed in the section headed “Business update” of this announcement; and
- (ii) the remaining balance for general working capital of the Group and any other investment opportunities which may arise in the foreseeable future.

As disclosed in the annual results announcement of the Company for the year ended 30 June 2016, the selling and distribution costs and administrative expenses for the year ended 30 June 2016 were approximately HK\$5.74 million and HK\$58.03 million respectively. Having taken into account the existing cash level of the Company of approximately HK\$39.68 million as at 30 June 2016, the Directors consider that it will be a merit for the Group to have additional working capital for its business operation and development. The Group considers that with the development of the business segments of healthcare food products, the Group may have to incur additional operating expenses. Accordingly, the Directors are of the view that the Subscription will strengthen the financial position (in particular, the working capital and cash flow position) of the Group. Taking into account the uncertainties in the global financial market, the Directors are of the view that it is reasonable for the Group to enhance the capital base by means of the Subscription so as to allow the Group to mitigate any business and financial risk and enhance the financial flexibility of the Group. In addition, as the Group is actively seeking for any possible investment opportunity in different industries that could enhance corporate development and broaden the income base of the Group, sufficient cash reserve is crucial for the development of the Company.

The Directors have also considered alternative ways of fund raising such as debt financing, bank borrowing, rights issue or open offer. As regards to debt financing and bank borrowing, having considered that it would increase the gearing level of the Group and the interest expenses and finance costs would impose additional financial burden to the Group’s future cash flow, the Board considered that such fund raising methods are currently not the most appropriate methods for the Group.

In light of the above, the Board is of the view that the Subscription is the most appropriate fund raising method and beneficial to the Company. Overall, the Directors, after taking into account the factors, reasons and circumstances disclosed above, consider that the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structures of the Company (i) as at the date of this announcement; and (ii) immediately after Subscription Completion, are as follows:

	As at the date of this announcement		Immediately after Subscription Completion (Note 1)	
	No. of Shares	Approximate shareholding %	No. of Shares	Approximate shareholding %
Lau Ping Kee (Note 2)	500,000,000	10.11	500,000,000	8.41
Zhou Guohua (Note 3)	278,370,000	5.63	278,370,000	4.68
Subscriber	—	—	1,000,000,000	16.82
Public Shareholders	<u>4,165,914,033</u>	<u>84.26</u>	<u>4,165,914,033</u>	<u>70.09</u>
<b>Total</b>	<u><u>4,944,284,033</u></u>	<u><u>100.00</u></u>	<u><u>5,944,284,033</u></u>	<u><u>100.00</u></u>

Notes:

1. Assuming there will be no other changes in the issued share capital of the Company.
2. The 500,000,000 Shares are held by Golden Creation Enterprise Limited, which is in turn wholly owned by Lau Ping Kee.
3. Mr. Zhou Guohua is an executive Director of the Company.

## FUND RAISING EXERCISES OF THE COMPANY IN THE PAST 12 MONTHS

The Company has conducted the following fund raising activities in the past twelve months  
*Company to confirm:*

Date of announcements	Description	Net proceeds raised (approximately)	Intended use of net proceeds	Actual use of net proceeds
4 November 2015, 15 December 2015, 22 January 2016, 29 January 2016, 16 March 2016 and 12 April 2016	The placing of 1,600,000,000 new Shares at the placing price of HK\$0.10 each and the subscription of 1,100,000,000 new Shares at the subscription price of HK\$0.10 each under specific mandate, with lapse of the subscription on 11 April 2016	HK\$153.9 million	<p>(i) as to approximately HK\$230 million for the development of honey and related products business (which has been scaled down to HK\$119.9 million as a result of the lapse of the subscription with gross proceeds of HK\$110 million);</p> <p>(ii) as to approximately HK\$10 million for payment of the earnest money pursuant to the terms and conditions of the memorandum of understanding for the acquisition of the interest of an IOT company; and</p> <p>(iii) as to approximately HK\$24 million for general working capital of the Group.</p>	<p>(i) as to approximately HK\$81.63 million for the development of honey and related products business as detailed in the section headed “Business update” of this announcement, with the remaining balance of approximately HK\$38.27 million deposited with the Group’s bank accounts that is expected to be utilised as intended;</p> <p>(ii) following lapse of the memorandum of understanding for the acquisition of an IOT company on 16 March 2016, the earnest money of approximately HK\$10 million has been retained by the Group and has been therefore utilised as general working capital of the Group; and</p> <p>(iii) as to approximately HK\$24 million for general working capital of the Group.</p>

Save as disclosed above, the Company has not conducted any other fund raising activities in the 12 months immediately before the date of this announcement.

## **GENERAL**

### **Specific Mandate**

The Subscription Shares will be allotted and issued under Specific Mandate to be proposed for passing by the Shareholders by ordinary resolution(s) at the EGM. The general mandate of the Company will not be used for the issue of the Subscription Shares.

### **EGM**

The Specific Mandate is subject to Shareholders' approval at the EGM. The EGM will be convened for the purpose of considering and, if deemed appropriate, approving, among other things, the Subscription and the transactions contemplated thereunder.

In accordance with the Listing Rules, any Shareholder who has a material interest in the Subscription shall abstain from voting on the resolution(s) to approve the Subscription and the transactions contemplated thereunder at the EGM. To the best of knowledge, information and belief of the Directors, none of the Shareholder has a material interest in the transactions contemplated under the Subscription Agreement and will be required to abstain from voting on the resolution(s) to approve the Subscription and the transactions contemplated thereunder at the EGM.

A circular containing, among other things, (i) further details of the Subscription; and (ii) a notice convening the EGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

### **Application for listing**

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

**Completion of the Subscription is subject to the satisfaction of the conditions precedent set out in the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was halted from 9:00 a.m. on 28 October 2016 pending the release of this announcement. The Company has applied for resumption in trading of its Shares from 9:00 a.m. on 31 October 2016.

## **DEFINITIONS**

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors

“Business Day”	any day on which banks in Hong Kong are open for business (other than a Saturday, Sunday or public holiday and any day on which a tropical cyclone warning No.8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon)
“Company”	Vitop Group Limited (天年集團有限公司*), a company incorporated under the laws of Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1178)
“connected person(s)”	has the meaning ascribed to it under the List Rules;
“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the purposes of considering, and if thought fit, approving the Subscription and the transactions contemplated thereunder
“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
“Independent Third Party(ies)”	third party(ies) that is or are independent of and not connected with the Company, any promoter(s), director(s), supervisor(s), chief executive(s), substantial shareholder(s) (as defined in the Listing Rules) of the Company or any of its subsidiaries or their respective associates
“IOT”	internet of things which is a network technology with objects, animals or people provided with unique identifiers and the ability to transfer data over a network without requiring human-to-human or human-to-computer interaction
“Last Trading Day”	27 October 2016, being the last trading day of the Shares immediately before the date of the Subscription Agreement
“Listing Committee”	has the meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan

“Richora Group”	Richora Group Limited, a company incorporated in New Zealand with limited liability, which is owned as to 51% and 49% by Vitop Manuka Resources Limited (being a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company) and Icing International Limited (being a company incorporated in New Zealand with limited liability), respectively, as at the date of this announcement
“Share(s)”	share(s) of HK\$0.025 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares(s)
“Specific Mandate”	the specific mandate to be granted by the Shareholders to the Board at the EGM for the allotment and issue of 1,000,000,000 Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	CM International Capital Limited, being a company incorporated in Hong Kong with limited liability, is a subsidiary of Chinese Minseng Investment Group (CMIG), a leading international private investment group founded in Shanghai on 21 August 2014 with registered capital of 50 billion yuan. The joint establishment of CMIG by 59 renowned private enterprises was initiated by the All-China Federation of Industry and Commerce (ACFIC) and approved by the State Council. The total assets of CMIG has increased to 200 billion yuan so far
“Subscription”	subscription of the Subscription Shares by the Subscriber at the Subscription Price pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 28 October 2016 entered into between the Company and the Subscriber in relation to the Subscription
“Subscription Completion”	completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement
“Subscription Completion Date”	a day falling within three (3) Business Days following the date on which the conditions precedent are fulfilled or such other date as the Company and the Subscriber may agree
“Subscription Price”	HK\$0.18 per Subscription Share

“Subscription Share(s)” 1,000,000,000 Shares to be subscribed by the Subscriber under the Subscription Agreement

“%” per cent.

By Order of the Board  
**Vitop Group Limited**  
**Xu Zhifeng**  
*Executive Director*

Hong Kong, 28 October 2016

*As at the date of this announcement, the Board comprises Mr. Xu Zhifeng, Mr. Chan Shun Yee, Mr. Liu Min and Mr. Zhou Guohua as executive Directors; Mr. Chau Yu-Lung Jimmy as non-executive Director; and Mr. Su Rujia, Mr. Wong Tat Yan Paul and Ms. Zhu Yanzhou as independent non-executive Directors.*