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RM GROUP HOLDINGS LIMITED

御藥堂集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 932)

**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO
PLACING OF CONVERTIBLE BONDS UNDER GENERAL MANDATE**

Placing Agent



WEALTH LINK SECURITIES LIMITED

Reference is made to the announcement (the “**Announcement**”) of RM Group Holdings Limited (the “**Company**”) dated 24 April 2017 in relation to the Placing. Unless the context requires otherwise, capitalised terms used herein shall have the same meaning as those defined in the Announcement.

CONVERSION PRICE

The Company would like to supplement that the original Conversion Price of HK\$4.65 was agreed between the Company and the Placing Agent and was determined based on the average close price of HK\$4.43 per Share for the last 20 consecutive trading days as quoted on the Stock Exchange up to and including the date of the Announcement and a premium of 5%.

The reset of Conversion Price to HK\$4.00 was agreed between the Company and the Placing Agent, which will provide an incentive for the Bondholders to exercise the Convertible Bonds after the first anniversary of the date of issue of the Convertible Bonds and before the Maturity Date and will ease the burden of the Company to redeem the Convertible Bonds on the Maturity Date.

The New Conversion Price was determined based on the average closing price of HK\$4.031 per Share for the last 40 consecutive trading days as quoted on the Stock Exchange up to and including the date of the Announcement.

PLACING COMMISSION

The placing commission of 6% was agreed between the Company and the Placing Agent. The Company had previously approached various placing agents for the Placing but there was no response from them. Eventually, the Company approached the Placing Agent and the Placing Agent agreed to act as the placing agent of the Company for the Placing. As the Placing Agent would need to engage its own sub-placing agent(s) for the Placing, which would incur additional cost, the Placing Agent offered to the Company a placing commission of 6% and the Company agreed with such offer.

INTERNAL RATE OF RETURN

The Company would like to clarify that internal rate of return of 8.5% per annum is inclusive of the interest rate of 6% per annum. The internal rate of return was agreed between the Company and the Placing Agent and it would be indicative to the potential investor(s) of the Convertible Bonds the expected return on the Maturity Date of the Convertible Bonds and would attract potential investor(s) to invest in the Convertible Bonds.

Based on the above, the Directors consider that the terms of the Convertible Bonds (including the original Conversion Price, New Conversion Price, placing commission and internal rate of return) are fair and reasonable and in the interest of the Company and its shareholders as a whole.

USE OF PROCEEDS

The Company would like to supplement that 90% of the net proceeds from the Placing will be applied by the Company for the acquisition of a target group, which is principally engaged in the business of service provision of the WeChat Pay Cross-Border Solutions to Tenpay, an integrated online payment platform, and the retail merchants in Hong Kong (the “**Acquisition**”). The Company entered into a memorandum of understanding with respect to the Acquisition, details of which are set out in the announcement of the Company dated 11 April 2017.

The Company is in the course of conducting due diligence review on the target group and will commence negotiation on the terms and conditions of the formal agreement in relation to the Acquisition shortly. Based on the information of the target group currently available and provided to the Company by the vendors, it is expected that the Acquisition, if materialised, will constitute a discloseable transaction of the Company. Further announcement in respect of the Acquisition will be made by the Company in the event that any formal agreement has been signed.

GENERAL MANDATE AND PLACEE(S)

The Company would like to supplement that should the Conversion Price be reset to HK\$4.00, a maximum number of 75,000,000 Conversion Shares will be allotted and issued to the Bondholders and the existing General Mandate, which has not been utilised and can allot and issue up to 103,260,000 new Shares, will be sufficient for such number of Conversion Shares.

The Placing Agent will, on a best effort basis, procure Placee(s) to subscribe for the Convertible Bonds. If any of the Placee(s) will become a substantial shareholder immediately after completion, further announcement will be made by the Company in compliance with the Listing Rules.

SUPPLEMENTAL PLACING AGREEMENT

On 9 May 2017, the Company and the Placing Agent entered into a supplemental placing agreement (the “**Supplemental Agreement**”) to amend certain terms of the Placing Agreement. Pursuant to the Supplemental Agreement, completion of the Placing will be conditional upon, among others, completion of the Acquisition. The Company and the Placing Agent also agreed under the Supplemental Agreement that after procurement of the Placee(s) to subscribe for the Convertible Bonds, the Placing Agent will instruct the Placee(s) to deposit the subscription money in respect of the Convertible Bonds to a designated account of the Placing Agent. Should the completion of the Placing take place, the subscription money will be released from the designated account to the Company. Should the completion of the Placing fail to take place, the subscription money will be returned to the Placee(s) together with an additional one-off lump sum payment of 0.5% of the subscription money. Save as mentioned in the above, all other terms of the Placing Agreement remain in full force and effect.

By Order of the Board
RM Group Holdings Limited
CHAN Yan Tak
Chairman

Hong Kong, 9 May 2017

As at the date of this announcement, the executive directors of the Company are Mr. CHAN Yan Tak, Mr. LEE Chi Hang, Sidney, Mr. LIM Ming Shing, Tony, Mr. WONG Ping Yiu, and Mr. WANG Xihua; and the independent non-executive directors of the Company are Ms. Szeto Wai Ling, Virginia, Mr. Leung Winson Kwan Yau and Mr. Tam Kin Yip.