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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)

**DISCLOSEABLE TRANSACTIONS
IN RELATION TO THE ACQUISITIONS OF
THE ENTIRE ISSUED SHARE CAPITAL OF
SUPER VALUE SPORTING GOODS COMPANY LIMITED
AND
THE ENTIRE ISSUED SHARE CAPITAL OF
GIANT BLOOM HOLDINGS LIMITED**

Financial Adviser



Euto Capital Partners Limited

THE SV ACQUISITION AND THE GB ACQUISITION

Reference is made to the announcement of the Company dated 31 August 2017 in relation to the entering into of the SV MOU and the GB MOU.

The Board is pleased to announce that on 7 September 2017 (after trading hours of the Stock Exchange),

- (a) the Purchaser and the SV Vendors entered into the SV Agreement, pursuant to which the SV Vendors have conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the SV Sale Shares at the SV Consideration of HK\$27,000,000; and

- (b) the Purchaser and the GB Vendor entered into the GB Agreement, pursuant to which the GB Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the GB Sale Share and the GB Sale Loan at the GB Consideration of HK\$39,000,000.

THE LISTING RULES IMPLICATIONS

As the respective applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the SV Acquisition and the GB Acquisition are more than 5% but less than 25%, each of the SV Acquisition and the GB Acquisition constitutes a discloseable transaction and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As each of the SV Completion and GB Completion is conditional upon fulfillment of the conditions precedent set out in the SV Agreement and the GB Agreement respectively, each of the SV Acquisition and the GB Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company, and are recommended to consult their professional advisers if they are in any doubt about their position and as to the action they should take.

INTRODUCTION

Reference is made to the announcement of the Company dated 31 August 2017 in relation to the entering into of the SV MOU and the GB MOU.

The Board is pleased to announce that on 7 September 2017 (after trading hours of the Stock Exchange),

- (a) the Purchaser and the SV Vendors entered into the SV Agreement, pursuant to which the SV Vendors have conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the SV Sale Shares at the SV Consideration; and
- (b) the Purchaser and the GB Vendor entered into the GB Agreement, pursuant to which the GB Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the GB Sale Share and the GB Sale Loan at the GB Consideration.

SV ACQUISITION

SV Agreement

Date: 7 September 2017 (after trading hours)

Parties: (a) SV Vendors, being the vendors; and
(b) Purchaser

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the SV Vendors are independent of the Company and its connected persons.

Assets to be acquired

Pursuant to the SV Agreement, the SV Vendors have conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the SV Sale Shares, representing the entire issued share capital of the SV Target Company.

As advised by the SV Vendors, the SV Target Company owns the SV Property, which is located at Units Nos. 1 and 34 on the 1st Floor, ABBA Centre, Nos. 223-227 Aberdeen Main Road, Hong Kong.

SV Consideration

The SV Consideration for the SV Sale Shares is HK\$27,000,000, which will be satisfied by the Purchaser by cash in the following manner:

- (a) the Purchaser shall pay the SV Consideration on the SV Completion directly to all existing creditors of the SV Target Company to the intent that all amount of the SV Consideration shall be applied to (i) repay all debts and release all liabilities of the SV Target Company incurred prior to the SV Completion Date, including to but not limited for redemption and release of the SV Target Company's existing facilities; and (ii) pay the filing fee for filing the release of the SV Existing Securities with the Hong Kong Land Registry and Companies Registry (as the case may be).
- (b) If there is any remaining sum of the SV Consideration after deducting the aforesaid amount in paragraph (a), such remaining sum shall be paid by the Purchaser to the SV Vendors without interest. If the SV Consideration is insufficient to repay or pay (as the case may be) all of the amount payable as set out above in paragraph (a), the SV Vendors shall forthwith pay the Purchaser such shortfall upon the demand of the Purchaser.

- (c) Any payment made under the SV Agreement by the Purchaser to the said existing creditors of the Company, the Hong Kong Land Registry and Companies Registry (as the case may be) shall be an absolute discharge of any obligation to pay the same to the SV Vendors.

The SV Consideration was determined after arm's length negotiation between the parties with reference to the valuation of the SV Property, which amounted to HK\$27,000,000 as at 31 July 2017 based on a valuation report issued by an independent professional valuer.

Accordingly, the Directors consider that the SV Consideration and the terms and conditions of the SV Agreement are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

Conditions precedent for SV Acquisition

SV Completion is conditional upon the satisfaction (or waiver, if applicable) of, inter alia, the following conditions precedent:

- (a) the SV Target Company is able to prove and give a good title to the SV Property in accordance with Sections 13 and 13A of the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong) free from encumbrance, any orders, notices, directions, advisory letters or similar matters from the Government of Hong Kong or any competent authority requiring the SV Target Company to demolish, reinstate or carry out works to any part of the SV Property, at the SV Vendors' expense and shall at the like expenses make and furnish to the Purchaser such copies of any deeds or documents of title, wills and matters of public record as may be necessary to prove such title;
- (b) the Company has issued an announcement in respect of the SV Agreement and the transactions contemplated under the SV Agreement pursuant to the Listing Rules;
- (c) the SV Vendors have satisfied the Purchaser:
 - (i) in respect of all requisitions, whether relating to the SV Property and the SV Target Company, raised by the Purchaser's solicitors;
 - (ii) that the SV Target Company has good title to the SV Property free from any encumbrance;

- (iii) that the SV Target Company is the sole legal and beneficial owner of the SV Property, free from any encumbrance;
 - (iv) that the SV Target Company has no officers or employees and has not owed any legal liabilities and obligations to provide retirement benefit or pension for or make any payment whatsoever to any of its officers, employees or ex-employees or their respective families or dependents of such officers, employees or ex-employees or any of them; and
 - (v) that the SV Vendors are the legal, registered and beneficial owners of the SV Sale Shares, which represent the entire issued share capital of the SV Target Company, free from any encumbrance;
- (d) the board of directors and the members of the SV Target Company have respectively duly approved (i) the entry into of the SV Agreement and the deed of tax indemnity; and (ii) the transactions contemplated under the SV Agreement and the deed of tax indemnity in accordance with the constitutional documents of the SV Target Company, the applicable law and the Purchaser has received a copy of the relevant resolutions certified by any director of the SV Target Company in a form to be agreed by the parties;
 - (e) no Material Adverse Change has occurred before or on the date on which SV Completion would otherwise have taken place;
 - (f) the Purchaser is satisfied that the SV Target Company is free from all claim and financial indebtedness;
 - (g) the SV Existing Securities have been released and the relevant release/receipts on discharge have been duly filed with the Hong Kong Land Registry and Companies Registry to the full satisfaction of the Purchaser;
 - (h) the Purchaser has received the certified copy of the Hong Kong Identity Cards of each of the SV Vendors;
 - (i) the representations, warranties and undertakings set out in the SV Agreement are true, accurate and correct in all material respects as at the date hereof and will at all times hereafter up to and including the SV Completion Date, remain to be true, accurate and correct and not misleading in all material respects; and
 - (j) the Purchaser has completed its due diligence review on the business, financial, legal and other aspects of the SV Target Company and satisfied with the results thereof.

The Purchaser may at its absolute discretion at any time waive in writing the conditions set out above on such term as it may decide. If any of the above conditions has not been satisfied (or as the case may be, waived) on or before the SV Long Stop Date, then the Purchaser may on the SV Long Stop Date, at its option (but without prejudice to any other right or remedy it may have), by written notice to the SV Vendors:

- (a) waive such condition(s) which has or have not been satisfied;
- (b) postpone the SV Completion Date to a date (being a Business Day) falling not more than 10 Business Days after the SV Completion Date and if the Purchaser elects to postpone the SV Completion Date; or
- (c) require such condition(s) which has or have not been satisfied or such part thereof to be rectified within 10 Business Days from the SV Vendors' receipt of the said notice from the Purchaser, failing which the SV Agreement shall be terminated by written notice of the Purchaser pursuant to the terms of the SV Agreement.

SV Completion

Subject to fulfillment (or waiver, as the case may be) of the conditions precedent as stated above on or before the SV Long Stop Date, the SV Completion shall take place within (7) seven Business Days from the date that all conditions precedent as stated above are fulfilled or waived (as the case may be) or such other date as the parties may agree in writing.

Upon SV Completion Date, the SV Target Company will become a wholly-owned subsidiary of the Purchaser and the financial results of the SV Target Company will be consolidated into the Group's financial statements.

It is expected that the SV Consideration will be financed by (i) the internal resources of the Group including the unutilized net proceeds from the Placing; and (ii) borrowing.

Information of the SV Target Company

The SV Target Company is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. As of the date of this Announcement, the SV Target Company owns the SV Property.

Set out below are the financial information of the SV Target Company, as extracted from its audited financial statements for each of the two years ended 31 March 2017: :

	For the year ended 31 March 2016 (audited) <i>HK\$</i>	For the year ended 31 March 2017 (audited) <i>HK\$</i>
Loss before and after taxation	1,755,000	3,472,000

The SV Target Company recorded unaudited net liabilities of approximately HK\$24,213,000 as at 31 August 2017.

REASONS FOR AND BENEFITS OF THE SV ACQUISITION

The Group is principally engaged in the business of sale, marketing and distribution of health and beauty supplements and products in Hong Kong, Taiwan and the PRC.

The SV Acquisition would be an opportunity to acquire high quality commercial properties at a traditional populated residential and tourist area (i.e. Aberdeen) for opening its own shops to sell and market the health supplements and products of the Group. The Company prefers acquiring SV Property over renting as it can save the Company rental costs from a long term perspective and the Company expects the commercial properties in Hong Kong will appreciate in the long run.

The Directors (including the independent non-executive Directors) consider that the SV Agreement is on normal commercial terms and the terms of the SV Agreement and the SV Acquisition are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

GB ACQUISITION

GB Agreement

Date: 7 September 2017 (after trading hours)

Parties: (a) GB Vendor, being the vendor; and
(b) Purchaser

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the GB Vendor is independent of the Company and its connected persons.

Assets to be acquired

Pursuant to the GB Agreement, the GB Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase:

- (a) the GB Sale Share, representing the entire issued share capital of the GB Target Company; and
- (b) the GB Sale Loan, being all amounts (which principal, interest or otherwise) of the loan owing by the GB Target Company to the GB Vendor as at the GB Completion Date.

As advised by the GB Vendor, the GB Target Company owns the GB Property, which is located at Flat on 7th Floor with balcony, "11 Macdonnell Road", No. 11 Macdonnell Road, Hong Kong.

GB Consideration

The GB Consideration for the GB Sale Share and GB Sale Loan is HK\$39,000,000, which will be satisfied by the Purchaser by cash in the following manner:

- (a) the Purchaser shall pay the GB Consideration on the GB Completion directly to all existing creditors of the GB Target Company to the intent that all amount of the GB Consideration shall be applied to (i) repay all debts and release all liabilities of the GB Target Company incurred prior to the GB Completion Date, including to but not limited for redemption and release of the GB Target Company's existing facilities; and (ii) pay the filing fee for filing the release of the GB Existing Securities with the Hong Kong Land Registry and Companies Registry (as the case may be).

- (b) If there is any remaining sum of the GB Consideration after deducting the aforesaid amount in paragraph (a), such remaining sum shall be paid by the Purchaser to the GB Vendor without interest. If the GB Consideration is insufficient to repay or pay (as the case may be) all of the amount payable as set out above in paragraph (a), the GB Vendor shall forthwith pay the Purchaser such shortfall upon the demand of the Purchaser.

The GB Consideration was determined after arm's length negotiation between the parties with reference to the valuation of the Property, which amounted to HK\$39,000,000 as at 31 July 2017 based on a valuation report issued by an independent professional valuer.

Accordingly, the Directors consider that the GB Consideration and the terms and conditions of the GB Agreement are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

Conditions precedent for GB Acquisition

GB Completion is conditional upon the satisfaction (or waiver, if applicable) of, inter alia, the following conditions precedent:

- (a) the GB Target Company is able to prove and give a good title to the GB Property in accordance with Sections 13 and 13A of the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong) free from encumbrance, any orders, notices, directions, advisory letters or similar matters from the Government of Hong Kong or any competent authority requiring the GB Target Company to demolish, reinstate or carry out works to any part of the GB Property;
- (b) the Company has issued an announcement in respect of the GB Agreement and the transactions contemplated under the GB Agreement pursuant to the Listing Rules;

- (c) the GB Vendor has satisfied the Purchaser:
 - (i) in respect of all requisitions raised by the Purchaser's solicitors;
 - (ii) that the GB Target Company has good title to the GB Property free from any encumbrance;
 - (iii) that the GB Target Company is the sole legal and beneficial owner of the GB Property;
 - (iv) that the GB Vendor is the legal, registered and beneficial owner of the GB Sale Share, free from any encumbrance; and
 - (v) that the GB Vendor is the sole legal and beneficial owner of the GB Sale Loan free from any encumbrance.
- (d) the board of directors and the members of the GB Target Company have respectively duly approved (i) the entry into of the GB Agreement and the deed of tax indemnity; and (ii) the transactions contemplated under the GB Agreement and the deed of tax indemnity in accordance with the constitutional documents of GB Target Company, the applicable law and the Purchaser has received a copy of the relevant resolutions certified by any director of the GB Target Company in a form to be agreed by the parties;
- (e) no Material Adverse Change has occurred before or on the date on which GB Completion would otherwise have taken place;
- (f) the Purchaser is satisfied that the GB Target Company is free from all claim and financial indebtedness, save and except the GB Sale Loan which will be assigned upon the GB completion in accordance with the GB Agreement;

- (g) the GB Existing Security has been released and the relevant release/receipts on discharge has been duly filed with the Hong Kong Land Registry and Companies Registry to the full satisfaction of the Purchaser;
- (h) the Purchaser has received a certified copy of Hong Kong Identify Card of the Vendor;
- (i) the representations, warranties and undertakings set out in the GB Agreement are true, accurate and correct in all material respects as at the date hereof and will at all times hereafter up to and including the GB Completion Date, remain to be true, accurate and correct and not misleading in all material respects; and
- (j) the Purchaser has completed its due diligence review on the business, financial, legal and other aspects of the GB Target Company and satisfied with the results thereof.

The Purchaser may at its absolute discretion at any time waive in writing the conditions set out above on such term as it may decide. If any of the above conditions has not been satisfied (or as the case may be, waived) on or before the GB Long Stop Date, then the Purchaser may on the GB Long Stop Date, at its option (but without prejudice to any other right or remedy it may have), by written notice to the GB Vendor:

- (a) waive such condition(s) which has or have not been satisfied;
- (b) postpone the GB Completion Date to a date (being a Business Day) falling not more than 10 Business Days after the GB Completion Date and if the Purchaser elects to postpone the GB Completion Date; or
- (c) require such condition(s) which has or have not been satisfied or such part thereof to be rectified within 10 Business Days from the GB Vendor's receipt of the said notice from the Purchaser, failing which the GB Agreement shall be terminated by written notice of the Purchaser pursuant to the terms of the GB Agreement.

GB Completion

Subject to fulfillment (or waiver, as the case may be) of the conditions precedent as stated above on or before the GB Long Stop Date, the GB Completion shall take place on 13 September 2017 or such other date as the parties may agree in writing.

Upon GB Completion Date, the GB Target Company will become a wholly-owned subsidiary of the Purchaser and the financial results of the GB Target Company will be consolidated into the Group's financial statements.

It is expected that the GB Consideration will be financed by (i) the internal resource of the Group including unutilized net proceeds from the Placing; and (ii) borrowing.

Information of the GB Target Company

The GB Target Company is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. As of the date of this Announcement, the GB Target Company owns the GB Property.

Set out below are the financial information of the GB Target Company as extracted from its audited financial statements for each of the two years ended 31 March 2017:

	For the year ended 31 March 2016	For the year ended 31 March 2017
	(audited)	(audited)
	<i>HK\$</i>	<i>HK\$</i>
Loss before and after taxation	1,045,000	1,592,000

The GB Target Company recorded unaudited net liabilities of approximately HK\$8,173,000 as at 31 August 2017.

REASONS FOR AND BENEFITS OF THE GB ACQUISITION

The Group is principally engaged in the business of sale, marketing and distribution of health and beauty supplements and products in Hong Kong, Taiwan and the PRC.

The GB Property, which would be acquired under the GB Acquisition, will serve as accommodation for senior management of the Group travelling from overseas, which will save the Group's costs incurred from reserving hotels as accommodation.

The Directors (including the independent non-executive Directors) consider that the GB Agreement is on normal commercial terms and the terms of the GB Agreement and the GB Acquisition are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As the respective applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the SV Acquisition and the GB Acquisition are more than 5% but less than 25%, each of the SV Acquisition and the GB Acquisition constitutes a discloseable transaction and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As each of the SV Completion and GB Completion is conditional upon fulfillment of the conditions precedent set out in the SV Agreement and the GB Agreement respectively, each of the SV Acquisition and the GB Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company, and are recommended to consult their professional advisers if they are in any doubt about their position and as to the action they should take.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	a day other than a Saturday or Sunday or public holiday or days on which a typhoon signal No. 8 or above or black rainstorm warning is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m., on which banks are open in Hong Kong to the general public for business throughout their normal business hours
“Company”	RM Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“GB Acquisition”	the acquisition of the GB Sale Share and GB Sale Loan by the Purchaser from the GB Vendor as contemplated under the GB Agreement

“GB Agreement”	the conditional sale and purchase agreement dated 7 September 2017 entered into between the GB Vendor and the Purchaser in respect of the GB Acquisition
“GB Completion”	the completion of the GB Acquisition pursuant to the terms and conditions of the GB Agreement
“GB Completion Date”	13 September 2017 or such other date as the GB Vendor and the Purchaser may agree in writing
“GB Consideration”	HK\$39,000,000, being the consideration payable by the Purchaser for the GB Sale Share and the GB Sale Loan
“GB Existing Security”	the existing legal charge in respect of the GB Property
“GB Long Stop Date”	the GB Completion Date or such other date as the parties to the Agreement may agree in writing
“GB MOU”	the memorandum of understanding dated 31 August 2017 entered into between the Purchaser and the GB Vendor setting out the preliminary understanding in relation to the GB Acquisition
“GB Property”	the residential property located at Flat on 7th Floor with balcony, “11 Macdonnell Road”, No. 11 Macdonnell Road, Hong Kong
“GB Sale Share”	one issued share of the GB Target Company, representing the entire issued share capital of the GB Target Company
“GB Sale Loan”	amounts (which principal, interest or otherwise) of the loan owing by the GB Target Company to the GB Vendor as at the GB Completion Date
“GB Target Company”	Giant Bloom Holdings Limited, a company incorporated in Hong Kong with limited liability
“GB Vendor”	Cheng Tze Kit Larry, a resident of Hong Kong and a businessman
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Material Advance Change”	a material adverse change in the business, operations, assets, position (financial, trading or otherwise), profits or prospects of the SV Target Company or GB Target Company (as the case may be) and/or the SV Property or GB Property (as the case may be) or any matter, event or circumstance that may result in such a material adverse change
“Placing”	the placing of the Shares on the Growth Enterprise Market of the Stock Exchange on 11 October 2013
“Purchaser”	Best Billion Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SV Acquisition”	the acquisition of the SV Sale Shares by the Purchaser from the SV Vendors as contemplated under the SV Agreement
“SV Agreement”	the conditional sale and purchase agreement dated 7 September 2017 entered into between the SV Vendors and the Purchaser in respect of the SV Acquisition
“SV Completion”	the completion of the SV Acquisition pursuant to the terms and conditions of the SV Agreement
“SV Completion Date”	a date within seven (7) business days from the date that the conditions set out in the SV Agreement are all fulfilled or waived (as the case may be) or such other date as the SV Vendors and the Purchaser may agree in writing
“SV Consideration”	HK\$27,000,000, being the consideration payable by the Purchaser for the SV Sale Shares

“SV Existing Securities”	the existing legal charge and mortgage in respect of the SV Property
“SV Long Stop Date”	30 November 2017 or such other date as the parties to the Agreement may agree in writing
“SV MOU”	the memorandum of understanding dated 31 August 2017 entered into between the Purchaser and the SV Vendors setting out the preliminary understanding in relation to the SV Acquisition
“SV Property”	commercial properties located at Units Nos. 1 and 34 on the 1st Floor, ABBA Centre, Nos. 223-227 Aberdeen Main Road, Hong Kong
“SV Sale Shares”	all 1,000 issued shares of the SV Target Company, representing the entire issued share capital of the SV Target Company
“SV Target Company”	Super Value Sporting Goods Company Limited, a company incorporated in Hong Kong with limited liability
“SV Vendors”	collectively, Lieu Tseng Van David, Lieu Bon Wai Wayne and Chen Siu Ling Shirley, residents of Hong Kong and businessmen
“Taiwan”	the Republic of China
“%”	per cent

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

Hong Kong, 7 September 2017

As at the date of this announcement, the executive Directors are Mr. CHAN Yan Tak, Mr. LEE Chi Hang, Sidney, Mr. WONG Ping Yiu, Mr. WANG Xihua and Mr. LAI Wei Lam, William; and the independent non-executive Directors are Ms. SZETO Wai Ling, Virginia, Mr. LEUNG Winson Kwan Yau and Mr. TAM Kin Yip.

If there is any inconsistency in this announcement between the Chinese and English versions, the English version shall prevail.