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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)

**PROPOSED SHARE SUBDIVISION
PROPOSED AMENDMENT TO
THE MEMORANDUM AND
ARTICLES OF ASSOCIATION**

Financial Adviser



Euto Capital Partners Limited

PROPOSED SHARE SUBDIVISION

The Board proposes that each of the existing issued and unissued Shares of HK\$0.01 each in the share capital of the Company will be subdivided into four (4) Subdivided Shares of HK\$0.0025. The Share Subdivision will become effective upon the fulfillment of the conditions set out under the section headed “Conditions of Share Subdivision” below.

All Subdivided Shares will rank pari passu with each other in all respects with the Shares in issue prior to the Share Subdivision and the Share Subdivision will not result in any change in the relevant rights of the Shareholders.

Upon the Share Subdivision becoming effective, the board lot size for trading will remain unchanged and in board lots of 4,000 Subdivided Shares.

PROPOSED AMENDMENT TO THE MEMORANDUM AND ARTICLES

Subject to and conditional upon the passing of the ordinary resolution to approve the Share Subdivision at the EGM and the Share Subdivision becoming effective, the Board proposes to amend the Memorandum and Articles to reflect the new par value of the Subdivided Shares.

An ordinary resolution to approve the Share Subdivision and a special resolution to approve the amendment to the Memorandum and the Articles will be proposed at the EGM.

GENERAL

Application will be made to the Stock Exchange for approval for the listing of, and permission to deal in, the Subdivided Shares.

A circular containing, among other things, details of the Share Subdivision and the amendment to the Memorandum and the Articles together with the notice of the EGM and related proxy form, will be despatched to Shareholders on Friday, 3 November 2017.

PROPOSED SHARE SUBDIVISION

Basis of Share Subdivision

The Board proposes that each of the existing issued and unissued Shares of the Company will be subdivided into four (4) Subdivided Shares. The Share Subdivision will become effective upon the fulfillment of the conditions set out below under the section headed “Conditions of Share Subdivision” below.

As at the date of this announcement, the Company has 528,600,000 Shares in issue and fully paid. Moreover, the Company has no outstanding options, warrants, conversion rights or other similar rights giving rights to subscribe for any Shares as at the date of this announcement. It is expected that upon the Share Subdivision becoming effective, 2,114,400,000 Subdivided Shares will be in issue and fully paid, assuming that no further Shares are issued or repurchased between the date of this announcement and the date of the EGM.

Conditions of Share Subdivision

The completion of the Share Subdivision is conditional upon:

- (a) the passing of an ordinary resolution by the Shareholders at the EGM for approving the Share Subdivision; and
- (b) the Stock Exchange granting the listing of, and permission to deal in, the Subdivided Shares.

Assuming all the conditions are fulfilled, the Share Subdivision will become effective on the next day following the passing of the relevant ordinary resolution at the EGM, which is expected to take place on Tuesday, 28 November 2017.

Application will be made to the Stock Exchange in respect of such approval for the listing of, and permission to deal in, the Subdivided Shares.

Free exchange of share certificates

Upon the Share Subdivision becoming effective, the Shareholders may, during the period from Tuesday, 28 November 2017 to Monday, 8 January 2018 (both dates inclusive), submit their existing certificates for the Shares to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, in exchange for the new share certificates for the Subdivided Shares free of charge. Thereafter, existing certificates for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each certificate issued or cancelled, whichever is higher.

The new share certificates will be yellow in colour so as to be distinguished from the existing share certificates which are blue in colour.

The existing share certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:00 p.m. on Thursday, 4 January 2018 and thereafter will not be accepted for delivery, trading and settlement purposes. However, the existing share certificates will continue to be good evidence of title to the Subdivided Shares on the basis of one (1) Share for four (4) Subdivided Shares.

REASONS FOR AND BENEFITS OF SHARE SUBDIVISION

The Share Subdivision (when effective) will increase the total number of shares in issue and correspondingly reduce the trading price of each Share in the Company so that the market value per board lot of Shares in the Company can be reduced to appeal to more investors.

The Board is of the view that the increase in number of shares of the Company together with the corresponding reduction in the trading price as a result of the Share Subdivision may improve the trading liquidity of the Subdivided Shares vis-à-vis the existing Shares, apart from enabling the Company to broaden its Shareholders' base.

The Board has also considered alternative methods such as issue bonus shares and reduction of board lot size to achieve the above objectives. Unlike change of board lot size, issue of bonus shares has an effect to the reserve on the premium account of the balance sheet of the Company and the reduction of board lot size may not affect the general market's perception of the change in characteristics and attractiveness to motivate investment incentive to support the Shares. Having assessed the cost and benefit of each of the methods, the Board believes that the proposed Share Subdivision is the best option to improve to the liquidity of the Shares.

Accordingly, the Board considers that the implementation of the Share Subdivision is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EXPECTED TIMETABLE

The expected timetable relating to the Share Subdivision and the associated trading arrangement is set out below.

Expected dispatch date of the circular in relation to the
Share Subdivision and the amendment to the Memorandum
and the Articles together with EGM notice and proxy form Friday, 3 November 2017

Latest time for lodging the proxy form for the EGM
(not later than 48 hours prior to the EGM) 11:00 a.m., Saturday, 25 November 2017

Expected date and time of the EGM 11:00 a.m., Monday, 27 November 2017

Publication of poll results of the EGM Monday, 27 November 2017

The following events are conditional on the fulfillment of the conditions for the implementation of the Share Subdivision as set out in the sections headed “Conditions of the Share Subdivision” in this announcement.

Effective date of the Share Subdivision Tuesday, 28 November 2017

Free exchange of existing share certificates
for new share certificates for Subdivided
Shares commences Tuesday, 28 November 2017

Dealing in Subdivided Shares commences 9:00 a.m., Tuesday, 28 November 2017

Original counter for trading in existing Shares
(in board lots of 4,000 Shares) closes 9:00 a.m., Tuesday, 28 November 2017

Temporary counter for trading in Subdivided Shares
in board lots of 16,000 Subdivided Shares
(in form of existing share certificates in
blue colour) opens 9:00 a.m., Tuesday, 28 November 2017

Original counter for trading in Subdivided
Shares (in board lots of 4,000 Subdivided
Shares) re-opens 9:00 a.m., Tuesday, 12 December 2017

Parallel trading in existing Shares and Subdivided
Shares (in form of existing share certificates
in blue colour and new share certificates in
yellow colour) begins 9:00 a.m., Tuesday, 12 December 2017

Temporary counter for trading in Subdivided
Shares in board lots of 16,000 Subdivided
Shares (in form of existing share certificates
in blue colour) closes 4:00 p.m., Thursday, 4 January 2018

Parallel trading in Shares and Subdivided
Shares (in form of existing share certificates in
blue colour and new share certificates in
yellow colour) ends 4:00 p.m., Thursday, 4 January 2018

Free exchange of existing share certificates for
new share certificates in yellow colour ends Monday, 8 January 2018

All dates and times stated in this announcement refer to Hong Kong dates and times. Further announcement will be made by the Company for changes, if any, in the expected timetable for implementation of the Share Subdivision as well as the associated trading arrangements listed above.

PROPOSED AMENDMENT TO THE MEMORANDUM AND THE ARTICLES

Subject to and conditional upon the passing of the ordinary resolution to approve the Share Subdivision at the EGM and the Share Subdivision becoming effective, the Board proposes to amend the Memorandum and the Articles to reflect the new par value of the Subdivided Shares by:

- (1) deleting the existing Clause 8 of the Memorandum in its entirety and substituting therewith the following new Clause 8 with effect from the date on which the Share Subdivision becomes effective:

“8. The share capital of the Company is HK\$10,000,000 divided into 4,000,000,000 shares of a nominal or par value of HK\$0.0025 each, with the power for the Company, insofar as is permitted by law, to redeem or purchase any of its shares and to increase or reduce the said share capital subject to the provisions of the Companies Law (Revised) and the Articles of Association of the Company and to issue any part of its capital, whether original, redeemed or increased, with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions; and so that, unless the conditions of issue shall otherwise expressly declare, every issue of shares, whether declared to be preference or otherwise, shall be subject to the power hereinbefore contained.”

- (2) deleting the existing Article 3(1) of the Articles in its entirety and substituting therewith the following new Article 3(1) with effect from the date on which the Share Subdivision becomes effective:

“3(1). The share capital of the Company at the date on which these Articles come into effect shall be divided into shares of a par value of HK\$0.0025 each.”

The proposed amendments to the Memorandum and the Articles are conditional upon the passing at the EGM of the special resolution to approve the amendments.

GENERAL

The Company is incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange. The Company and its subsidiaries are principally engaged in the business of sale, marketing and distribution of health and beauty supplements and products in Hong Kong, Taiwan and the PRC.

An ordinary resolution to approve the Share Subdivision and a special resolution to approve the amendment to the Memorandum and the Articles will be proposed at the EGM. A circular containing, among other things, further details of the Share Subdivision and the amendment to the Memorandum and the Articles together with the notice convening the EGM will be dispatched to the Shareholders on Friday, 3 November 2017.

DEFINITIONS

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

“Articles”	the articles of association of the Company
“Board”	the board of directors of the Company
“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 (stock code: 932)
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of approving the Share Subdivision
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum”	the memorandum of association of the Company
“Share(s)”	ordinary share(s) of par value HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of the Share(s) or Subdivided Share(s), as the case may be

“Share Subdivision”	the proposed subdivision of each issued Share into four (4) Subdivided Shares as described in this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subdivided Share(s)”	ordinary shares of par value HK\$0.0025 each in the share capital of the Company arising from and upon the Share Subdivision becoming effective

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

Hong Kong, 27 October 2017

As at the date of this notice, the executive directors of the Company are Mr. CHAN Yan Tak, Mr. LEE Chi Hang, Sidney, Mr. WONG Ping Yiu, Mr. WANG Xihua, Mr. LAI Wei Lam, William, Mr. SO Kevin Hoi Chak and Mr. LIAO Zhe; and the independent non-executive directors of the Company are Ms. SZETO Wai Ling, Virginia, Mr. LEUNG Winson Kwan Yau, Mr. TAM Kin Yip and Mr. LEUNG Man Loon.