

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



偉祿集團控股有限公司
REALORD GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1196)

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION OF 60% OF THE
ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY**

THE ACQUISITION AGREEMENT

On 27 December 2018, the Purchaser, a direct wholly-owned subsidiary of the Company, and the Vendors entered into the Acquisition Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell, the Sale Shares, representing 60% of the entire issued share capital of the Target Company, for the Consideration of HK\$96,000,000, subject to the terms and conditions of the Acquisition Agreement.

Pursuant to the Acquisition Agreement, prior to the Completion, the Reorganisation will be undertaken by the Target Company to the effect that the entire issued share capital of the Target Company (other than the Sale Shares) shall be transferred to the Vendors Holding Company.

Upon Completion, the Target Company will be owned as to 60% and 40% by the Purchaser and the Vendors Holding Company respectively. It is expected that the Target Company will be consolidated in the financial statements of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceed 5% but are all less than 25%, the transactions contemplated under the Acquisition Agreement constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirement under Chapter 14 of the Listing Rules.

As at the date of this announcement, Vendor A is the spouse of a director of a subsidiary of the Company. Accordingly, Vendor A is a connected person at the subsidiary level according to Rule 14A.07(1) of the Listing Rules. Accordingly, the transactions contemplated under the Acquisition Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, since (i) Vendor A is a connected person at the subsidiary level, (ii) the Board has approved the Acquisition Agreement and the transactions contemplated thereunder; and (iii) the independent non-executive Directors have confirmed that the terms of the Acquisition Agreement are fair and reasonable and the transactions contemplated thereunder are on normal commercial terms or better and in the interests of the Company and its shareholders as a whole, the transactions contemplated under the Acquisition Agreement are subject to the reporting and announcement requirements, and are exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

As Completion is subject to fulfilment or waiver (as the case may be) of the conditions precedent to the Acquisition Agreement and may or may not proceed, Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Board is pleased to announce that on 27 December 2018, the Purchaser, a direct wholly-owned subsidiary of the Company, and the Vendors entered into the Acquisition Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell, the Sale Shares, representing 60% of the entire issued share capital of the Target Company, for the Consideration of HK\$96,000,000, subject to the terms and conditions of the Acquisition Agreement.

THE PRINCIPAL TERMS OF THE ACQUISITION AGREEMENT

The principal terms of the Acquisition Agreement are set out below:

Date: 27 December 2018

| | | |
|----------|-----------------|---|
| Parties: | (i) Vendors: | Vendor A, Vendor B and Vendor C |
| | (ii) Purchaser: | Realord Manureen Financial Group Limited, a direct wholly-owned subsidiary of the Company |

As at the date of this announcement, the Target Company is owned as to 51%, 25%, 17% and 7% by Vendor A, Vendor B, Vendor C and an Independent Third Party respectively. Upon Completion, the Target Company will be owned as to 60% and 40% by the Purchaser and the Vendors Holding Company respectively and Vendor A will hold or control not less than 51% of the voting rights at the general meeting of the holders of the ordinary shares of the Vendors Holding Company.

Assets to be acquired

Pursuant to the Acquisition Agreement, the Purchaser has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell, the Sale Shares, representing 60% of the entire issued share capital of the Target Company. For further details of the Target Company, please refer to the section headed “Information of the Vendors and the Target Company” below.

Consideration

The Consideration of the Acquisition is HK\$96,000,000 and shall be payable by the Purchaser and in cash in the following manner:

- (1) a sum of HK\$48,000,000 shall be paid upon Completion; and
- (2) the balance of HK\$48,000,000 shall be paid on the third anniversary of the date of Completion.

The Consideration was determined after arm’s length negotiations between the Vendors and the Purchaser after taking into account, among other things, (i) the track record and future prospects of the Target Company, and (ii) the price-to-earning ratios of six comparable listed companies in Hong Kong ranging from 8.8 to 19.8 times with a mean of 13.9 times. The six comparable listed companies are listed on Main Board and GEM of the Stock Exchange with market capitalisation below HK\$500,000,000. They are of business and scale of operation comparable to those of the Target Company with at least 50% of revenue attributable to corporate finance advisory and related business.

Conditions precedent

Completion shall be conditional upon and subject to:

- (1) the Purchaser being satisfied in its absolute discretion with the results of the Due Diligence Review;
- (2) all necessary consents, licenses and approvals from the shareholders and regulators required to be obtained on the part of the Vendors and the Target Company in respect of the Acquisition Agreement and the transactions contemplated thereby having been obtained and remaining in full force and effect;
- (3) all necessary consents, licences and approvals from the shareholders and regulators required to be obtained on the part of the Purchaser in respect of the Acquisition Agreement and the transactions contemplated thereby having been obtained and remaining in full force and effect;
- (4) the representations, warranties and undertakings contained or referred to in the Acquisition Agreement given by the Vendors remaining true and accurate and not misleading in all material respects;

- (5) the approval from the SFC in relation to the change of substantial shareholder (as defined in the SFO) and the change of premises to be used for keeping records or documents (if applicable) of the Target Company having been obtained and shall remain in full force and effect; and
- (6) the Reorganisation having been duly completed.

Each of the Vendors shall use his/her best endeavours to procure the fulfillment of the conditions set out in paragraphs (1), (2), (4), (5) and (6) above. The Purchaser shall use its best endeavours to procure the fulfillment of the conditions set out in paragraphs (3) and (5) above. Save that the Purchaser may at any time waive in writing the conditions set out in paragraphs (1) and (4) above, all other conditions are incapable of being waived by either the Purchaser or the Vendors.

If (i) the condition set out in paragraph (5) above could not be fulfilled due to the final rejection of the application by the SFC, or (ii) the conditions set out in the Acquisition Agreement have not been satisfied (or as the case may be, waived by the Purchaser) on or before 12:00 noon on the Long Stop Date (whichever is earlier), the Acquisition Agreement shall cease and determine (save and except clauses in relation to costs and stamp duty, confidentiality and announcements, notices, governing law and jurisdiction and joint and several obligations which shall continue to have full force and effect) and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Completion

Completion shall take place on the last Business Day of the month that the conditions precedent under the Acquisition Agreement have been fulfilled (or waived), or such later date the Vendors and the Purchaser may agree.

Each of the Vendors has also warranted and represented to the Purchaser under the Acquisition Agreement that the net tangible asset value of the Target Company will be no less than HK\$20,000,000 upon Completion. Upon Completion, the Target Company will be owned as to 60% and 40% by the Purchaser and the Vendors Holding Company respectively. It is expected that the Target Company will be consolidated in the financial statements of the Group.

Due Diligence Review

The Purchaser is entitled to conduct such financial, legal or other due diligence review of the assets, liabilities, operations and affairs of the Target Company as it may reasonably consider appropriate upon signing of the Acquisition Agreement and the Vendors shall provide and procure the Target Company and its agents to provide such assistance as the Purchaser or its agents and advisers may reasonably require in connection with such review so as to enable the review.

Each of the Vendors shall use his/her best endeavours to assist the Purchaser in connection with the Due Diligence Review and, in particular, shall procure that copies of all information and documents required to be submitted to the SFC and other relevant regulatory authorities pursuant to applicable rules, codes and regulations are duly given to the Purchaser within a reasonable time.

Key Personnel

Pursuant to the Acquisition Agreement, each of the Vendors has agreed and undertaken to procure relevant employment contract(s) or supplemental contract(s) to be entered into between the Target Company and each of the Key Personnel, and shall contain terms to the effect that:

- (a) For Vendor A, the term of service shall be of a term of not less than five (5) years after the date of Completion;
- (b) For Vendor B, the term of service shall be of a term of not less than three (3) years after the date of Completion; and
- (c) For Vendor C, the term of service shall be of a term of not less than five (5) years after the date of Completion.

Pursuant to the Acquisition Agreement, prior to the Completion, the Reorganisation will be undertaken by the Target Company to the effect that the entire issued share capital of the Target Company (other than the Sale Shares) shall be transferred to the Vendors Holding Company.

SHAREHOLDERS' AGREEMENT

According to the Acquisition Agreement, the Purchaser, the Vendors Holding Company and the Target Company shall enter into the Shareholders' Agreement prior to Completion, in relation to, among other matters, the affairs, business and management of the Target Company, and the relationship among the shareholders of the Target Company.

The expected principal terms of the Shareholders' Agreement are set out below:

Board Composition

The board of directors of the Target Company shall initially comprise three directors, of which two shall be nominated by the Purchaser and one shall be nominated the Vendors. Should there be any change in the number of members of the board of directors in the future, unless all the shareholders of the Target Company unanimously agreed otherwise, the Purchaser shall be entitled to appoint 60% of the board members and the Vendors shall be entitled to appoint 40% of board members. The quorum for a board meeting shall be three (3) directors (or their respective alternate directors), at least two of whom

shall be directors appointed by the Purchaser and one shall be a director appointed by the Vendors. The chairman of the board of directors of the Target Company shall be designated by the Purchaser. All decisions of the board of directors shall be resolved by simple majority and the chairman shall be entitled to the second or casting vote.

Financing

If the Target Company requires additional funding, the board of directors of the Target Company shall determine the means of funding, which may include (but not limited to) by way of loans from financial institution(s) and other third parties at the best available terms in relation to interests, repayment and collaterals. If these sources of financing are exhausted or unavailable, the Target Company may seek borrowing or equity investment from its shareholders in proportional to their shareholdings in the Target Company.

Dividend policy

The board of directors of the Target Company shall propose to its shareholders the dividends to be distributed according to the financial condition, future investment plan and cashflow requirement of the Target Company. Subject to the requirements of all laws and regulations and the memorandum and articles of association of the Target Company, not less than 40% of the net profit after tax shall be distributed by the Target Company to its shareholders.

Pre-emptive Right

Save and except any shareholder of the Target Company wishes to transfer all (but not part) of his/her/its shares of the Target Company to his/her/its associate, any shareholder (the “**Selling Shareholder**”) of the Target Company who wishes to sell all or part of its shares (the “**Selling Shares**”) of the Target Company shall give a written notice (the “**Offering Notice**”) to the board of directors specifying details of the terms of the transfer (including but not limited to the intended selling price per share (the “**Selling Price**”) of the Selling Shares) whereas the board of directors shall, upon receipt of the Offering Notice, offer to the other shareholders to purchase such Selling Shares at the Selling Price. The other shareholders shall have the right, for a period of thirty (30) days (the “**Prescribed Period**”), to confirm his/her/its acceptance (the “**Pre-emptive Right**”). Unless the offer for all the Selling Shares are accepted by the other shareholder(s), the acceptance by any shareholder to purchase part of the Selling Shares will not be considered to be valid. If the board of directors is unable to find shareholder(s) to purchase all the Selling Shares within the Prescribed Period, or if, without any default on the part of the Selling Shareholder, the sale and purchase of such Selling Shares by such other shareholder(s) who had accepted the offer is not completed within four months of such acceptance, subject to the Tag-along Right (as defined below), the Selling Shareholder shall be entitled to sell all or part of the Selling Shares at a price not lower than the Selling Price to any party.

Tag-along Right

If no shareholder of the Target Company has exercised the Pre-emptive Right following receipt of the Offering Notice, any shareholder of the Target Company other than the Selling Shareholder (the “**Tag Seller**”) shall be entitled to, within 14 days upon expiry of the Prescribed Period, serve a written notice to the Selling Shareholder requiring him/her/it to procure the purchaser of the Selling Shares to purchase all of the shares of the Target Company held by the Tag Seller, failing which the Selling Shareholder shall not be entitled to sell the Selling Shares (the “**Tag-along Right**”).

Drag-along Right

If (i) the board of directors of the Target Company could not procure any shareholder of the Target Company to purchase all of the Selling Shares or, if there is other shareholder exercising the Pre-emptive Right but without any default on the part of the Selling Shareholder, the sale and purchase of such Selling Shares by such shareholder(s) who had accepted the offer is not completed within four months of such acceptance; and (ii) all (but not part) of the Selling Shares shall comprise 50% or more of the issued share capital of the Target Company, the Selling Shareholder shall be entitled to, within the period prescribed by the third party purchaser, serve a written request to other shareholders of the Target Company to sell all or part (as specified by the Selling Shareholder) of their shares of the Target Company (the “**Drag Shares**”) together with the Selling Shares to the third party purchaser. The selling price of the Drag Shares shall be the higher of (i) the Selling Price; and (ii) the fair price as determined by an independent financial adviser or a “big 4” accounting firm as recognised by the shareholders of the Target Company as being reputable.

INFORMATION OF THE PURCHASER AND THE GROUP

The Purchaser is a company incorporated in the British Virgin Islands with limited liability, which is a direct wholly-owned subsidiary of the Company as at the date of this announcement.

The Group is principally engaged in (i) provision of financial printing, digital printing and other related services; (ii) sales of hangtags, labels, shirt paper boards and plastic bags; (iii) distribution and sales of motor vehicle parts; (iv) provision of securities brokerage services and margin financing; (v) trading of electronic products and computer components; (vi) property investment; and (vii) sourcing, dismantling and trading of scrap materials.

INFORMATION OF THE VENDORS AND THE TARGET COMPANY

The Target Company is a company incorporated in Hong Kong with limited liability. As at the date of this announcement, the Target Company is holding the licences granted by the SFC for carrying out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO.

Each of Vendor A, Vendor B and Vendor C is a responsible officer of the Target Company in relation to its regulated activities under the SFO.

As at the date of this announcement, Vendor A is the spouse of a director of a subsidiary of the Company. Accordingly, Vendor A is a connected person at the subsidiary level according to Rule 14A.07(1) of the Listing Rules. The original acquisition cost of the 3,480,000 Sale Shares to be sold by Vendor A pursuant to the Acquisition Agreement is HK\$3,828,000. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Vendor B and Vendor C and his/her associates is an Independent Third Party.

Set out below is the financial information of the Target Company for the two financial years ended 30 September 2018 as prepared in accordance with the Hong Kong Financial Reporting Standards:

| | For the year ended 30 September | |
|------------------------|--|--------------------|
| | 2018 | 2017 |
| | (HK\$'000) | (HK\$'000) |
| | (<i>unaudited</i>) | (<i>audited</i>) |
| Profit before taxation | 18,587 | 27,277 |
| Profit after taxation | 15,484 | 22,752 |

The unaudited net assets of the Target Company as of 30 September 2018 were approximately HK\$21.1 million.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The provision of securities brokerage services and margin financing (the “**Financial Services Business**”) is one of the principal activities of the Group. The Group currently holds the licence to carry out Type 1 (dealing in securities) regulated activity under the SFO.

The Group has been actively identifying business opportunities to expand its Financial Services Business in Hong Kong. As disclosed in the announcement of the Company dated 18 September 2018, the Purchaser has entered into a sale and purchase agreement in relation to the acquisition of the entire issued share capital of a company incorporated in Hong Kong which is licensed to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO and authorised by the Hong Kong Confederation of Insurance Brokers as an intermediary to broker long term (including linked long term) insurance under Insurance Ordinance (Chapter 41 of the Laws of Hong Kong) which has been completed on 27 November 2018.

The Target Company is a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. The Target Company principally engages in providing corporate finance advisory services in Hong Kong. The transactions on which the Target Company was engaged were principally relating to (i) acquisition and disposal; (ii) corporate restructuring; (iii) privatisation; (iv) initial public offering; and (v) equity and

debt fund raising. With solid client base accumulated over the years, the Target Company's corporate finance advisory business continues to gain exposure to various types of corporate transactions and the Target Company can also actively explore potential business. The senior management of the Target Company possess extensive knowledge and in-depth experience in the Hong Kong financial industry. The success of Target Company depends on its ability to motivate and retain key management and other personnel. By procuring each of the Vendors to enter into service contracts with a term of no less than 3 to 5 years, the Group could ensure the continuity of management of the Target Company and business connection of the Vendors. The Board believes that the Acquisition represents a viable business opportunity for the Group to strengthen its Financial Services Business in Hong Kong and will complement its existing services portfolio for the Group to provide more comprehensive financial services to its customers. The integration of the Target Company will also strengthen the Group's ability to produce different but higher quality services to its customers.

Having considered the above, the Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Acquisition Agreement are fair and reasonable and the transactions contemplated thereunder (including the Acquisition) are on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole. None of the Directors have a material interest in the Acquisition Agreement and the transactions contemplated thereunder which required any of the Directors to abstain from voting on the resolutions in relation to the Acquisition Agreement and the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceed 5% but are all less than 25%, the transactions contemplated under the Acquisition Agreement constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirement under Chapter 14 of the Listing Rules.

As at the date of this announcement, Vendor A is the spouse of a director of a subsidiary of the Company. Accordingly, Vendor A is a connected person at the subsidiary level according to Rule 14A.07(1) of the Listing Rules. Accordingly, the transactions contemplated under the Acquisition Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, since (i) Vendor A is a connected person at the subsidiary level, (ii) the Board has approved the Acquisition Agreement and the transactions contemplated thereunder; and (iii) the independent non-executive Directors have confirmed that the terms of the Acquisition Agreement are fair and reasonable and the transactions contemplated thereunder are on normal commercial terms or better and in the interests of the Company and its shareholders as a whole, the transactions contemplated under the Acquisition Agreement are subject to the reporting and announcement requirements, and are exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

As Completion is subject to fulfilment or waiver (as the case may be) of the conditions precedent to the Acquisition Agreement and may or may not proceed, Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

| | |
|-------------------------|---|
| “Acquisition” | the sale and purchase of the Sale Shares pursuant to the Acquisition Agreement |
| “Acquisition Agreement” | the conditional sale and purchase agreement dated 27 December 2018 entered into among the Purchaser and the Vendors in relation to the Acquisition |
| “Board” | the board of Directors |
| “Business Day(s)” | day(s) (excluding Saturday, Sunday or public holiday) in Hong Kong on which licensed banks are generally open for business throughout the normal working hours |
| “Company” | Realord Group Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1196) |
| “Completion” | completion of the sale and purchase of the Sale Shares according to the Acquisition Agreement |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Consideration” | the consideration of HK\$96,000,000 in relation to the Acquisition |
| “Director(s)” | the director(s) of the Company |
| “Due Diligence Review” | the financial, legal or other due diligence review of the assets, liabilities, operations and affairs of the Target Company by the Purchaser or its agents and advisers in accordance with the terms of the Acquisition Agreement, as more detailed in the paragraph headed “Due Diligence Review” in this announcement |

| | |
|--------------------------------|---|
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Key Personnel” | the key personnel of the Target Company, namely Vendor A, Vendor B and Vendor C |
| “Long Stop Date” | 30 April 2019 or such later date as the Vendors and the Purchaser may agree in writing |
| “Independent Third Party(ies)” | third party(ies) independent of the Company and its connected persons |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “PRC” | the People’s Republic of China, which for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “Purchaser” | Realord Manureen Financial Group Limited, a company incorporated in the British Virgin Islands with limited liability, which is a direct wholly-owned subsidiary of the Company |
| “Reorganisation” | the corporate reorganisation to be undertaken by the Target Company to the effect that the entire issued share capital of the Target Company (other than the Sale Shares) shall be transferred by the Vendors to the Vendors Holding Company |
| “Sale Shares” | 6,000,000 ordinary shares of the Target Company beneficially owned by the Vendors as to 3,480,000, 1,500,000 and 1,020,000 shares by Vendor A, Vendor B and Vendor C respectively, in aggregate representing 60% of the entire issued share capital of the Target Company as at the date of this announcement |
| “SFC” | the Securities and Futures Commission |

| | |
|---------------------------|--|
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Shareholders’ Agreement” | the shareholders’ agreement to be entered into among the Purchaser, the Vendors Holding Company and the Target Company prior to Completion, in relation to, among other matters, the affairs, business and management of the Target Company, and the relationship among the shareholders of the Target Company |
| “Share(s)” | ordinary share(s) of HK\$0.1 each in the issued share capital of the Company |
| “Shareholder(s)” | holder(s) of the issued share(s) of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Target Company” | Optima Capital Limited, a company incorporated in Hong Kong with limited liability and is holding the licences granted by the SFC for carrying out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO |
| “Vendor A” | Ms. Leung Mei Han, a spouse of a director of a subsidiary of the Company |
| “Vendor B” | Ms. Lung Chung Mei Beatrice, an Independent Third Party |
| “Vendor C” | Mr. Ng Ka Po, an Independent Third Party |
| “Vendors” | collectively, Vendor A, Vendor B and Vendor C |
| “Vendors Holding Company” | Optima Securities Limited, a company incorporated in Hong Kong with limited liability, whereas upon completion of the Reorganisation, Vendor A will hold or control not less than 51% of the voting rights at the general meeting of the holders of its ordinary shares |

“%”

per cent

By order of the Board
Realord Group Holdings Limited
Lin Xiaohui
Chairman

Hong Kong, 27 December 2018

As at the date of this announcement, the executive Directors of the Company are Dr. Lin Xiaohui, Madam Su Jiaohua and Mr. Lin Xiaodong and the independent non-executive Directors are Mr. Yu Leung Fai, Mr. Fang Jixin and Dr. Li Jue.