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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: 8185)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2014

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the “Directors”) of RM Group Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

The board of Directors (the “Board”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 30 June 2014 together with the unaudited comparative figures for the corresponding period last year as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED 30 JUNE 2014

		For the three months ended 30 June	
	<i>Notes</i>	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
TURNOVER	3	47,802	32,410
Cost of sales		<u>(11,171)</u>	<u>(8,552)</u>
GROSS PROFIT		36,631	23,858
Other revenue and other net income		227	65
Selling and distribution expenses		(12,899)	(9,977)
Administrative expenses		(18,317)	(12,851)
Research and development costs		(754)	(234)
Listing expenses		–	<u>(272)</u>
PROFIT FROM OPERATIONS		4,888	589
Finance costs	4(c)	<u>(27)</u>	<u>(26)</u>
PROFIT BEFORE TAXATION	4	4,861	563
Taxation	5	<u>(1,101)</u>	<u>(258)</u>
PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		3,760	305
OTHER COMPREHENSIVE LOSS			
Items that may be reclassified to profit or loss:			
Exchange difference arising on translation of foreign operations		<u>(14)</u>	<u>–</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>3,746</u>	<u>305</u>
EARNINGS PER SHARE			
BASIC (HK CENTS)	7	<u>0.730</u>	<u>0.079</u>
DILUTED (HK CENTS)	7	<u>0.727</u>	<u>0.079</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 30 JUNE 2014

	Attributable to owners of the Company						
	Share capital HK\$'000 (unaudited)	Share premium HK\$'000 (unaudited)	Merger reserve HK\$'000 (unaudited)	Translation reserve HK\$'000 (unaudited)	Share option reserve HK\$'000 (unaudited)	Retained earnings HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
At 1 April 2014 (audited)	5,150	122,936	(10)	(127)	7,364	32,818	168,131
Profit for the period	-	-	-	-	-	3,760	3,760
Other comprehensive loss:							
Exchange difference arising on translation of foreign operations	-	-	-	(14)	-	-	(14)
Total comprehensive income for the period	-	-	-	(14)	-	3,760	3,746
At 30 June 2014 (unaudited)	<u>5,150</u>	<u>122,936</u>	<u>(10)</u>	<u>(141)</u>	<u>7,364</u>	<u>36,578</u>	<u>171,877</u>
At 1 April 2013 (audited)	-	-	-	-	-	38,551	38,551
Profit and total comprehensive income for the period	-	-	-	-	-	305	305
At 30 June 2013 (unaudited)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,856</u>	<u>38,856</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION *FOR THE THREE MONTHS ENDED 30 JUNE 2014*

1. CORPORATE INFORMATION AND REORGANISATION

(a) Corporate Information

RM Group Holdings Limited (the “Company”) was incorporated and domiciled in the Cayman Islands under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 5 December 2011. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company has established a principle place of business in Hong Kong at 21/F., Man Shing Industrial Building, 307–311 Castle Peak Road, Kwai Chung, Hong Kong and has been registered as a non-Hong Kong company under Part XI of the Hong Kong Companies Ordinance on 5 April 2012. The Company’s issued shares have been listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 11 October 2013.

The Company is an investment holding company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the sale, marketing and distribution of health and beauty supplements and products in Hong Kong and Taiwan. The Group’s products are sold and distributed under its proprietary brand names of the companies within the Group and the private label brands are specifically developed for and owned by a renowned chain of health and beauty products in Hong Kong and Macau (the “Distribution Facilitator”).

The unaudited condensed consolidated financial information is presented in Hong Kong dollars (“HK\$”), unless otherwise stated.

The unaudited condensed consolidated financial information for the three months ended 30 June 2014 has not been audited by the Company’s auditors but was reviewed by the audit committee of the Company.

(b) Reorganisation

Pursuant to a reorganisation (the “Reorganisation”) of the Company and its subsidiaries now comprising the Group completed on 23 September 2013 to rationalise the Group’s structure in preparation for the listing of the shares of the Company on the GEM of the Stock Exchange, the Company became the holding company of the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 30 September 2013 (the “Prospectus”).

The Group resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the combined statement of profit or loss and other comprehensive income and combined statement of changes in equity for the three months ended 30 June 2013 have been prepared on the basis as if the Company had always been holding company of the companies now comprising the Group throughout the period. The consolidated financial statements have been prepared using the principles of merger accounting in accordance with Accounting Guideline 5 “Merger accounting under common control combination” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as if the group structure under the Reorganisation had been in existence throughout the period or since their respective dates of incorporation of the entities now comprising the Group, whichever is the shorter period.

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial information have been prepared in accordance with the basis of presentation which comply with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective terms include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”), interpretations issued by the HKICPA and the disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) and by the Hong Kong Companies Ordinance.

The HKICPA has issued a number of new and revised HKFRSs and interpretations that are first effective or available for early adoption for the current accounting period of the Company. There have been no significant changes to the accounting policies applied in these financial information for the periods presented as a result of these developments.

The unaudited condensed consolidated financial information have been prepared under the historical cost convention.

The preparation of financial information in conformity with the HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise their judgments in the process of applying the Group’s accounting policies.

The accounting policies adopted in preparing the unaudited condensed consolidated financial information were consistent with those applied for the financial statements of the Group for the year ended 31 March 2014.

3. TURNOVER

The Group is principally engaged in the sale, marketing and distribution of health and beauty supplements and products mainly in Hong Kong and Taiwan. The products are sold and distributed under the proprietary brand names of the companies within the Group and the private label brands specifically designated for the Distribution Facilitator.

Turnover represents the invoiced value of sales of health and beauty supplements and products, less sales returns and discounts for the period. An analysis of turnover is as follows:

	For the three months ended	
	30 June	
	2014	2013
	<i>HK\$’000</i>	<i>HK\$’000</i>
	(unaudited)	(unaudited)
Health supplements	38,340	19,792
Beauty supplements and products	9,176	12,451
Others	286	167
	<u>47,802</u>	<u>32,410</u>

4. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging/(crediting) the following:

	For the three months ended	
	30 June	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(a) Staff costs:		
Salaries, allowances, and other benefits (including directors' remuneration)	13,944	10,171
Mandatory provident fund contributions	474	376
	<u>14,418</u>	<u>10,547</u>
(b) Other items:		
Auditors' remuneration	175	8
Cost of inventories (<i>note i</i>)	11,171	8,552
Depreciation on property, plant and equipment	485	411
Amortisation of intangible assets	29	–
Provision for goods returns	301	406
Exchange (gain)/loss, net	(24)	11
Operating lease charges	175	120
Research and development costs	754	234
	<u>754</u>	<u>234</u>
(c) Finance costs:		
Bank overdraft interest	7	1
Finance charge on obligations under finance lease	–	1
Interest on bank loans wholly repayable within five years	8	10
Interest on bank loans not wholly repayable within five years	12	14
	<u>27</u>	<u>26</u>

The analysis shows the finance costs of bank loans, including term loans which, contain a repayment on demand clause, in accordance with the agreed scheduled repayment dates set out in the loan agreements. For the three months ended 30 June 2014, the interest on bank loans which contain a repayment on demand clause amounted to HK\$20,000 (2013: HK\$24,000).

Note:

- (i) For the three months ended 30 June 2014, cost of inventories includes HK\$1,233,000 (2013: HK\$1,353,000) relating to staff cost, depreciation and provision for goods returns, which amount is also included in the respective total amounts disclosed separately above for each of these types of expenses.

5. TAXATION

	For the three months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax — Hong Kong Profits Tax		
Provision for the period	1,101	553
Deferred taxation	—	(295)
	<u>1,101</u>	<u>258</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the three-month periods ended 30 June 2014 and 2013.

No provision for profits tax in the Cayman Islands, the British Virgin Islands (“BVI”) and Taiwan have been made as the Group has no income assessable for tax in these jurisdictions during the three-month periods ended 30 June 2014 and 2013.

Reconciliation between tax expenses and accounting profit at the applicable tax rates:

	For the three months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit before taxation	4,861	563
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	798	92
Tax effect on non-taxable income	(31)	—
Tax effect on non-deductible expenses	99	119
Tax effect of tax losses not recognised	298	409
Others	(63)	(357)
Tax effect of utilisation of tax losses not previously recognised	—	(5)
Actual tax expense	<u>1,101</u>	<u>258</u>

6. DIVIDENDS

At a meeting held on 24 June 2014, the Board recommended the payment of a special dividend of HK\$0.04 per ordinary share of the Company (totaling HK\$20,600,000) for the year ended 31 March 2014 (“2014 Special Dividend”), which was then approved by the shareholders of the Company in the annual general meeting held on 4 August 2014. The 2014 Special Dividend is not reflected as dividend payable in the financial statements for the period ended 30 June 2014, but it will be reflected as an appropriation of retained earnings for the year ending 31 March 2015.

The Board did not recommend the payment of dividend for the three-month period ended 30 June 2014 (2013: Nil).

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	For the three months ended	
	30 June	
	2014	2013
	(unaudited)	(unaudited)
Earnings		
Profit attributable to owners of the Company for the purposes of calculation of basic and diluted earnings per share (HK\$'000)	<u>3,760</u>	<u>305</u>
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of calculation of basic earnings per share	515,000,000	385,400,000
Effect of dilutive potential ordinary shares: Share options	<u>2,488,950</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of calculation of diluted earnings per share	<u>517,488,950</u>	<u>385,400,000</u>
Basic earnings per share (HK cents)	<u>0.730</u>	<u>0.079</u>
Diluted earnings per share (HK cents)	<u>0.727</u>	<u>0.079</u>

The weighted average number of ordinary shares had been adjusted for the 10 shares, 999,990 shares and 384,400,000 shares issued at date of incorporation, pursuant to the Reorganisation and the capitalisation issue which took place upon the completion of the placing of the Company's shares, respectively, which were assumed to have occurred on 1 April 2013.

8. SEGMENT REPORTING

Operating segments are identified on the basis of internal reports which provides information about components of the Group. Information reported to the Board, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on brands of goods delivered.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

- Proprietary brands comprise the development, manufacturing and sales of self-developed health supplements
- Proprietary brands comprise the development, manufacturing and sales of self-developed beauty supplements and products
- Private label brands comprise the development, manufacturing and sales of health supplements
- Private label brands comprise the development, manufacturing and sales of beauty supplements and products

Other items mainly relate to the provision of Chinese medical consultation services. These activities are excluded from the reportable operating segments as these activities are insignificant and not specifically reported to the Board.

(a) **Segment results, assets and liabilities**

Information regarding the Group's reportable segments as provided to the Board for the purpose of resource allocation and assessment of segment performance for the three-month periods ended 30 June 2013 and 2014 are set out below:

	For the three months ended 30 June 2014 (unaudited)						
	Proprietary brands			Private label brands		Other items	Total
	Health supplements	Beauty supplements and products	Health supplements	Beauty supplements and products			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Revenue from external customers	29,277	8,118	9,063	1,058	286	47,802	
Cost of sales	(6,586)	(2,857)	(1,506)	(176)	(46)	(11,171)	
Gross profit	22,691	5,261	7,557	882	240	36,631	
Selling and distribution expenses	(8,359)	(2,718)	(1,449)	(184)	-	(12,710)	
Administrative expenses	(1,650)	(67)	(2,249)	(166)	-	(4,132)	
Segment results	<u>12,682</u>	<u>2,476</u>	<u>3,859</u>	<u>532</u>	<u>240</u>	<u>19,789</u>	
Other revenue and other net income						227	
Unallocated head office and corporate expenses						(15,128)	
Finance costs						(27)	
Profit before taxation						<u>4,861</u>	

	For the three months ended 30 June 2013 (unaudited)						
	Proprietary brands			Private label brands		Other items	Total
	Health supplements	Beauty supplements and products	Health supplements	Beauty supplements and products			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Revenue from external customers	14,881	8,849	4,911	3,602	167	32,410	
Cost of sales	(3,703)	(2,961)	(846)	(953)	(89)	(8,552)	
Gross profit	11,178	5,888	4,065	2,649	78	23,858	
Selling and distribution expenses	(5,587)	(2,748)	(670)	(953)	-	(9,958)	
Administrative expenses	(1,342)	(174)	(1,664)	(266)	-	(3,446)	
Segment results	<u>4,249</u>	<u>2,966</u>	<u>1,731</u>	<u>1,430</u>	<u>78</u>	<u>10,454</u>	
Other revenue and other net income						65	
Unallocated head office and corporate expenses						(9,930)	
Finance costs						(26)	
Profit before taxation						<u>563</u>	

For the purpose of assessing segment performance and allocating resources between segments, the CODM monitors the results attributable to each reportable segment with reference to sales generated by those segments and the expenses incurred by those segments. Segment results are evaluated based on reportable segment profit/loss, which is a measure of adjusted operating profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that head office, corporate income and expenses and finance costs are excluded from such measurement. No segment assets and liabilities information is presented as, in the opinion of the Directors, such information is not key indicator provided to the Group's CODM.

There are no significant inter-segment transfers or transactions.

Other segment information (included in the measure of segment profit or loss or regularly provided to the CODM)

	Amortisation and Depreciation	
	For the three months ended	
	30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Proprietary brands:		
Health supplements	104	52
Beauty supplements and products	21	31
Private label brands:		
Health supplements	23	17
Beauty supplements and products	3	13
Unallocated	363	298
Total	514	411

(b) Geographical information

The geographical location of customers is based on the location at which the goods are delivered and services provided. In presenting information on the basis of geographical, segments revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

Revenue from external customers

	For the three months ended	
	30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Hong Kong	47,250	32,410
Taiwan	552	–
	47,802	32,410

(c) Information about major customer

Revenues from external customer contributing 10% or more of the total revenue from the Group is as follows:

	For the three months ended	
	30 June	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Customer A (<i>note (i)</i>)	35,657	22,774

Note:

- (i) The sales were derived from the following segments:
- Proprietary brands comprise the development, manufacturing and sales of self-developed health supplements;
 - Proprietary brands comprise the development, manufacturing and sales of self-developed beauty supplements and products;
 - Private label brands comprise the development, manufacturing and sales of health supplements; and
 - Private label brands comprise the development, manufacturing and sales of beauty supplements and products.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the business of formulation, marketing, sales and distribution of health supplements and beauty supplements and products mainly in Hong Kong and Taiwan. The Group's products are sold under its proprietary brands and private label brands specifically developed for and owned by the Distribution Facilitator in Hong Kong and Macau. The Group outsources most of its production to its suppliers and subcontracting manufacturers and the Group distributes its products mainly through the Distribution Facilitator. The Group also operates two Chinese medicine clinics to provide traditional Chinese medicine treatments, services and retailing of health supplements to the general public consumers.

FINANCIAL REVIEW

Revenue

The Group recorded an unaudited turnover of approximately HK\$47.8 million for the three months ended 30 June 2014 (for the three months ended 30 June 2013: approximately HK\$32.4 million), representing an increase of approximately HK\$15.4 million or 47.5% as compared with the same period last year. The Group's revenue attributable to health supplements increased by approximately HK\$18.5 million or 93.4% from approximately HK\$19.8 million to HK\$38.3 million, while its revenue attributable to beauty supplements and products decreased by approximately HK\$3.3 million or 26.4% from approximately HK\$12.5 million to HK\$9.2 million, for the three months ended 30 June 2014 as compared with the same period last year.

The Group's revenue attributable to proprietary brands health supplements increased by approximately HK\$14.4 million or 96.6% from approximately HK\$14.9 million to HK\$29.3 million for the three months ended 30 June 2014 as compared with the same period last year.

Revenue attributable to proprietary brands beauty supplements and products decreased by approximately HK\$0.8 million or 9.0% from approximately HK\$8.9 million to HK\$8.1 million for the three months ended 30 June 2014 as compared with the same period last year.

Revenue attributable to private label brands health supplements increased by approximately HK\$4.1 million or 83.7% from approximately HK\$4.9 million to HK\$9.0 million for the three months ended 30 June 2014 as compared with the same period last year. The increase in revenue attributable to private label brands was primarily due to the expansion of the product range and increase in the number of Health Proof special designated counters, which primarily sold health supplements.

Revenue attributable to private label brands beauty supplements and products decreased by approximately HK\$2.5 million or 69.4% from approximately HK\$3.6 million to HK\$1.1 million for the three months ended 30 June 2014 as compared with the same period last year. The decrease is primarily due to the fact that the Group focused resources on marketing the Health Proof products, among the private label brands, which were primarily health supplements.

Gross profit and gross profit margin

Gross profit for the three months ended 30 June 2014 was approximately HK\$36.6 million, representing an increase of approximately 53.1% as compared with the same period last year (for the three months ended 30 June 2013: approximately HK\$23.9 million). The gross profit margin of the Group for the three months ended 30 June 2014 was approximately 76.6%, representing an increase of approximately 3.0% as compared with the same period last year (for the three months ended 30 June 2013: approximately 73.6%).

Selling and distribution expenses

The Group's selling and distribution expenses increased by approximately HK\$2.9 million or 29.0% from approximately HK\$10.0 million to HK\$12.9 million for the three months ended 30 June 2014 as compared with the same period last year. It was primarily attributable to (i) the increase in marketing expense to promote sales in both Hong Kong and Taiwan and (ii) the increase in commission expenses as a result of the increase in sales generated by promoters while the average commission rate remained stable.

Administrative expenses

The Group's administrative expenses increased by approximately HK\$5.4 million or 41.9% from approximately HK\$12.9 million to HK\$18.3 million for the three months ended 30 June 2014 as compared with the same period last year. It was primarily attributable to increased Directors' emoluments and salaries costs, rental expense and legal and professional fees.

Profit for the period

As a result of the foregoing factors, the Group's net profit increased by approximately HK\$3.5 million from approximately HK\$0.3 million to HK\$3.8 million for the three months ended 30 June 2014 as compared with the same period last year.

CAPITAL MANAGEMENT

The Group's objectives in capital management are to ensure that entities in the Group will be able to continue as a going concern while maximising the return to the owners through the optimisation of the debt and equity balance. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt as it sees fit and appropriate. The Group also monitors capital on the basis of the net gearing ratio. The Group's overall strategy remains unchanged throughout the period of review.

OUTLOOK

The successful listing of the shares of the Company on the GEM of the Stock Exchange on 11 October 2013 strengthened the Group's financial position and enabled the Group to implement its business objectives set out in the Prospectus dated 30 September 2013.

Marketing and promotion activities in Hong Kong and overseas

The Group will continue to drive turnover growth by placing strong emphasis on a multi-faceted marketing strategy through utilising various media and channels, such as television commercials, printed media, digital media, outdoor advertising, in-store promotion, the Wisdom Club and product road shows.

Collaboration with CUCAMed Company Limited, a wholly-owned subsidiary of The Chinese University of Hong Kong Foundation Limited

The collaboration with CUCAMed Company Limited not only enhances the product portfolio of the Group but also brand recognition of Royal Medic. The Group will continue to develop and promote products under the brand "LEGEND".

Overseas markets

The Group will continue to carry out its business plan in Taiwan. The Group also explores opportunities in the People's Republic of China and other overseas markets in Southeast Asian countries.

PURCHASE, REDEMPTION AND SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the three months ended 30 June 2014 (for the three months ended 30 June 2013: Nil).

COMPLIANCE WITH THE REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in the securities of the Company. Upon the Company's specific enquiry, each Director has confirmed that during the three months ended 30 June 2014, he or she has fully complied with the required standard of dealings and there is no event of non-compliance.

AUDIT COMMITTEE

The audit committee of the Company (“Audit Committee”), is comprised of the three independent non-executive Directors, namely Mr. CHENG Kwok Kin, Paul, Prof. NG Ka Ming and Mr. WEI Jianan, with written terms of reference in compliance with the GEM Listing Rules. Mr. CHENG acts as the chairman of the committee. The Audit Committee has reviewed this announcement and has provided advice and comments thereon, if any.

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

Hong Kong, 8 August 2014

As at the date of this announcement, the executive directors of the Company are Mr. CHAN Yan Tak, Mr. WONG Mau Tai and Mr. FOO Chi Ming; the non-executive director of the Company is Madam TSANG Pui Man; and the independent non-executive directors of the Company are Prof. NG Ka Ming, Mr. CHENG Kwok Kin, Paul and Mr. WEI Jianan.

This announcement will remain on the “Latest Company Announcements” page of the GEM Website at www.hkgem.com for at least seven days from the day of its posting. The announcement will also be published on the Company’s website at www.royalmedic.com.