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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)

**(I) DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO ACQUISITION OF THE ENTIRE
ISSUED SHARE CAPITAL OF AND THE SHAREHOLDER'S LOAN
IN ROYAL RICHLI (HONG KONG) LIMITED
AND
(II) CONTINUING CONNECTED TRANSACTION IN RELATION
TO TENANCY AGREEMENT**

THE SALE AND PURCHASE AGREEMENT

The Board is pleased to announce that, on 23 June 2015 (after trading hours), Mr. Chan, as the vendor, and Rich Sunny, as the purchaser, entered into the Sale and Purchase Agreement, pursuant to which Mr. Chan has conditionally agreed to sell and Rich Sunny has conditionally agreed to purchase the Sale Share and the Shareholder's Loan at the Consideration of HK\$19,410,000 payable in cash.

THE TENANCY AGREEMENT

The Board is pleased to announce that, on 23 June 2015 (after trading hours), Rich Sunny, as the tenant, entered into the Tenancy Agreement with the Landlord, as the landlord, in respect of the Tenancy for a term of two years and nine months commencing on 1 July 2015 to 31 March 2018 (both days inclusive) at the monthly rental of HK\$14,500.

GEM LISTING RULES IMPLICATIONS

As certain of the applicable percentage ratios (as defined in the GEM Listing Rules) for the Acquisition are 5% or more but all of them are less than 25%, the Acquisition constitutes a discloseable transaction under Chapter 19 of the GEM Listing Rules.

As at the date of this announcement, Mr. Chan, being the chairman and an executive Director of the Company, is interested in 359,700,000 Shares, representing approximately 69.67% of the total issued share capital of the Company. Therefore, the Acquisition also constitutes a connected transaction of the Company under the GEM Listing Rules. Accordingly, the Sale and Purchase Agreement and the transactions contemplated thereunder are subject to the requirements of reporting, announcement and Independent Shareholders' approval under the GEM Listing Rules.

In accordance with the GEM Listing Rules, any Shareholder who has a material interest in the Acquisition shall abstain from voting on the resolution(s) to approve the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM. Mr. Chan and his associates will be required to abstain from voting on the relevant resolution(s) at the EGM accordingly. Save for Mr. Chan and his associates, to the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, no other Shareholder has a material interest in the transactions contemplated under the Sale and Purchase Agreement and will be required to abstain from voting on the relevant resolution(s) to approve the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM.

The Landlord is a company wholly-owned by Mr. Chan. Hence the Landlord is a connected person of the Company. Therefore, the Tenancy constitutes a continuing connected transaction of the Company under the GEM Listing Rules.

As all of the applicable percentage ratios (as defined in the GEM Listing Rules) for the Annual Caps in respect of the Tenancy is less than 5% and the total consideration is less than HK\$3,000,000. Therefore, the Tenancy constitutes a de minimis transaction and is fully exempted from the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

GENERAL

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The EGM will be convened and held for the Independent Shareholders to consider, and if thought fit, to approve, the Sale and Purchase Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the letter of the Independent Board Committee to the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder; (iii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder; and (iv) a notice of the EGM will be despatched to the Shareholders as soon as possible in accordance with the GEM Listing Rules.

Completion is subject to the fulfillment of certain conditions precedent set out in the Sale and Purchase Agreement and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

THE SALE AND PURCHASE AGREEMENT

The Board is pleased to announce that, on 23 June 2015 (after trading hours), Mr. Chan, as the vendor, and Rich Sunny, as the purchaser, entered into the Sale and Purchase Agreement, pursuant to which Mr. Chan has conditionally agreed to sell and Rich Sunny has conditionally agreed to purchase the Sale Share and the Shareholder's Loan at the Consideration of HK\$19,410,000 payable in cash.

The principal terms of the Sale and Purchase Agreement are as follow:

Date: 23 June 2015 (after trading hours)

Parties

(i) Vendor: Mr. Chan

(ii) Purchaser: Rich Sunny

As at the date of this announcement, Mr. Chan, being the chairman and an executive Director of the Company, is interested in 359,700,000 Shares, representing approximately 69.67% of the total issued share capital of the Company. Therefore, Mr. Chan is a connected person of the Company.

Assets to be acquired

Mr. Chan agreed to sell and Rich Sunny agreed to purchase the Sale Share and the Shareholder's Loan. The Target Company holds the Property I, the details of which are set out in the sub-section headed "Information of the Property I".

As at the date of this announcement, the Shareholder's Loan is amounted to HK\$21,132,321.88.

Consideration

The Consideration for the Sale Share and the Shareholder's Loan is HK\$19,410,000, which will be paid by Rich Sunny to Mr. Chan by cash in the following manner:

- (a) a deposit (being part of the Consideration) of HK\$1,941,000 (the "Deposit") has been paid by Rich Sunny to Mr. Chan upon signing of the Sale and Purchase Agreement; and
- (b) the balance of the Consideration of HK\$17,469,000 shall be paid by Rich Sunny to Mr. Chan upon Completion.

The Company intends to fund the Consideration by internal resources of the Group.

In the event that Rich Sunny fails to perform its obligations under the Sale and Purchase Agreement resulting from Rich Sunny shall have the right to terminate the Sale and Purchase Agreement pursuant to the terms of the Sale and Purchase Agreement, the Deposit together with all interest thereon shall be forfeited to Mr. Chan as liquidated damages and full settlement of the compensation for loss or damages suffered by Mr. Chan. In the event that the Conditions are not fulfilled on or before 31 December 2015 or Mr. Chan fails to perform its obligations under the Sale and Purchase Agreement, the Sale and Purchase Agreement will be terminated and the Deposit shall be forthwith repaid by Mr. Chan to Rich Sunny.

The Consideration was determined after arm's length negotiation between Mr. Chan and Rich Sunny with reference to, among others, (i) the preliminary valuation of the Property I of HK\$36,300,000 by an independent valuer and (ii) the outstanding mortgage loan owing by the Target Company to a lender amounted to HK\$16,890,630.22 as at the date of the Sale and Purchase Agreement.

Conditions precedent

Completion is conditional upon the following conditions being fulfilled:

- (i) the Independent Shareholders approving the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM;
- (ii) the obtaining of all necessary consents, authorisations and approvals as required by the applicable laws and regulations, licensing and registration relating to the Acquisition, if any;
- (iii) the warranties given by Mr. Chan under the Sale and Purchase Agreement remaining true and accurate and not misleading at Completion as if repeated at Completion and at all times between the date of the Sale and Purchase Agreement and Completion; and
- (iv) Rich Sunny notifying Mr. Chan's solicitors in writing that it is satisfied in reliance on the warranties and upon inspection and investigation as to deliver the vacant possession of the Property I.

Completion

Subject to the fulfillment of the Conditions, the Completion shall take place on 17 August 2015 or 3 days after all the Conditions have been fulfilled, whichever is the later (or such other date as Mr. Chan and Rich Sunny may mutually agree in writing).

INFORMATION ON THE GROUP AND RICH SUNNY

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, the PRC and Taiwan.

Rich Sunny is an indirectly wholly-owned subsidiary of the Company and is principally engaged in the business of property investment and investment holding.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in Hong Kong with limited liability and is principally engaged in property investment.

Financial information of the Target Company

Set out below are the financial information of the Target Company which have been prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants:

	For the period from 1 February 2013, being the date of incorporation, to 31 March 2014 (audited)	For the year ended 31 March 2015 (unaudited)
Loss before taxation	HK\$14,050	HK\$1,342,648.77
Loss after taxation	HK\$14,050	HK\$1,342,648.77

According to the management accounts of the Target Company for the year ended 31 March 2015, its unaudited net liabilities was approximately HK\$1,357,000 as at 31 March 2015.

Upon Completion, the Target Company will become an indirectly wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the Group's financial statement.

Information of the Property I

The Property I is located at Workshops 1, 2, 3, 5, 6, 7, 8 and 9 on 27th Floor, the Galaxy, No. 313 Castle Peak Road, Kwai Chung, Tsuen Wan, New Territories, Hong Kong.

The Property I is held by Mr. Chan through the Target Company as an investment property. The original acquisition cost of the Property I is HK\$34,299,444.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group intends to occupy the Property I as the Group's headquarters. The Board considers that the purchase of the Target Company which holds the Property I would enable the Group to achieve a considerable rental savings and would strengthen the asset and/or income base of the Group and provide capital appreciation to the Group.

Accordingly, the Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice from the Independent Financial Adviser) are of the view that the terms of the Acquisition are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

THE TENANCY AGREEMENT

The Board is pleased to announce that, on 23 June 2015 (after trading hours), Rich Sunny, as the tenant, entered into the Tenancy Agreement with the Landlord, as the landlord, in respect of the Tenancy for a term of two years and nine months commencing on 1 July 2015 to 31 March 2018 (both days inclusive) at the monthly rental of HK\$14,500.

The principal terms of the Tenancy Agreement are as follow:

Date	:	23 June 2015
Landlord	:	Great Victor Limited
Tenant	:	Rich Sunny
Property II	:	Room 403, 4/F., Man Shing Industrial Building, Nos. 307–311 Castle Peak Road, Kwai Chung, New Territories
Usage	:	Warehouse
Gross floor area	:	1,465 square feet
Term	:	two years and nine months from 1 July 2015 to 31 March 2018 (both days inclusive)
Rental	:	HK\$14,500 per month (exclusive of management fee, air-conditioning charges, government rates and government rent)
Security deposit	:	HK\$29,000

Annual Caps

Based on the monthly rentals payable under the Tenancy Agreement, the aggregate rentals payable by Rich Sunny to the Landlord under the Tenancy Agreement for each of the three financial years of the Company ending 31 March 2018 will be HK\$130,500, HK\$174,000 and HK\$174,000 respectively.

REASON FOR AND BENEFIT OF ENTERING INTO THE TENANCY AGREEMENT

The Board is of the view that the size and location of the warehouse is appropriate and suitable for conducting the Group's business operations.

The terms of the Tenancy Agreement have been arrived at arm's length negotiations and are on normal commercial terms. The monthly rental under the Tenancy Agreement was determined with reference to the rental chargeable for similar leases in the same building and the prevailing market conditions and the preliminary valuation of the monthly rental of HK\$14,500 for the Property II assessed by an independent valuer.

The Directors, including the independent non-executive Directors but excluding Mr. Chan who has abstained from voting on the relevant resolution(s) to approve the Tenancy Agreement and the transactions contemplated thereunder at the Board meeting, consider that the Tenancy Agreement has been entered into during the ordinary and usual course of business of the Company, on normal commercial terms which are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

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As at the date of this announcement, Mr. Chan, being the chairman and an executive Director of the Company, is interested in 359,700,000 Shares, representing approximately 69.67% of the total issued share capital of the Company. Therefore, the Acquisition also constitutes a connected transaction of the Company under the GEM Listing Rules. Accordingly, the Sale and Purchase Agreement and the transactions contemplated thereunder are subject to the requirements of reporting, announcement and Independent Shareholders' approval under the GEM Listing Rules.

In accordance with the GEM Listing Rules, any Shareholder who has a material interest in the Acquisition shall abstain from voting on the resolution(s) to approve the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM. Mr. Chan and his associates will be required to abstain from voting on the relevant resolution(s) at the EGM accordingly. Save for Mr. Chan and its associates, to the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, no other Shareholder has a material interest in the transactions contemplated under the Sale and Purchase Agreement and will be required to abstain from voting on the relevant resolution(s) to approve the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM.

The Landlord is a company wholly-owned by Mr. Chan. Hence the Landlord is a connected person of the Company. Therefore, the Tenancy Agreement constitutes a continuing connected transaction for the Company under the GEM Listing Rules.

As all of the applicable percentage ratios (as defined in the GEM Listing Rules) for the Annual Caps in respect of the Tenancy is less than 5% and the total consideration is less than HK\$3,000,000. Therefore, the Tenancy constitutes a de minimis transaction and is fully exempted from the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

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The EGM will be convened and held for the Shareholders to consider, and if thought fit, to approve, the Sale and Purchase Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the letter of the Independent Board Committee to the Independent Shareholders in respect of the Sale and Purchase Agreement and the transaction contemplated thereunder; (iii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the transaction contemplated thereunder; and (iv) a notice of the EGM will be despatched to the Shareholders as soon as possible in accordance with the GEM Listing Rules.

Completion is subject to the fulfillment of certain conditions precedent set out in the Sale and Purchase Agreement and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Share and the Shareholder’s Loan by Rich Sunny from Mr. Chan pursuant to the Sale and Purchase Agreement
“Annual Caps”	the aggregate rentals payable by Rich Sunny to the Landlord under the Tenancy Agreement for each of the three financial years of the Company ending 31 March 2018 will be HK\$130,500, HK\$174,000 and HK\$174,000 respectively
“Board”	the board of Directors
“Company”	RM Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
“Conditions”	the conditions for the Completion of the Acquisition

“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	HK\$19,410,000, being the total consideration for the Acquisition pursuant to the Sale and Purchase Agreement
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held and convened to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee, comprising all independent non-executive Directors, which has been formed to advise the Independent Shareholders in respect to the Sale and Purchase Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	Messis Capital Limited, a licensed corporation for type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Independent Shareholders”	Shareholders other than those who are required by the GEM Listing Rules to abstain from voting on the resolution approving the Sale and Purchase Agreement and the transactions contemplated thereunder
“Landlord”	Great Victor Limited, a company incorporated in Hong Kong
“Mr. Chan”	Mr. Chan Yan Tak, (i) the chairman and an executive Director of the Company, (ii) the sole shareholder and a director of the Target Company, and (iii) the sole shareholder and the sole director of the Landlord
“Property I”	Workshops 1, 2, 3, 5, 6, 7, 8 and 9 on 27th Floor, the Galaxy, No. 313 Castle Peak Road, Kwai Chung, Tsuen Wan, New Territories, Hong Kong

“Property II”	Room 403, 4/F., Man Shing Industrial Building, Nos. 307–311 Castle Peak Road, Kwai Chung, New Territories
“Rich Sunny”	Rich Sunny Investment Limited, an indirect wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 23 June 2015 entered into between Rich Sunny and Mr. Chan in relation to the Acquisition
“Sale Share”	one (1) ordinary share, representing the entire issued share capital of the Target Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holders of the Shares from time to time
“Shareholder’s Loan”	being all the loans owned by Target Company to Mr. Chan immediately prior to Completion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Royal Richly (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability
“Tenancy”	the lease of the Property II from the Landlord to Rich Sunny pursuant to the Tenancy Agreement
“Tenancy Agreement”	the tenancy agreement dated 23 June 2015 entered into between the Landlord, as the landlord, and Rich Sunny, as the tenant, in respect of the Tenancy
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 23 June 2015

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

This announcement, for which the directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquires, 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.

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.