



RM Group announces FY2014-2015 Interim Results
Profit attributable to owners of the Company surges 111%

Financial Highlights

HK\$'000	6 months ended 30 September		
	<u>2014</u>	<u>2013</u>	<u>Change</u>
Turnover	99,513	74,177	+34.2%
Gross profit	77,856	56,596	+37.6%
Gross profit margin	79.7%	78.4%	+1.3 ppt
Profit before taxation	11,024	5,954	+85.2%
Profit for the period attributable to owners of the Company	8,855	4,204	+110.6%
Earnings per share (basic) (HK cents)	1.72	1.09	+57.8%

(11 November 2014 – Hong Kong) **RM Group Holdings Limited** (“RM Group” or the “Company”, HKEx stock code: 8185) and its subsidiaries (the “Group”) announced its results for the six months ended 30 September 2014. During the reporting period, the Group recorded a turnover of approximately HK\$99.5 million, representing an increase of approximately 34.2% as compared with the same period last year (2013: approximately HK\$74.2 million). The profit for the period attributable to owners of the Company surges approximately 111% to approximately HK\$8.9 million (2013: approximately HK\$4.2 million).

Gross profit margin in the reporting period has increased 1.3 percentage point to 79.7% (2013: 78.4%).



Business Review

The Group is principally engaged in the business of formulation, marketing, sales and distribution of (i) health supplements and (ii) beauty supplements and products mainly in Hong Kong and Taiwan. The Group's products are sold under its proprietary brands (including "Royal Medic") and private label brands specifically developed for and owned by a renowned retail chain of health and beauty products in Hong Kong and Macau (the "Distribution Facilitator").

During the reporting period, health supplements remain the major source of income of the Group and have recorded continuous growth in turnover. For the six months ended 30 September 2014, the Group's revenue attributable to health supplements increased approximately 56.5% to approximately HK\$80.9 million (2013: approximately HK\$51.7 million); while the revenue attributable to beauty supplements and products decreased approximately 17.6% to approximately HK\$18.2 million (2013: approximately HK\$22.1 million).

During the reporting period, the Group's revenue attributable to proprietary brands health supplements increased 48.2% to approximately HK\$60.6 million (2013: approximately HK\$40.9 million), this is mainly due to the increase in sales of Royal Medic brand products. The revenue attributable to proprietary brands beauty supplements and products increased 1.9% to approximately HK\$16.2 million (2013: approximately HK\$15.9 million).

Due to the expansion of the Group's product range and several existing popular private label brands products, which previously were only sold at special designated counters, were introduced to be sold on shelves as well in the stores of the Distribution Facilitator, the revenue attributable to private label brands health supplements increased significantly in the reporting period. It has surged approximately 82.4% to approximately HK\$19.7 million (2013: approximately HK\$10.8 million). Revenue attributable to private label brands beauty supplements and products decreased approximately 69.4% to approximately HK\$1.9 million (2013: approximately HK\$6.2 million), which is mainly due to the Group focused its product development in other segments.

Prospects

The Group will continue to drive turnover growth by placing strong emphasis on a multifaceted 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. In addition, since June 2014, the Group has started a feasibility study, with the intention develop products such as herbal tea, herbal jelly and snacks for the Hong Kong market.

The Group has started negotiations with potential distributors in Taiwan to promote and sell the Groups products, in order to prove sales performance and reduce costs. At the same time, the Group's products will continue be sold in the Taiwan distribution facilitator's stores, on a non-exclusive basis, without the use of promoters.



Mr. Mark Chan, Chairman and Chief Executive Officer of the Group, said, “we have great confidence in the Group’s future prospects. The collaboration with CUCAMed Company Limited, a wholly owned subsidiary of The Chinese University of Hong Kong Foundation Limited, not only enhances the product portfolio of the Group but also increases the brand recognition of Royal Medic. We will continue to develop and promote products under the brand ‘LEGEND’. Looking forward, we will continue to drive turnover growth by placing strong emphasis on a multi-faceted marketing strategy through utilizing various media and channels.”

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About RM Group Holdings Limited

RM Group Holdings Limited is principally engaged in the business of formulation, marketing, sales and distribution of health supplements and beauty supplements and products under its proprietary brand (including “Royal Medic”) and private label brands specifically developed for and owned by a renowned retail chain of health and beauty products in Hong Kong and Macau (the “Distribution Facilitator”). The Group outsources most of its production to its suppliers and subcontracting manufacturers and the Group distributes its products mainly through the Distribution Facilitator. According to the industry report prepared by Ipsos Hong Kong Limited, the Group ranked third as a PCM health supplements provider in Hong Kong in 2012. Its best-selling product, Royal Medic Cs-4, ranked first in terms of sales value in the Cordyceps market in Hong Kong for six consecutive years ended August 2014.