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RMH HOLDINGS LIMITED

德斯控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8437)

CHANGE IN USE OF PROCEEDS FROM LISTING

Reference is made to the prospectus (the “**Prospectus**”) of RMH Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 29 September 2017 in relation to the share offer (the “**Share Offer**”) and the listing of the Company’s shares on GEM of The Stock Exchange of Hong Kong Limited (the “**Listing**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Prospectus. Reference is also made to the annual report of the Company for the year ended 31 December 2019 (the “**Annual Report**”) in relation to the utilization of the net proceeds from the Share Offer.

USE OF PROCEEDS

The amount of the net proceeds (the “**Net Proceeds**”) from the Share Offer received by the Company after deducting underwriting commission and other relevant expenses was approximately HK\$44.7 million.

CHANGE IN USE OF PROCEEDS

The Company had utilised HK\$18.2 million of the Net Proceeds since the Listing up to the date of this announcement. The amount of the Net Proceeds which remained unutilized as at the date of announcement was approximately HK\$26.5 million (the “**Unutilized Net Proceeds**”). The board (the “**Board**”) of directors (the “**Directors**”) of the Company has resolved to change the use of the Unutilized Net Proceeds (the “**Change of UOP**”) as follows:

Intended uses of the Net Proceeds	Planned use of the Net Proceeds since the Listing as stated in the Prospectus <i>HK\$ million</i>	Utilized Net Proceeds since the Listing up to the date of this announcement <i>HK\$ million</i>	Unutilized Net Proceeds since the Listing up to the date of this announcement <i>HK\$ million</i>	Revised allocation of the Net Proceeds <i>HK\$ million</i>
Strategically expand and strengthen our network of clinics in Singapore	14.1	(3.2)	10.9	–
Enhance the quality and variety of our Services at our existing Clinics and establish new medical aesthetic clinics	13.6	(9.7)	3.9	3.9
Purchase additional new devices and broaden the variety of treatments and products offered	9.6	(1.8)	7.8	7.8
Establish a logistics center for centralized operations	2.3	–	2.3	–
Improve our information technology infrastructure and systems	2.4	(0.8)	1.6	1.6
General working capital	2.7	(2.7)	–	–
Strategically expand and strengthen our network of clinics outside Singapore	–	–	–	5.0
Strategically invest in MedTech and digital healthcare to create synergy to our current businesses	–	–	–	4.2
Development of innovative products to create a new business that have synergy with our current business	–	–	–	4.0
	<u>44.7</u>	<u>(18.2)</u>	<u>26.5</u>	<u>26.5</u>

REASONS AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

The Board believes that Hong Kong is better positioned geographically with higher demand of patients from the People's Republic of China (the “**PRC**”), especially Greater Bay Area. The Board also believes that the Group would be benefited from the expansion in Hong Kong, which representing a step for possibly entering the PRC market in the future.

Therefore, the Group would reallocate the Unutilized Net Proceeds for the purpose of expansion of clinics outside Singapore as follows:

- (a) Approximately HK\$5.0 million for exploring acquisition targets and targeting partnership opportunities to diversify our services and products offering to fulfill the medical, health, aesthetic wellness needs as well as for clinic premise's rental deposit, renovation and acquisition of medical equipment; and
- (b) Approximately HK\$4.2 million for investing in MedTech, digital healthcare, digital marketing and deployment of medical Artificial Intelligence (“**AI**”) in both healthcare services and analysis of complex big data to create synergy on our current business; and
- (c) Approximately HK\$4.0 million to perform market research on products, skills and technology with potential for product development and formulation of our DS brand skincare products and supplements.

The Directors (including the independent non-executive Directors) consider that the Change of UOP will enable the Group to effectively meet the financial needs of the Group and enhance the flexibility in financial management of the Company, and is in line with the current business needs of the Group, and therefore, is in the best interests of the Company and its shareholders as a whole.

By Order of the Board
RMH Holdings Limited
Loh Teck Hiong
Chairman and executive Director

Hong Kong, 5 August 2020

As at the date of this announcement, the executive Directors are Dr. Loh Teck Hiong, Mr. Liu Yang and Dr. Seow Swee How; and the independent non-executive Directors are Mr. Cheung Kiu Cho Vincent, Mr. Ong Kian Guan and Mr. Yang Zhangxin.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange 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.

This announcement will remain on the “Latest Company Information” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting. This announcement will also be published on the Company’s website at <https://www.rmholdings.com.sg>.