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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)

INSIDE INFORMATION ANNOUNCEMENT AND RESUMPTION OF TRADING

This announcement is made by RMH Holdings Limited (the “**Company**”, together with its subsidiaries, collectively referred to as the “**Group**”) pursuant to Rule 17.10 of the Rules (the “**GEM Listing Rules**”) Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)(the “**SFO**”).

The board (“**Board**”) of directors (the “**Directors**”) of the Company would like to announce the following inside information:

TRADING HALT

At or around 8:00 am of 23 August 2022, Dr. Loh Teck Hiong (“**Dr. Loh**”) as executive Director and the then chairman of the Board, made an urgent request to the Stock Exchange for a trading halt pending an announcement of inside information (the “**Trading Halt**”), based on Dr. Loh’s allegation that there was a police report (the “**Alleged Police Report**”) made against, another executive Director, Mr. He Wenqing (“**Mr. He**”) for an offence of forgery. However, as the date of this announcement, Dr. Loh has not provided the Alleged Police Report with the Board, despite the request of the Board.

It has always been the Company's policy that all significant matters of the Company must be resolved through a meeting of the Board of Directors. The Trading Halt was undoubtedly a material matter to the Company and should have gone through the appropriate approval process. The Company would consider to appoint an internal control adviser to conduct a review of the effectiveness of the Group's internal control system, so as to improve the internal control system designed and implemented by the Company's management as required under the GEM Listing Rules and to assess the adequacy of the systems, structures and monitoring measures formulated by the Group and whether they are sufficient for the Directors to make an appropriate assessment of the financial position and prospects of the Company.

THE BOARD DECISION TO REMOVE DR. LOH'S CHAIRMANSHIP

In the morning of 22 August 2022, Mr. He made request by email to Mr. Man, the company secretary of the Company, for the purpose of convening a Board meeting (the "**Proposed Board Meeting**") on 24 August 2022 or 25 August 2022 with an agenda to:(i) remove the chairmanship of the Board of Dr. Loh; (ii) elect Mr. He as chairman of the Board; and (iii) appoint Mr. He and Mr. Yang Zhangxin as members of the Nomination Committee and re-elect Chairman of the Nomination Committee, due to the Company's serious losses recorded in operations and project investment for the three consecutive years.

On 22 August 2022, as the Board was aware the Trading Halt was requested by Dr. Loh, Mr. He, Mr. Yang Zhangxin ("**Mr. Yang**") and Ms. Wu Xiaoxia ("**Ms. Wu**") requested to bring forward the Proposed Board Meeting at 1 pm on 23 August 2022. All Directors (including Dr. Loh) attended the Board meeting at 1 pm via online meeting facility (the "**Board Meeting**"). At the end of the Board Meeting, the Board passed the resolutions to (i) remove the chairmanship of Dr. Loh; (ii) elect Mr. He as chairman of the Board; and (iii) appoint Mr. Ho and Mr. Yang Zhangxin as members of the Nomination Committee and re-elect chairman of Nomination Committee (the "**Board's Decisions**") with effect from 23 August 2022. For details, please refer to the announcement of the Company dated 8 September 2022 and its supplemental announcement dated 9 September 2022.

After the Board Meeting, Dr. Loh immediately complained that the Board Decisions were invalid due to short notice. On 30 August 2022, the Company obtained legal opinions from both Hong Kong lawyer and Cayman lawyer, and their respectively opinion has confirmed that the Board Meeting was properly convened, and the Board Decisions were valid.

DR. LOH'S COMPLAINT

On 29 August 2022, the Company was aware that Dr. Loh lodged a complaint to the Stock Exchange alleging that (i) the net proceeds from the rights issue (“**Net Proceeds**”) were not used in accordance to the announced purposes, and had resulted in investment loss of S\$1.2 million as shown in the 2022 unaudited interim results announcement. The complainant believed that Mr. Thomas He, CEO and executive Director of the Company, and Mr. Wu Jie, director of subsidiary, RMH Regenerative Medicine Ltd, might have breached their fiduciary duties (the “**First Allegation**”); (ii) Ms. Wu Xiao Xia, an independent non-executive Director and chairlady of the audit committee of the Company (“**Audit Committee**”), did not raise any questions on the use of Net Proceeds during the board meeting on 11 August 2022 (the “**Second Allegation**”); (iii) the Net Proceeds were not fully received/accounted for by the Company as at 22 March 2022 and the latest practicable date, respectively (the “**Third Allegation**”); and (iv) there is a case of alleged forgery against Mr. He (“**Fourth Allegation**”).

RESPONSE TO FIRST ALLEGATION

To the best knowledge of the Directors, having made all reasonable enquiries, as at 5 September 2022, all the Net Proceeds received by the Company from the rights issue, except for HK\$9.26 million of which was temporarily used for short-term investments, have been used within the scope of the uses stated in the original fund raising announcement (for details, please refer to the announcement on the results of the rights issue issued by the Company on 18 March 2022 for the four purposes of “**Use of Proceeds**”) and have not been used for purposes other than those stated in that announcement. The Company also disclosed the actual use of the Net Proceeds in the Company’s interim report for the period ended 30 June 2022 published on 12 August 2022 (please refer to page 54 and note 1 of the interim report).

The Board would like to further clarify that (i) the appointment of Mr. Wu Jie being person in charge of the business of the Investment Department (the “**ID**”) was a collective decision adopted by the resolution on 28 October 2021 and readopted on 25 March 2022 respectively, both the Board meetings were chaired by Dr. Loh and he also voted for the said resolutions; and (ii) the decision to invest HK\$9.26 million in the short term was also a collective decision adopted by the Board at the Board meeting on 25 March 2022; (iii) the Company has never appointed Mr. He to be person in charge of the business of the ID, until 5 August 2022 when a resolution was passed that Mr. He was appointed to hand over the ID to replace Mr. Wu Jie.

RESPONSE TO SECOND ALLEGATION

Ms. Wu, as independent non-executive Director, had already exercised her duty by expressing her opinion in the Audit Committee meeting held on 11 August 2022. Since she has no objection on the use of the Net Proceeds as disclosed in the Company's interim report, there was nothing for her to further comment in the Board meeting held on the same day. The minutes of the meeting showed that Dr. Loh, as the then Chairman, had raised his comments on the use of the Net Proceeds, which was disagreed by the majority of other Board members.

RESPONSE TO THIRD ALLEGATION

In respect of the rights issue as described in the Company's announcement of the results of the rights issue dated 18 March 2022, the Company has conducted an initial review which discovered that not all of the proceeds receivable under the said rights issue have been received in full in the Company's bank accounts as at 22 March 2022, of which:

- 1) a total of 196,917,077 shares that have been accepted and applied 196,901,077 shares and the 16,000 shares that have been accepted for additional applications in total, the subscription money collected by Tricor Investor Services Ltd of approximately HK\$19.691 million has been received, that is, this part has been fully paid;
- 2) pursuant to the Underwriting Agreement, the Underwriter, Silverbricks Securities Company Limited, ("**Silverbricks**") procured the subscribers to complete the subscription of the underwritten portion of 235,082,923 shares and has received subscription monies of approximately HK\$3,219,592 for 41,488,000 shares subscribed by Silverbricks (net of commission of HK\$587,707 and the withholding of financial advisory fees of HK\$341,000); however, the subscription proceeds of HK\$19,359,492 for a total of 193,594,923 shares subscribed by the remaining subscribers have not yet reached the Company's bank account. Upon further reconciliation, as at 5 September 2022, the portion of the above outstanding as at 22 March 2022 (i.e. HK\$19,359,492) has fully arrived in the Company's bank account.

The Company confirmed that as of 5 September 2022, all the net amount of funds receivable (that is, the net fundraising amount after deducting various underwriting fees and commissions) for the sub-Rights Issue of approximately HK\$42.27 million has all arrived in the Company's bank account.

RESPONSE TO FOURTH ALLEGATION

Dr. Loh claimed that he had reported to the police for an offence of forgery that Mr. He might be involved. The Board (other than Dr. Loh) is of the view that this is a very serious allegation and Dr. Loh who remains executive Director has an obligation to provide the Company with the necessary information of the Alleged Police Report such as the date of the report, the details of the matters reported and the supporting evidence. As of the date of this announcement, Dr. Loh has failed to provide any details of the Alleged Police Report to the Board. The Board had made enquiry to Mr. He about the said allegation and Mr. He denied that he had any knowledge of the Alleged Police Report and up to the date of this announcement, he has not received any inquiries from the police.

On the other hand, the Board was aware that Dr. Loh has made another complaint to the Stock Exchange on 14 September 2022, alleging that the forgery case was related to a document entitled “Deed to Undertaking” (the “**Deed**”) and stated that Mr. He might be involved.

To the best knowledge of the Directors and having made all reasonable enquiries, the Deed purportedly refers to the major and connected transaction between Dr. Loh and the Company as disclosed in the announcement of the Company dated 22 April 2022. In this transaction, the Company as Vendor, agreed to sell 51% share capital (“**Sales Shares**”) of Queen’s Road Medical Company Limited to Skin Medicine Pte Limited, a company wholly owned by Dr. Loh, as the Purchaser, agreed to acquire the Sales Shares at the consideration of HK\$3,497,100 (being 30% of the total consideration of HK\$11,657,000.) to the Company on Completion Date; and the assignment of the debts in the sum of HK\$8,159,900 (being 70% of the total consideration) shall be paid by the Purchaser to the Vendor or its nominees within six months from Completion Date. For the sake of the interest of the Company, Dr. Loh was required to provide personal guarantee to the Company in form of the Deed of Undertaking for supporting the payment terms for the above transaction. Dr. Loh denied that he has signed on the Deed and alleged that the signed Deed provided by the then Chief Financial Officer of the Company was fake.

As there is a potential police investigation on this allegation, Mr. He could not provide any further information at this stage after obtaining legal advice. Mr. He undertook to the Company that he would make a timely update once the investigation is completed. Further announcements will be made in due course, as appropriate.

THE ESTABLISHMENT OF AN INDEPENDENT INVESTIGATION COMMITTEE

In connection with these allegations made by Dr. Loh, the Company considers that the allegations of false document and Dr. Loh's other complaints are serious and therefore the Board resolved on 16 September 2022 to establish an Independent Investigation Committee to conduct an independent investigation into the above incident and provide a report to the Board. The Company will consider the appropriate action upon receipt of the report.

COMMENTS OF DR. LOH IN RESPECT OF THIS ANNOUNCEMENT AND OTHER MATTERS

Dr. Loh disagreed with the reason for his removal as chairman of the Board is due to his poor performance. He further stated that he had good reason to believe that Mr. He had breached his fiduciary duty as a director in his handling of the Company's corporate affairs and urged the Board to bring an action against Mr. He in respect of the breaches of his directors' duties, and to recover all loss and damage suffered by the Company, including all legal costs, interest and expenses in connection with the action. If the Company does not bring an action by 26 September 2022, Dr. Loh intends to take all steps deemed necessary including, but not limited to, applying to the Hong Kong Court for leave for the purposes under Section 732(1) and/or (2) of the Companies Ordinance (Cap 622) to bring proceedings against Mr. He in the name of and on behalf of the Company.

The Company circulated the drafts of this announcement to all the Directors to review and comment. Dr. Loh has expressed his dissenting views regarding the response to his allegation to other Directors by email which are set out below:

1. Regarding the Response to First Allegation, Dr. Loh alleged that the Net Proceeds were not used in an appropriate way and Mr. He chose to divert the Net Proceeds into short-term investments and trading business. He further questioned about the actual use of the Net Proceeds in relation to working capital and the deposits and prepayments. Dr. Loh claimed that the Singapore operations originally expected to use the equivalent of HK\$8,000,000 from the Net Proceeds to repay to outstanding payables due. However, only HK\$500,000 was received from the Company. Due to shortfall of funding, Singapore operations now facing a liquidity crisis with more than HK\$10,000,000 equivalent of payables (including unpaid staff salaries) outstanding currently. In addition, Dr. Loh alleged that Mr. He took active role in the ID and Mr. He did not fulfil his fiduciary duty to protect the Company's interests.

2. Regarding the Response to Second Allegation, Dr. Loh disagreed with that Ms. Wu had already exercised her duty as an independent non-executive Director and Chairlady of the Audit Committee to express her opinion in the Audit Committee meeting held on 11 August 2022 as she made no comment regarding various concerns that Dr. Loh raised at the said Board meeting.
3. Regarding the Response to Third Allegation, Dr. Loh claimed that Mr. He misrepresented to him at the completion of Rights Issue of the Company on 18 March 2022 and asked the date on which the funds for the Rights Issue arrived in the Company's bank account.
4. Regarding the Response to Fourth Allegation, Dr. Loh claimed that the copy of Alleged Police Report has been submitted to the Stock Exchange and he believes that it is the basis to request for a trading halt pending an announcement of inside information. However, he is of the view that there is an ongoing potential police investigation, he cannot provide further information but reserved rights to take further actions.
5. Regarding the establishment of an Independent Investigation Committee, Dr. Loh claimed that he already sought a working group to investigate all his concerns on 11 August 2022 but had no reply from Mr. He. Dr. Loh believed that the Board is now unfriendly to him to effectively cancel out his voice and influence. He agreed that it is necessary to conduct an independent investigation into the various matters he raised and reported to the Board and the Stock Exchange. However, he strongly believes that Mr. He, Ms. Wu, Mr. Yang and the new recently appointed Directors are conflicted for the investigation to be independent.
6. Regarding the resumption of trading, Dr. Loh is of the view that pending the results of the investigation, it may be inappropriate for the Company to publish announcement and resume trading, as it will be likely that unverified or misleading information will be published which is detrimental to the interests of the Shareholders and the public. Resumption of trading may pose material risks to potential investors.

VIEWS OF THE BOARD

A Board meeting was held on 28 September 2022 to discuss the publication of this announcement and resumption of trading of the Shares on the Stock Exchange, Mr. He Weiqing, Mr. Lee Chung Shun, Mr. Yang Zhangxin, Mr. Luo Honghui and Ms. Li Yin Fai are present, and Mr. Loke Wai Ming and Dr. Loh Teck Hiong was absent from the meeting. The Board (other than Dr. Loh and Mr. Loke Wai Ming) considers that Dr. Loh's allegations must be subject to objective, impartial and careful verification by an independent investigative committee before a reasonable judgment can be made. These issues may be complicated and require professional advice before a proper conclusion can be reached. As the investigation will take time, a prolonged suspension of trading will be detrimental to the interests of the Shareholders. The Board (other than Dr. Loh and Mr. Loke Wai Ming) believes that it is in the interest of the Company and its Shareholders as a whole to resume the trading of the Shares as soon as possible.

REQUISITION

The Board of Directors further announces that a notice of requisition dated 16 September 2022 (the “**Requisition Notice**”) requiring an Extraordinary General Meeting of the Company (the “**EGM**”) to be called by the Board was served by Brisk Success Holdings Limited (“**Brisk Success**”) and Ms. Tse Yun Lam Aries (“**Ms. Tse**”) to the Company. Brisk Success and Ms. Tse purportedly holds not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings.

Pursuant to the Requisition Notice, Brisk Success and Ms. Tse requested that the Board convene an EGM for the purpose of considering, and if thought fit, passing resolutions of:

- (1) the removal of Mr. He Weiqing, Mr. Lee Chung Shun, Mr. Yang Zhangxin, Ms. Wu Xiaoxia and Mr. Luo Honghui as Directors;
- (2) the appointment of Mr. Foo Shiang Peow, Ms. Tse Yi Kit Gigi and Mr. Ross Limjoco as Directors; and
- (3) any other Directors appointed to the Board during the period between 13 September 2022 and the conclusion of the EGM (other than Mr. Foo Shiang Peow, Ms. Tse Yi Kit Gigi and Mr. Ross Limjoco if applicable) be and are hereby removed with effect from the date of this resolution.

According to article 58 of the articles of association of the Company (the “**Articles**”), any one or more duly registered holder(s) from time to time of the shares in the capital of the Company holding at the date of deposit of the Requisition Notice not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition.

The Board is seeking legal advice on the Requisition Letter and will act in accordance with the provisions of the Articles and all applicable legal and regulatory requirements and make further announcement(s) in respect of the above matter as and when appropriate.

RESUMPTION OF TRADING

At the request of the Company, trading of the shares of the Company on the Stock Exchange was halted with effect from 9:00 a.m. on Tuesday, 23 August 2022. Application has been made to the Stock Exchange for the resumption of trading in the shares of the Company from 1:00 p.m. on Wednesday, 28 September 2022.

Save as disclosed above, the Board confirms that there is no other inside information that needs to be disclosed under Part XIVA of the SFO as at the date of this announcement.

The Company will issue further announcements to inform the shareholders and potential investors of any updates to the incidents referred to in this announcement as and when appropriate.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares.

By Order of the Board
RMH Holdings Limited
He Weiqing
Chairman and executive Director

Hong Kong, 28 September 2022

As at the date of this announcement, the executive Directors are Mr. He Weiqing, Mr. Lee Chung Shun and Dr. Loh Teck Hiong; and the independent non-executive Directors are Mr. Yang Zhangxin, Mr. Loke Wai Ming, Mr. Luo Honghui and Ms. Li Yin Fai.

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 of Hong Kong Limited 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 Listed 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>.