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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)**

### **1. ACQUISITION OF LISTED SECURITIES; 2. DELAYED RECEIPT OF SUBSCRIPTION MONEY FROM RIGHTS ISSUE; AND 3. CLARIFICATION OF 2023 INTERIM REPORT**

#### **1. ACQUISITION OF LISTED SECURITIES**

The board (the “**Board**”) of directors (the “**Director(s)**”) of RMH Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”), wishes to announce that, during the period from December 2021 to March 2023, the Company conducted a series of transactions including acquisition and disposal on the market with a maximum balance of 15,286,000 shares of Feiyang International Holdings Group Limited (“**Feiyang Group**”), a company listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (stock code: 1901) and representing approximately 1.91% of the then total issued number of shares of Feiyang Group. The average purchase price ranged from HKD0.485 to HKD1.454 per share of Feiyang Group and the average selling price ranged from HKD0.61 to HKD1.441 per share of Feiyang Group, with total acquisition cost amounted to approximately HKD36.7 million and disposal proceeds of approximately HKD34.2 million (the “**Transactions**”).

As the Transactions were made through the open market, the Company is not aware of the identities of the sellers or buyers of the Transactions. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the sellers and buyers of the Transactions and their respective ultimate beneficial owners are independent third parties.

The Company had successively disposed of all the shares of Feiyang Group through the open market by March 2023.

#### **Reasons for and benefits of the Transactions**

The Company established an investment department in October 2021 for the purpose of investment management. By having such investment management, the then Directors believed that the Company could be able to achieve the best use of the resources of the Group and improve its investment portfolio and returns on investment.

## Information on Feiyang Group

Feiyang Group is a company incorporated in the Cayman Islands and listed on the Stock Exchange. Feiyang Group is an investment holding company, and Feiyang Group and its subsidiaries are principally engaged in (i) the design, development and sale of outbound travel package tours; (ii) the design, development and sale of free independent traveller products; (iii) the provision of other ancillary travel-related products and services; (iv) the provision of health products; and (v) the provision of information system development products and services.

The following audited financial information is extracted from the annual reports of Feiyang Group for the years ended 31 December 2021 and 2020.

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	77,471	143,495
Profit/(Loss) before tax	(137,073)	88,948
Profit/(Loss) after tax	(137,477)	86,369
Net assets	24,159	106,075

## GEM Listing Rules implications

During the period from December 2021 to March 2023, the Company conducted a series of transactions including acquisition and disposal on the market with a maximum balance of 15,286,000 shares of Feiyang Group. The average purchase price ranged from HKD0.485 to HKD1.454 per share of Feiyang Group and the average selling price ranged from HKD0.61 to HKD1.441 per share of Feiyang Group, with total acquisition cost amounted to approximately HKD36.7 million and disposal proceeds of approximately HKD34.2 million.

The aggregate consideration of the Transactions was funded by (1) the Group's internal resources; (2) proceeds from the rights issue of the Company completed on 18 March 2022 (the "**Rights Issue**"); and (3) margin financing.

Each of the acquisition and disposal of the shares of Feiyang Group by the Company, on a standalone basis, did not constitute a notifiable transaction for the Company under Chapter 19 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**").

In March 2022 and May 2022, as certain applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Transactions, when aggregated with the previous transactions which were conducted in the past 12 month, exceed 5% but are less than 25%, the Transactions constituted discloseable transactions of the Company under Chapter 19 of the GEM Listing Rules, and are therefore subject to the reporting and announcement requirements of the GEM Listing Rules, but exempt from the Shareholders' approval requirement under Chapter 19 of the GEM Listing Rules. However, due to inadvertent oversight by the then investment team of the Company in calculating the percentage ratios without using the aggregated basis, the Transactions had not been notified and announced by the Company in a timely manner in accordance with the GEM Listing Rules.

### **Remedial Actions**

In order to prevent the reoccurrence of similar incident in the future, the Company has implemented internal control policies effective from 30 April 2024, in relation to, including but not limited to, disclosure requirements, approval procedures and arrangements of securities investments. The Group is dedicated to adhering strictly to these policies to ensure that all securities investments are well governed and disclosures are made in compliance with the relevant rules and regulations, including the GEM Listing Rules.

## **2. SUBSCRIPTION OF RIGHTS SHARES BY CONNECTED PERSON UNDER THE RIGHTS ISSUE**

References are made to (i) the prospectus of the Company dated 25 February 2022 (the "**Prospectus**"); and (ii) the announcements of the Company dated 19 January 2022, 20 January 2022, 18 March 2022 and 21 March 2022 in relation to, among others, the Rights Issue on the basis of one (1) rights share for every two (2) existing shares held on the record date (the "**Announcements**"). Unless otherwise stated, terms used herein shall have the same meanings as those defined in the Prospectus and the Announcements.

As disclosed in the Announcements, the Company allotted and issued 432,000,000 Rights Shares to certain subscribers. The gross proceeds from the Rights Issue, after deducting the underwriting commission and all other relevant expenses for the Rights Issue, were estimated to be approximately HKD41.0 million.

The Company intended to use the net proceeds from the Rights Issue for the following purposes:

- (a) approximately 30% (or approximately HKD12.3 million) as general working capital of the Group;
- (b) approximately 40% (or approximately HKD16.4 million) for potential development plan of i) aesthetic medicine business in PRC; ii) medical imaging business; and iii) dental services related business;
- (c) approximately 20% (or approximately HKD8.2 million) for repayment of part of the outstanding debt of the Company; and

- (d) approximately 10% (or approximately HKD4.1 million) for purchase of equipment and products in aesthetic medicine.

As disclosed in the announcement of the Company dated 28 March 2023, the Company had resolved to change certain uses of the net proceeds from the Rights Issue in the amount of HK\$28.41 million for (i) short-term investments; (ii) aesthetic medicine business in Hong Kong; and (iii) general working capital of the Group. For more details, please refer to the announcement of the Company dated 28 March 2023.

The Rights Issue was under-subscribed by 235,082,923 Rights Shares, hence the Underwriter, in accordance with the terms of the Underwriting Agreement, entered into by the Company and the Underwriter, that the Underwriter procured certain subscribers (the “**Underwritten Subscribers**”) to subscribe for 235,082,923 Underwritten Shares.

One of the subscribers procured by the Underwriter was Mr. Wu Jie (“**Mr. Wu**”), who is a director of DS Regenerative Medicine Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company. Given that Mr. Wu is a director of a subsidiary of the Company, he is a connected person at the subsidiary level (as defined in the GEM Listing Rules) and his subscription of 41,488,000 Rights Shares of the Company at the subscription price of HK\$0.1 per Rights Share (in the aggregate subscription amount of HK\$4,148,800) (the “**Subscription**”) constituted a transaction with connected person at the subsidiary level on the part of the Company under Chapter 20 of the GEM Listing Rules.

Given the Subscription by Mr. Wu at the subscription price of HK\$0.1 per rights share was the same as the subscription price of all Shareholders under the Rights Issue, the Subscription was on normal commercial terms. As each of the applicable percentage ratios in respect of the Subscription is less than 25% and the total consideration is less than HK\$10,000,000, the Subscription is subject to the reporting and announcement requirements under Chapter 20 of the GEM Listing Rules but is exempt from the circular (including independent financial advice) and shareholders’ approval requirements. However, due to inadvertent oversight by the then management of the Company, the Subscription had not been notified and announced by the Company in a timely manner in accordance with the GEM Listing Rules.

### **Remedial Actions**

In order to prevent the reoccurrence of similar incident in the future, the Company has implemented internal control policies effective from 30 April 2024, in relation to, including but not limited to, disclosure requirements, approval procedures and arrangements of connected transaction under Chapter 20 of the GEM Listing Rules. The Group is dedicated to adhering strictly to these policies to ensure that all connected transactions are well governed and disclosures are made in compliance with the relevant rules and regulations, including the GEM Listing Rules.

### 3. DELAYED RECEIPT OF SUBSCRIPTION MONEY FROM RIGHTS ISSUE

As disclosed in the above, the Rights Issue was under-subscribed by 235,082,923 Rights Shares, hence the Underwriter, in accordance with the terms of the Underwriting Agreement, entered into by the Company and the Underwriter, that the Underwriter procured certain subscribers to subscribe for 235,082,923 Underwritten Shares. Nevertheless, the Company had not received the amounts of proceeds in full from five Underwritten Subscribers (one of which was Mr. Wu) on time in accordance with the terms of the subscription agreements and the Underwriting Agreement entered into by the Company with the Underwritten Subscribers and the Underwriter, respectively, i.e. HKD19,359,492 (the “**Delayed Proceeds**”), representing approximately 82.35% of the proceeds from the Underwritten Subscribers and representing approximately 47.22% of the net proceeds from the Rights Issue. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, during the period from April to September 2022, the Company received the Delayed Proceeds in full from the Underwritten Subscribers.

The Delayed Proceeds constituted a financial assistance provided by the Company to the Underwritten Subscribers. As the maximum amount of Delayed Proceeds from each of the Underwritten Subscribers was approximately HK\$4.287 million (the “**Maximum Delayed Amount**”), all applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Maximum Delayed Amount is less than 5% and hence the Delayed Proceeds (other than the Delayed Proceeds from Mr. Wu) should be fully exempt under GEM Listing Rules.

Mr. Wu, being a director of a subsidiary of the Company, is a connected person at the subsidiary level (as defined in the GEM Listing Rules). The Delayed Proceeds from Mr. Wu amounted to HK\$4,148,800. As all applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Delayed Proceeds from Mr. Wu (i.e. HK\$4,148,800) is less than 5% but the relevant amount is more than HK\$3,000,000 but less than HK\$10,000,000, the Delayed Proceeds from Mr. Wu constituted a financial assistance provided by the Company to Mr. Wu and is subject to the announcement requirement of the GEM Listing Rules, but exempt from the circular (including independent financial advice) and Shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules. However, due to inadvertent oversight by the then management of the Company, the Delayed Proceeds from Mr. Wu had not been notified and announced by the Company in a timely manner in accordance with the GEM Listing Rules.

#### **Remedial Actions**

In order to prevent the reoccurrence of similar incident in the future, the Company has implemented internal control policies effective from 30 April 2024, in relation to, including but not limited to, disclosure requirements, approval procedures and arrangements of connected transaction under Chapter 20 of the GEM Listing Rules. The Group is dedicated to adhering strictly to these policies to ensure that all connected transactions are well governed and disclosures are made in compliance with the relevant rules and regulations, including the GEM Listing Rules.

#### 4. CLARIFICATION OF 2023 INTERIM REPORT

Reference is made to the interim report of the Company for the six months ended 30 June 2022 published on 11 August 2022 (the “**2022 Interim Report**”).

The Board wishes to clarify that, due to a classification error in the condensed consolidated statement of cash flows contained in the 2022 Interim Report, a small portion of cash inflow was mis-classified from the item of “trade and other receivables” to the item of “issue of new share” (the “**Classification Error**”). After due and careful investigation, the Board considered the classification error amounting to approximately HKD2,790,000 was made due to the delayed receipt of payment from the Rights Issue.

By order of the Board  
**RMH Holdings Limited**  
**Poon Chun Yin**  
*Chairman and Executive Director*

Hong Kong, 30 May 2024

*As at the date of this announcement, the executive directors of the Company are Mr. Poon Chun Yin (Chairman), Mr. Loke Wai Ming, Mr. Lee Chung Shun (Deputy Chairman) and Mr. Cui Han and the independent non-executive directors of the Company are Mr. Chau Wing Nam, Mr. Yeung Pok Man Peason, Mr. Cheung Tsu Lun and Ms. Chong Wai Shan.*

*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 Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for a minimum period of 7 days from the date of its publication and on the Company’s website at <https://www.rmhhk.com>.*