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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)

MAJOR AND CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF 51% EQUITY INTEREST AND SHAREHOLDER'S LOAN IN A JOINT VENTURE

THE DISPOSAL

The Board is pleased to announce that on 22 April 2022 (after trading hours), the Purchaser and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser conditionally agreed to acquire from the Vendor and the Vendor conditionally agreed to sell/assign to the Purchaser the Sale Shares and the Shareholder's Loan, at a total consideration of HK\$11,657,000. As at the date of this announcement, the JV Company is recognized as a joint venture company of the Group and its financial results, assets and liabilities have not been consolidated into the accounts of the Group, and upon Completion, the Group will no longer hold any interest, directly or indirectly, in the JV Group.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Disposal exceed 25% but less than 100%, the Disposal constitutes a major transaction of the Company and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

As at the date of this announcement, the Purchaser is wholly-owned by Dr. Loh Teck Hiong, who is an executive Director and the Chairman of the Board, and also a substantial shareholder of the Company. Hence, the Purchaser is a connected person of the Company and the Disposal constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. Accordingly, the Disposal is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Pursuant to Rule 17.48A of the GEM Listing Rules, a director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his close associates has a material interest. As Dr. Loh Teck Hiong is an executive Director and the Chairman of the Board, and also a substantial shareholder of the Company, he has abstained from voting on the resolutions to approve the Sale and Purchase Agreement and the transactions contemplated therein at the Board meeting.

Dr. Loh Teck Hiong, being the beneficial owner of the Purchaser in respect of the Disposal, is an executive Director, the Chairman of the Board and also a substantial shareholder of the Company holding 210,024,000 Shares, representing approximately 16.21% of the total issued Shares. As such, the Purchaser and its associates will be required to abstain from voting on the proposed resolutions to approve the Sale and Purchase Agreement and the transactions contemplated therein at the EGM. Save for the aforesaid, no other Shareholders will be required to abstain from voting at the EGM.

An Independent Board Committee, comprising all the independent non-executive Directors, has been established to consider the terms of Sale and Purchase Agreement and the transactions contemplated thereunder, and to advise the Independent Shareholders as to whether the terms of 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. Luk Fook Capital has been appointed as an independent financial adviser pursuant to the GEM Listing Rules to advise the Independent Board Committee and the Independent Shareholders in this regard.

EGM

The Company will convene an EGM to seek approval from the Independent Shareholders in respect of the Disposal. It is expected that a circular containing, among other things, (i) further details of the Disposal; (ii) a letter from the Independent Board Committee; (iii) a letter from the Independent Financial Adviser; (iv) a notice of the EGM; and (v) other information required under the GEM Listing Rules, will be dispatched to the Shareholders on or about 17 May 2022.

As Completion is subject to the fulfillment or, if applicable, waiver of a number of conditions precedent which are detailed in this announcement, the Disposal may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

THE DISPOSAL

The Board is pleased to announce that on 22 April 2022 (after trading hours), the Purchaser and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser conditionally agreed to acquire from the Vendor and the Vendor conditionally agreed to sell/assign to the Purchaser the Sale Shares and the Shareholder's Loan.

The principal terms of the Sale and Purchase Agreement are summarised below:

- Date:** 22 April 2022 (after trading hours)
- Parties:**
- (i) the Purchaser, Skin Medicine Pte Limited;
 - (ii) the Vendor, RMH (Hong Kong) Holdings Limited; and
 - (iii) the JV Company.

As at the date of this announcement, the Purchaser is wholly-owned by Dr. Loh Teck Hiong, who is an executive Director, Chairman of the Board, and also a substantial shareholder of the Company. Hence, the Purchaser is an associate of Dr. Loh Teck Hiong and a connected person of the Company, and the Disposal constitutes a connected transaction of the Company and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Assets to be disposed of

- (1) The Sale Shares, being 51% the total issued share capital of the JV Company; and
- (2) the Shareholder's Loan, being the entire shareholder's loan owed by the JV Company to the Vendor.

Consideration and payment terms

The Consideration payable for the sale and purchase of the Sale Shares and assignment of the Shareholder's Loan shall be HK\$11,657,000, which will be settled in cash by the Purchaser to the Vendor or its nominees in the following manners:

- (a) a sum of HK\$3,497,100 (being 30% of the total Consideration) shall be paid by the Purchaser to the Vendor or its nominees on Completion Date; and

- (b) the remaining balance of the Consideration in the sum of HK\$8,159,900 (the “**Remaining Balance**”) shall be paid by the Purchaser to the Vendor or its nominees within six months from Completion Date. The Remaining Balance will be settled in two instalments of HK\$4,662,800 (being 40% of the total Consideration) and HK\$3,497,100 (being 30% of the total Consideration) and payable in every 3 months.

The Consideration was determined after arm’s length negotiation between the Purchaser and the Vendor with reference to the unaudited net asset value of the JV Group as at 28 February 2022 of approximately HK\$1,538,000 and the amount of the Shareholder’s Loan.

Conditions Precedent

Completion is conditional upon the satisfaction (or waiver) of the following conditions:

- (a) The resolutions approving, among others, the transactions contemplated under the Sale and Purchase Agreement, having been passed by the Independent Shareholders at the EGM in accordance with the requirements of the GEM Listing Rules; and
- (b) No proceedings having been initiated or, so far as the Vendor is aware, threaten that seek to restrain, prohibit, declare illegal, or otherwise challenge or interfere or obtain relief in connection with the transactions contemplated by the Sale and Purchase Agreement.

The Purchaser may at any time waive in whole or in part of any of the conditions above (other than paragraph (a)) by written notice to the Vendor. Each party shall use each of its best endeavours to achieve satisfaction of the conditions soon as practicable and in any event on or before the Long Stop Date. If any of the conditions (other than paragraph (a)) is not satisfied or waived by the parties by the Long Stop Date, the Sale and Purchase Agreement shall be terminated forthwith in accordance with the terms thereof.

Completion

Completion shall take place within five Business Days from the date on which the last of conditions precedent has been fulfilled or such other day as the parties shall mutually agree in writing.

INFORMATION OF THE GROUP, THE VENDOR AND THE PURCHASER

The Group and the Vendor

The Group is a leading specialist dermatological and surgical practice accredited by the Ministry of Health of Singapore in Singapore, providing accessible, comprehensive, quality specialty care services for a variety of dermatological conditions affecting skin, hair and nails by utilising a wide range of advanced and sophisticated medical, surgical, laser and aesthetic treatments.

The Vendor is a company incorporated in Hong Kong with limited liability and is a directly wholly-owned subsidiary of the Company, which is principally an investment holding company. As at the date of this announcement, the Vendor holds 51% of the total issued share capital of the JV Company.

The Purchaser

As of the date of this announcement, the Purchaser is an investment holding company incorporated in Hong Kong with limited liability and wholly owned by Dr. Loh Teck Hiong, who is an executive Director and the Chairman of the Board, and also a substantial shareholder of the Company holding 210,024,000 Shares, representing approximately 16.21% of the total issued Shares. Hence, the Purchaser is a connected person of the Company pursuant to Chapter 20 of the GEM Listing Rules.

INFORMATION ON THE JV GROUP

The JV Company was incorporated in Hong Kong on 30 December 2019. The JV Company and its subsidiaries are principally engaged in the operation of aesthetic medical beauty clinic and trading medicine in Hong Kong.

Set out below is a summary of key audited/unaudited combined financial information of the JV Group for the period from the date of incorporation (i.e. 30 December 2019) to 31 December 2020 and for the 12 months ended 31 December 2021:

	For the period from the date of incorporation (i.e. 30 December 2019) to 31 December 2020 HK\$'000 (audited)	For the 12 months ended 31 December 2021 HK\$'000 (unaudited)
Revenue	1,911	11,235
Profit/(loss) before tax	(12,018)	(13,991)
Profit/(loss) after tax	(12,018)	(13,991)
Net asset	17,982	3,992

The unaudited net asset value of the JV Group as at 31 December 2021 was approximately HK\$3,992,000.

According to the annual report of the Group for the year ended 31 December 2021, there was no carrying value of the Group's investment in the JV Company as at 31 December 2021.

FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS

The JV Company is recognized as a joint venture company of the Group and its financial results, assets and liabilities have not been consolidated into the accounts of the Group, and upon Completion, the Group will no longer hold any interest, directly or indirectly, in the JV Group.

There was no carrying value of the Group's investment in the JV Company as at 31 December 2021. It is estimated that the Company will realise an unaudited gain on the Disposal of approximately HK\$11 million, being the Consideration deducting the expenses attributable to the Disposal of approximately HK\$0.7 million.

The actual financial impact of the Disposal is subject to the review and final audit by the auditors of the Company. Save for the expected gain on Disposal, the Disposal does not have any material effect on the earnings, assets and liabilities of the Group.

The Company intends to use the net proceeds from the Disposal for the general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is a leading specialist dermatological and surgical practice accredited by the Ministry of Health of Singapore in Singapore, providing accessible, comprehensive, quality and specialty care services for a variety of dermatological conditions affecting skin, hair and nails by utilising a wide range of advanced and sophisticated medical, surgical, laser and aesthetic treatments.

As the JV Group recorded a net loss after tax of approximately HK\$26 million in total for the period from the date of incorporation (i.e. 30 December 2019) to 31 December 2020 and for the 12 months ended 31 December 2021 due to the global political, economic tensions and the outbreak of the novel coronavirus (“COVID-19”), the Disposal is expected to enhance the financial position and the liquidity of the Group. Through the Disposal, the finance cost of the Group will decrease significantly. As there was no carrying value of the Group’s investment in the JV Company as at 31 December 2021, the Disposal is expected to have minimal impact on the Group’s operations. After the Disposal, both the liquidity and the financial position of the Group will be improved.

The terms of Sale and Purchase Agreement was determined after arm’s length negotiation between the Purchaser and the Vendor. The Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice of the Independent Financial Adviser) take the view that the Disposal are on normal commercial terms, and the terms of the Sale and Purchase Agreement (including the consideration for the acquisition of the Sale Shares) are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Disposal exceed 25% but less than 100%, the Disposal constitutes a major transaction of the Company and is therefore subject to the reporting, announcement and Shareholders’ approval requirements under Chapter 19 of the GEM Listing Rules.

As at the date of this announcement, the Purchaser is wholly-owned by Dr. Loh Teck Hiong, who is an executive Director and the Chairman of the Board, and also a substantial shareholder of the Company. Hence, the Purchaser is a connected person of the Company and the Disposal constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. Accordingly, the Disposal is subject to the reporting, announcement, circular and Independent Shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules.

Pursuant to Rule 17.48A of the GEM Listing Rules, a director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his close associates has a material interest. As Dr. Loh Teck Hiong is an executive Director and the Chairman of the Board, and also a substantial shareholder of the Company, he has abstained from voting on the resolutions to approve the Sale and Purchase Agreement and the transactions contemplated therein at the Board meeting.

Dr. Loh Teck Hiong, being the beneficially owner of the Purchaser in respect of the Disposal, is an executive Director, the Chairman of the Board and also a substantial shareholder of the Company holding 210,024,000 Shares, representing approximately 16.21% of the total issued Shares, the Purchaser and its associates will be required to abstain from voting on the proposed resolutions to approve the Sale and Purchase Agreement and the transactions contemplated therein at the EGM. Save for the aforesaid, no other Shareholders will be required to abstain from voting at the EGM.

An Independent Board Committee, comprising all the independent non-executive Directors, has been established to consider the terms of Sale and Purchase Agreement and the transactions contemplated thereunder, and to advise the Independent Shareholders as to whether the terms of 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. Luk Fook Capital has been appointed as an independent financial adviser pursuant to the GEM Listing Rules to advise the Independent Board Committee and the Independent Shareholders in this regard.

EGM

The Company will convene an EGM to seek approval from the Independent Shareholders in respect of the Disposal. It is expected that the circular containing, among other things, (i) further details of the Disposal; (ii) a letter from the Independent Board Committee; (iii) a letter from the Independent Financial Adviser; (iv) a notice of the EGM; and (v) other information required under the Listing Rules, will be dispatched to the Shareholders on or about 17 May 2022.

GENERAL

As Completion is subject to the fulfillment or, if applicable, waiver of a number of conditions precedent which are detailed in this announcement, the Disposal may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

“Board”	the board of Directors of the Company;
“Business Day(s)”	means any day on which banks are generally open for business in Hong Kong (excluding Saturdays, Sundays and public holidays in Hong Kong);
“Company”	RMH Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares are listed and traded on GEM of the Stock Exchange (Stock code: 8437);
“Completion”	completion of the sale and purchase of the Sale Shares and the assignment of the Shareholder’s Loan pursuant to the Sale and Purchase Agreement;
“Completion Date”	means a date falling within five Business Days from the date on which the last of the conditions precedent have been fulfilled or such other day as the parties shall mutually agree in writing;
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules;
“Consideration”	means the sum payable by the Purchaser to the Vendor for the Sale Shares and the Shareholder’s Loan in accordance with the terms of the Sale and Purchase Agreement as stated in paragraph headed “Consideration and payment terms” in this announcement;
“Directors”	the director(s) of the Company;
“Disposal”	the proposed disposal of the Sale Shares and Shareholder’s Loan pursuant to the Sale and Purchase Agreement;
“EGM”	an extraordinary general meeting of the Company to be convened to consider and approve the Disposal;
“GEM”	GEM operated by the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange;

“Group”	collectively the Company, its subsidiaries and its consolidated affiliated entities from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	the independent board committee of the Company formed to consider the Disposal;
“Independent Financial Adviser” or “Luk Fook Capital”	Luk Fook Capital (HK) Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal;
“Independent Shareholders”	the Shareholders who, under the GEM Listing Rules, are not required to abstain from voting for the resolutions at the EGM approving the Sale and Purchase Agreement and the transactions contemplated thereunder;
“JV Company”	Queen’s Road Medical Company Limited (皇仁醫療有限公司), a company incorporated in Hong Kong with limited liability;
“JV Group”	the JV Company and its subsidiaries;
“Long Stop Date”	31 August 2022, or such other date as the parties may agree in writing;
“percentage ratio”	has the meaning ascribed to it under the GEM Listing Rules;
“Purchaser”	Skin Medicine Pte Limited (皮膚醫學有限公司), a company incorporated in Hong Kong with limited liability and wholly owned by Dr. Loh Teck Hiong;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 22 April 2022 entered into between the Purchaser and the Vendor in relation to the sale and purchase of the Sale Shares;

“Sale Shares”	15,300,000 Shares, representing 51% of the total issued share capital of the JV Company beneficially and legally owned by the Vendor which are fully paid up as at the date of this announcement;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time;
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Shareholder’s Loan”	the amount of indebtedness due and owing by the JV Company to the Vendor in the sum of HK\$10,873,000 as at the date of the Sale and Purchase Agreement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary/(ies)”	has the meaning ascribed to it under the GEM Listing Rules;
“substantial shareholder”	has the meaning ascribed to it under the GEM Listing Rules;
“Vendor”	RMH (Hong Kong) Holdings Limited (德斯(香港)控股有限公司), a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company; and
“%”	per cent.

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

Hong Kong, 22 April 2022

As at the date of this announcement, the executive Directors are Dr. Loh Teck Hiong and Mr. He Weiqing; and the independent non-executive Directors are Mr. Yang Zhangxin, Mr. Loke Wai Ming and Ms. Wu Xiaoxia.

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 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](http://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>.