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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)

PROPOSED CAPITAL REORGANISATION

Financial adviser to the Company



PROPOSED CAPITAL REORGANISATION

The Board proposes to implement the Capital Reorganisation which will involve the Share Consolidation, the Capital Reduction and the Share Sub-division.

(i) Share Consolidation

The Share Consolidation will involve a consolidation of every twenty (20) issued and unissued Existing Shares of par value of HK\$0.01 each into one (1) Consolidated Share of par value of HK\$0.20 each.

(ii) Capital Reduction

Immediately upon the Share Consolidation becoming effective, the Capital Reduction will involve a reduction of the par value of each issued Consolidated Share from HK\$0.20 to HK\$0.01 by cancelling the paid-up capital of the Company to the extent of HK\$0.19 on each of the then issued Consolidated Shares. In addition, any fractional Consolidated Shares in the issued share capital of the Company arising from the Share Consolidation will be cancelled.

(iii) Share Sub-division

Immediately following the Share Consolidation and the Capital Reduction becoming effective, each of the authorised but unissued Consolidated Share (including those authorised unissued Consolidated Shares arising from the Capital Reduction) will be sub-divided into twenty (20) New Shares of par value of HK\$0.01 each.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, the Capital Reorganisation. A circular containing, among other things, details of the Capital Reorganisation, a notice convening the EGM and related form of proxy, is expected to be despatched to the Shareholders on or before Friday, 1 November 2024.

Shareholders and potential investors should note that the Capital Reorganisation is subject to the satisfaction of the conditions. Accordingly, the Capital Reorganisation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt, they should consult their professional advisers.

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(iii) Share Sub-division

Immediately following the Share Consolidation and the Capital Reduction becoming effective, each of the authorised but unissued Consolidated Share (including those authorised unissued Consolidated Shares arising from the Capital Reduction) will be sub-divided into twenty (20) New Shares of par value of HK\$0.01 each.

Effects of the Capital Reorganisation

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000 divided into 10,000,000,000 Existing Shares of par value HK\$0.01 each, of which 1,332,000,000 Existing Shares have been issued and fully paid or credited as fully paid.

Assuming there will be no change in the issued share capital of the Company from the date of this announcement until the completion of Share Consolidation, the authorised share capital of the Company will be HK\$100,000,000 divided into 500,000,000 Consolidated Shares of par value of HK\$0.20 each, of which 66,600,000 Consolidated Shares will be in issue and the aggregate par value of the issued share capital of the Company will be HK\$13,320,000 upon the Share Consolidation becoming effective. Assuming there will be no change in the issued share capital of the Company from the date of this announcement until completion of the Capital Reorganisation, the authorised share capital of the Company will be HK\$5,000,000 divided into 500,000,000,000 New Shares of par value of HK\$0.01 each, of which 66,600,000 New Shares will be in issue and the aggregate par value of the issued share capital of the Company will be HK\$666,000 upon the Capital Reorganisation becoming effective.

Based on the 66,600,000 Consolidated Shares in issue immediately after the Share Consolidation becoming effective, a credit amounting to HK\$12,654,000 will arise as a result of the Capital Reduction. It is proposed that the credit arising from the Capital Reduction will be credited to the distributable reserve account of the Company, which will be utilised by the Company in such manner as the Board may deem fit and permitted under all applicable laws and the memorandum and articles of association of the Company.

Shareholders and potential investors of the Company should note that the credits arising in the books from the Capital Reorganisation will be subject to change depending on the number of the Existing Shares in issue immediately prior to the Capital Reorganisation becoming effective.

Assuming no further Existing Shares will be issued or repurchased from the date of this announcement up to the effective date of the Capital Reorganisation, the effect of the Capital Reorganisation and the share capital structure of the Company is summarised below:

	As at the date of this announcement	Immediately upon the Share Consolidation becoming effective but prior to the Capital Reduction and the Share Sub-division becoming effective	Immediately upon the Capital Reorganisation becoming effective
Par value	HK\$0.01 per Existing Share	HK\$0.20 per Consolidated Share	HK\$0.01 per New Share
Authorised share capital	HK\$100,000,000	HK\$100,000,000	HK\$5,000,000
Number of authorised shares	10,000,000,000 Existing Shares	500,000,000 Consolidated Shares	500,000,000 New Shares
Issued shares	1,332,000,000 Existing Shares	66,600,000 Consolidated Shares	66,600,000 New Shares
Issued share capital	HK\$13,320,000	HK\$13,320,000	HK\$666,000

All New Shares in issue immediately following the Capital Reorganisation becoming effective will rank *pari passu* in all respects with each other and the Capital Reorganisation will not result in any change in the relative rights of the Shareholders.

Other than the relevant expenses, including but not limited to professional fees and printing charges to be incurred, the implementation of the Capital Reorganisation will have no material effect on the consolidated net asset value of the Group, nor will they alter the underlying assets, business, operations, management or financial position of the Company or the proportionate interests of the Shareholders. The Board believes that the Capital Reorganisation will not have any material adverse effect on the financial position of the Group.

Conditions of the Capital Reorganisation

The Share Consolidation is conditional upon:

- (i) the passing of the ordinary resolution by the Shareholders to approve the Share Consolidation at the EGM;
- (ii) the compliance with all relevant procedures and requirements under the applicable laws of the Cayman Islands and the GEM Listing Rules to effect the Share Consolidation; and
- (iii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective.

Subject to the fulfilment of the conditions of the Share Consolidation, the effective date of the Share Consolidation is expected to be Tuesday, 26 November 2024, being the second Business Day immediately following the fulfillment of the above conditions.

The Capital Reduction and Share Sub-division are conditional upon:

- (i) the Share Consolidation has become effective;
- (ii) the passing of the special resolution(s) to approve the Capital Reduction and the Share Sub-division by the Shareholders at the EGM;
- (iii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares arising from the Capital Reduction and the Share Sub-division;
- (iv) the Court granting an order confirming the Capital Reduction;
- (v) compliance with any conditions which the Court may impose in relation to the Capital Reduction;
- (vi) registration by the Registrar of Companies in the Cayman Islands of a copy of the order of the Court confirming the Capital Reduction and the minute approved by the Court containing the particulars required under the Companies Act with respect to the Capital Reduction; and
- (vii) the compliance with all relevant procedures and requirements under the applicable laws of the Cayman Islands and the GEM Listing Rules to effect the Capital Reduction and Share Sub-division.

The Capital Reduction and the Share Sub-division will become effective when the conditions mentioned above are fulfilled. Upon the approval by the Shareholders of the Share Consolidation, the Capital Reduction and the Share Sub-division at the EGM, the legal advisers to the Company (as to Cayman Islands Law) will apply to the Court for hearing date(s) to confirm the Capital Reduction and further announcement(s) will be made by the Company on the preliminary timetable as soon as the Court hearing dates are confirmed.

As at the date of this announcement, none of the above conditions have been fulfilled.

Listing and dealing

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares and the New Shares arising from the Capital Reorganisation.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares and the New Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares and the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares and the New Shares on the Stock Exchange or such other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares and the New Shares to be admitted into CCASS established and operated by HKSCC.

None of the share capital of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Capital Reorganisation becomes effective, the Consolidated Shares and the New Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Other securities of the Company

As at the date of this announcement, there are outstanding Share Options for subscription of an aggregate of 12,000,000 Existing Shares under the Share Option Scheme. Save for the aforesaid, the Company has no other outstanding convertible securities, options or warrants in issue which are convertible or exchangeable into Shares as at the date of this announcement.

OTHER ARRANGEMENTS

Fractional entitlement to Consolidated Shares

Any fractional Consolidated Share arising from the Share Consolidation, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

Odd lots arrangements and matching services

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint a securities firm to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the circular to be despatched to the Shareholders.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lots arrangements is recommended to consult his/her/its own professional advisers.

Exchange of share certificates for Consolidated Shares

Subject to the Share Consolidation having become effective, Shareholders may, during the specified period from Tuesday, 26 November 2024 to Monday, 6 January 2025 (both days inclusive), submit the existing share certificates for the Existing Shares to the share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong to exchange, at the expense of the Company, for new share certificates for the Consolidated Shares.

Thereafter, existing share certificates for Existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for Consolidated Shares at the expense of the Shareholders on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each existing share certificate cancelled or each new share certificate issued for Consolidated Shares (whichever is higher) but are not acceptable for trading, settlement and registration purposes.

After 4:10 p.m. on Thursday, 2 January 2025, trading will only be in Consolidated Shares which share certificates will be issued in green colour. Existing share certificates in yellow colour for the Existing Shares will cease to be valid for trading and settlement purpose, but will remain valid and effective as documents of title.

Possible adjustments to outstanding Share Options

Under the terms and conditions of the Share Option Schemes, the Share Consolidation may lead to adjustments to the number of Shares available for issue under the scheme limit, which has not yet been utilised, of the Share Option Schemes, and/or the exercise price and/or the number of Shares falling to be issued upon the exercise of the Share Options. The aforementioned adjustment is conditional on the confirmation in writing by the auditors of the Company or the independent financial adviser appointed by the Company that the alteration is made on the basis that the proportion of the issued share capital of the Company to which a participant of the Share Option Scheme is entitled after such alteration shall remain the same as that to which he or she was entitled before such alteration. No such alteration shall be made to the effect of which would be to enable any Share to be issued at less than its nominal value or which would result in the aggregate amount payable on the exercise of any option in full being increased.

As at the date of this announcement, there were outstanding options granted under the Share Option Scheme to subscribe for 12,000,000 Existing Shares. The Directors will determine, according to the rules of the Share Option Scheme, the adjustments (if any) required to be made in respect of the outstanding options as a result of the Share Consolidation. As the adjustments to the outstanding options are subject to the Share Consolidation taking effect and the written confirmation by the auditors of the Company or the independent financial advisers appointed by the Company, the Company cannot determine the adjustments to be made as at the date of this announcement. The Company will make further announcements regarding the adjustments in accordance with the GEM Listing Rules in due course.

REASONS FOR THE CAPITAL REORGANISATION

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the share approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the listed issuer to either change the trading method or to proceed with a consolidation or splitting of its securities. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 (and updated in September 2024) has further stated that market price of the share at a level less than HK\$0.10 each will be considered as trading at extremity as referred to under Rule 17.76 of the GEM Listing Rules.

The Share Consolidation will reduce the total number of Existing Shares currently in issue and is expected to bring about a corresponding upward adjustment to the trading price per Share on the Stock Exchange, and hence the transaction costs as a proportion of the market value of each board lot will be lower.

Further, under the Companies Act, the Company is restricted in its ability to issue Shares at a price lower than their par value. The Capital Reduction will reduce the par value of the Consolidated Shares, which will provide the Company with greater flexibility to accommodate the issue of new Shares in the future when necessary.

The Capital Reorganisation would help attract more investors and extend the base of the Shareholders, provide flexibility for equity fund raising of the Company in the future and eliminate a substantial amount of the Company’s accumulated losses, hence, allowing greater flexibility for the Company to pay dividends in the future. Accordingly, the Directors are of the view that the implementation of the Capital Reorganisation is beneficial to and in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, the Company has no intention or plan to carry out other corporate actions in the next 12 months may have an effect of undermining or negating the intended purpose of the Capital Reorganisation, and the Company does not have intention or any concrete plan to conduct any fund raising activities in the next 12 months. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund raising opportunities arise in order to support future development of the Group. The Company will make further announcement in this regard in accordance with the GEM Listing Rules as and when appropriate.

The Capital Reorganisation will not have any material adverse effect on the financial position of the Company nor result in change in the relative rights of the Shareholders and are in the interests of the Company and the Shareholders as a whole.

EXPECTED TIMETABLE

Set out below is the expected timetable for the Capital Reorganisation. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.

Events	Hong Kong Date and Time
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2024

Expected despatch date of the Circular, proxy form and notice of the EGM	Friday, 1 November
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Latest time for lodging transfer documents of the Shares in order to be qualified for attendance and voting at the EGM	4:30 p.m. on Friday, 15 November
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Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the EGM (both days inclusive)	Monday, 18 November to Friday, 22 November
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Latest time for lodging proxy forms for the EGM (not less than 48 hours prior to the time of the EGM)	11:00 a.m. on Wednesday, 20 November
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Record date for determining attendance and voting at the EGM	Friday, 22 November
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Expected date and time of EGM to approve the Share Consolidation, and the Capital Reduction	11:00 a.m. on Friday, 22 November
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Announcement of the poll result of the EGM	Friday, 22 November
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The following events are conditional on the fulfillment of the conditions for the implementation of the Share Consolidation:

Effective date of the Share Consolidation	Tuesday, 26 November
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First day for free exchange of existing share certificates	Tuesday, 26 November
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Commencement of dealings in the Consolidated Shares	9:00 a.m. on Tuesday, 26 November
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Original counter for trading in the existing Shares
in board lots of 8,000 Existing Shares
(in the form of existing share certificates) temporarily closes 9:00 a.m. on
Tuesday, 26 November

Temporary counter for trading in the Consolidated Shares
in board lots of 400 Consolidated Shares
(in the form of existing share certificates) opens 9:00 a.m. on
Tuesday, 26 November

Original counter for trading in the Consolidated Shares
in board lots of 8,000 Consolidated Shares
(in the form of new share certificates) re-opens 9:00 a.m. on
Tuesday, 10 December

Parallel trading in the Consolidated Shares and
the existing Shares commences 9:00 a.m. on
Tuesday, 10 December

Designated broker starts to stand in the market to
provide matching services for sale and purchase of
odd lots of Consolidated Shares 9:00 a.m. on
Tuesday, 10 December

2025

Designated broker ceases to stand in the market to
provide matching services for sale and purchase of
odd lots of Consolidated Shares 4:00 p.m. on
Thursday, 2 January

Temporary counter for trading in the Consolidated Shares
in board lots of 400 Consolidated Shares
(in the form of existing share certificates) closes 4:10 p.m. on
Thursday, 2 January

Parallel trading in the Consolidated Shares and the
existing Shares ends 4:10 p.m. on
Thursday, 2 January

Latest time for free exchange of existing share certificates
for new share certificates Monday, 6 January

The following events are conditional on the fulfilment of the conditions for the implementation of the Capital Reduction and Share Sub-division:

Expected effective date of the Capital Reduction and

Share Sub-division Friday, 28 February
(Cayman Islands time)

Commencement of dealings in the New Shares. 9:00 a.m. on
Monday, 3 March

All times and dates specified in this announcement refer to Hong Kong times and dates, unless otherwise stated. This timetable is indicative only and any subsequent changes to the expected timetable will be announced by the Company as and when appropriate.

GENERAL

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Shareholders and potential investors should note that the Capital Reorganisation is subject to the satisfaction of the conditions. Accordingly, the Capital Reorganisation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt, they should consult their professional advisers.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Business Day(s)”	day(s) (excluding Saturdays, Sundays and public holidays) on which banks are open for business in Hong Kong
“Capital Reduction”	the proposed reduction of the issued share capital of the Company whereby the par value of each of the issued Consolidated Shares will be reduced from HK\$0.20 to HK\$0.01 by cancelling the paid up capital to the extent of HK\$0.19 on each issued Consolidated Share
“Capital Reorganisation”	collectively, the Share Consolidation, the Capital Reduction and the Share Sub-division

“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Circular”	the circular to be despatched to the Shareholders containing, among other things, details of the Share Consolidation, the Capital Reduction, the Share Sub-division and the notice of the EGM
“Companies Act”	the Companies Act (2023 Revision) of the Cayman Islands, as consolidated and revised
“Company”	RMH Holdings Limited 德斯控股有限公司, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the GEM of the Stock Exchange (stock code: 8437)
“Consolidated Share(s)”	ordinary share(s) of HK\$0.20 each in the share capital of the Company immediately following the Share Consolidation becoming effective
“Court”	the Grand Court of the Cayman Islands
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at which resolutions will be proposed to consider, and, if thought fit, to approve, the Share Consolidation
“Existing Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company prior to the Share Consolidation having become effective
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
“Group”	the Company and its subsidiaries
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

“Listing Committee”	has the meaning ascribed to it under the GEM Listing Rules
“New Share(s)”	ordinary share(s) of par value HK\$0.01 each in the issued and unissued share capital of the Company upon the Capital Reorganisation becoming effective
“Share(s)”	the Existing Share(s) and/or the Consolidated Share(s), as the case may be
“Share Consolidation”	the consolidation of every twenty (20) issued and unissued Existing Shares of HK\$0.01 each into one (1) Consolidated Share of HK\$0.20
“Share Sub-division”	the proposed sub-division of each authorised but unissued Consolidated Share of par value HK\$0.20 each into twenty (20) authorised and unissued New Shares of par value of HK\$0.01 each
“Shareholder(s)”	the holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

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

Hong Kong, 18 October 2024

As at the date of this announcement, the executive Directors are Mr. Poon Chun Yin (Chairman), Mr. Lee Chung Shun (Deputy Chairman), Mr. Loke Wai Ming and Mr. Cui Han; and the independent non-executive Directors 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 Listed Company Information” page of the GEM website at 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.rmholdings.com.sg>.