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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the directors (the "Directors") of RMH Holdings Limited (the "Company") 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 (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.

The original announcement is prepared in the English language. This announcement is translated into Chinese. In the event of any inconsistencies between the Chinese and the English version, the latter shall prevail.

HIGHLIGHTS

- The revenue of the Group amounted to approximately S$6,987,000 for the year ended 31 December 2018, representing a slight decrease of approximately S$67,000 or 0.9% as compared with the year ended 31 December 2017.

- The profit of the Group was approximately S$1,851,000 for the year ended 31 December 2018, representing an increase of approximately S$2,321,000 as compared to a loss of approximately S$470,000 for the year ended 31 December 2017. Excluding the one-off Listing expenses incurred in the year ended 31 December 2017 of approximately S$2,933,000, the Group would have recorded a profit for the year ended 31 December 2017 of approximately S$2,463,000, representing a decrease of approximately S$612,000 or 24.9% as compared to the corresponding period of 2017. This was due to increased costs incurred for employee benefits expense, post-Listing professional fees, including compliance advisory charges, audit fees, retainer fees for legal adviser and printer charges as well as other professional fees incurred by the Group for the year ended 31 December 2018.

- Basic earnings per share was 0.31 Singapore cents for the year ended 31 December 2018 compared to basic loss per share was 0.10 Singapore cents for the year ended 31 December 2017.

- The Board does not recommend the payment of a final dividend for the year ended 31 December 2018.

ANNUAL RESULTS

The board of Directors (the "**Board**") of the Company is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2018, together with the comparative figures for the corresponding period in 2017, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2018

	Notes	**2018** **S$'000**	2017 S$'000
Revenue	*5*	**6,987**	7,054
Other operating income	*6*	**205**	23
Consumables and medical supplies used		**(1,088)**	(1,022)
Other direct costs		**(109)**	(108)
Employee benefits expense		**(1,812)**	(1,350)
Depreciation of plant and equipment		**(158)**	(192)
Other operating expenses		**(1,894)**	(1,546)
Finance costs		**–**	(16)
Listing expenses		**–**	(2,933)
Profit (loss) before taxation	*7*	**2,131**	(90)
Income tax expense	*8*	**(280)**	(380)
Profit (loss) and total comprehensive income (expense) for the year attributable to owners of the Company		**1,851**	(470)
Basic earnings (loss) per share (Singapore cents)	*9*	**0.31**	(0.10)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

	Notes	2018 S$'000	2017 S$'000
ASSETS AND LIABILITIES			
Non-current assets			
Plant and equipment		**541**	229
Rental deposits		**287**	64
		828	293
Current assets			
Inventories		**198**	201
Trade and other receivables	*11*	**659**	740
Bank balances and cash		**14,128**	12,553
		14,985	13,494
Current liabilities			
Trade and other payables	*12*	**871**	601
Income tax payables		**312**	397
		1,183	998
Net current assets		**13,802**	12,496
Total assets less current liabilities		**14,630**	12,789
Non-current liabilities			
Deferred tax liability		**24**	34
		24	34
Net assets		**14,606**	12,755
EQUITY			
Capital and reserves			
Share capital	*13*	**1,037**	1,037
Reserves		**13,569**	11,718
Equity attributable to owners of the Company		**14,606**	12,755

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

1 GENERAL

RMH Holdings Limited (the "**Company**") is incorporated as an exempted company in the Cayman Islands with limited liability under Cayman Companies Law on 22 March 2017. Its registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company is registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "**Companies Ordinance**") on 25 May 2017 and the principal place of business in Hong Kong is at Room 5705, 57th Floor, The Center, 99 Queen's Road Central, Hong Kong. The head office and principal place of business of the Company in Singapore is at #15-09 Paragon (Office Tower), 290 Orchard Road, Singapore 238859. The shares of the Company (the "**Shares**") have been listed on the GEM of The Stock Exchange of Hong Kong Limited with effect from 13 October 2017 (the "**Listing**") by way of share offer (the "**Share Offer**"). The immediate and ultimate holding company of the Company is Brisk Success Holdings Limited which is a company incorporated in the British Virgin Islands.

2 BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to the reorganisation of the Company in connection with the Listing (the "**Reorganisation**"), the Company became the holding company of the companies now comprising the Group on 11 May 2017. The companies now comprising the Group were under the common control of the Company. Accordingly, these financial statements have been prepared by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the earliest period presented. Details of the Reorganisation are set out in the section headed "History, Reorganisation and Development — Reorganisation" in the prospectus of the Company dated 29 September 2017 (the "**Prospectus**").

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("**IFRSs**") which include International Accounting Standards ("**IASs**") and Interpretations promulgated by the International Accounting Standards Board and the disclosure requirements of the GEM Listing Rules and the Companies Ordinance.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year ended 31 December 2017 are prepared as if the current group structure had been in existence throughout the year ended 31 December 2017 or since the date of incorporation where there is a shorter period.

The consolidated financial statements are presented in Singapore Dollars ("**S$**") which is the same as the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousands, unless otherwise stated.

The consolidated financial statements for the year ended 31 December 2018 were authorised for issue by the Board.

3 ADOPTION OF NEW AND REVISED STANDARDS

All IFRSs effective for the accounting period commencing from 1 January 2018, together with the relevant transitional provisions, have been adopted by the Company and its subsidiaries (collectively referred to as the "**Group**") in preparation of these consolidated financial statements. The adoption of these new/revised IFRSs has no material effect on the amounts reported for the current or prior period.

New and amended IFRS Standards that are effective for the current year

Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The change in accounting policies have been noted in Note 4. There is no significant adjustments as the application of IFRS 9 impairment requirements has not resulted in any material adjustment to allowance.

Impact of application of IFRS 15 Revenue from Contracts with Customers

In the current year, the Group has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. The change in accounting policies have been noted in Note 4. There is no material impact on the Group's financial performance and positions for current and prior year but result in more extensive disclosures in these consolidated financial statements.

4 SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Group for the year ended 31 December 2018 have been prepared in accordance with the applicable disclosure requirements of the GEM Listing Rule, International Financial Reporting Standards ("**IFRSs**") which include International Accounting Standards ("**IASs**") and Interpretations promulgated by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

Financial assets

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("**ECL**") on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Revenue recognition (upon application of IFRS 15 in accordance with transitions in Note 3)

IFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

Under IFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Revenue recognition under IFRS 15 for each revenue stream of the Group are as follows:

Revenue from provision of consultation services ("**Consultation Services**") relate to contracts with patients in which our performance obligations are to provide consultation to the patients. Performance obligations for consultation services are generally satisfied over a period of less than one day.

Revenue from dispensing of medical skincare products ("**Prescription and Dispensing Services**") is recognised at point in time when the patient has obtained the control of the medication and skincare products when the dispensing is made and the patient has substantially obtained all the remaining benefits of these products.

Revenue from provision of medical skincare treatments of surgical and non-invasive/minimally invasive in nature ("**Treatment Services**") generally relate to contracts with patients in which our performance obligations are to provide the required treatment services to the patients. Performance obligations for treatment services are generally satisfied over a period of less than one day.

Revenue from other services ("**Other Services**") generally relate to laboratory test carried out as part of treatment procedures. Performance obligation for such services are generally satisfied at point in time when the relevant test has been completed.

5 REVENUE AND SEGMENT INFORMATION

The Group's operating activities are attributable to a single operating segment focusing on provision of dermatology treatment solutions, specialised in skin cancer, skin diseases and aesthetic procedures, to customers in Singapore. The major categories of the Group's operating activities include Consultation Services, Prescription and Dispensing Services and Treatment Services. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies same as those of the Group as described in Note 4. Dr. Loh, Dr. Ee and Dr. Kwah, directors of the Company, have been identified as the chief operating decision makers ("**CODM**"). The CODM review the Group's revenue analysis by services and products in order to assess performance and allocate resources.

Other than revenue analysis, no operating results and other discrete financial information is available for the assessment of performance and allocation of resources. The CODM review the results of the Group as a whole to make decisions. Accordingly, other than entity-wide information, no analysis of this single operating segment is presented.

Revenue analysis

Revenue represents the net amounts received and receivable for goods sold and services rendered by the Group in normal course of business to outside customers. The following is an analysis of the Group's revenue from its major business activities:

A disaggregation of the Group's revenue are as follows:

	2018	2017
	S$'000	*S$'000*
Types of services:		
Consultation Services	**1,837**	1,794
Prescription and Dispensing Services	**2,065**	1,956
Treatment Services	**2,648**	2,821
Other services *(Note)*	**437**	483
	6,987	7,054
Timing of revenue recognition:		
At a point in time	**2,502**	2,439
Over time	**4,485**	4,615
	6,987	7,054

Note: Other services mainly represent service income from patients in relation to laboratory tests carried out during the treatment.

There are no performance obligation that are unsatisfied (or partially unsatisfied) as at the end of the reporting period.

6 OTHER OPERATING INCOME

	2018	2017
	S$'000	*S$'000*
Fixed deposit interest	**169**	–
Government grant *(Note)*	**36**	9
Sundry income	**–**	14
	205	23

Note: Government grant represents primarily government subsidies in form of cash payout from Inland Revenue Authority of Singapore under the Productivity and Innovation Credit Scheme which compensates the Group in relation to qualifying expenditure incurred.

7 PROFIT (LOSS) BEFORE TAXATION

Profit (loss) before tax has been arrived at after charging:

	2018	2017
	S$'000	*S$'000*
Audit fees (included in other operating expenses)	**150**	145
Administrative fees (included in other operating expense)	**318**	321
Net foreign currency exchange loss (included in other operating expense)	**84**	41
Professional and consulting fees (included in other operating expenses)	**714**	289
Employee benefits expense:		
Directors' remunerations	**1,005**	641
Other staff costs		
— salaries, bonus and other benefits	**701**	607
— contributions to retirement benefits scheme	**106**	102

8 INCOME TAX EXPENSE

	2018	2017
	S$'000	*S$'000*
Tax expense comprises:		
Singapore corporate income tax ("**CIT**")		
— Current tax	**290**	380
	290	380
Deferred tax expense	**(10)**	–
	280	380

Singapore CIT is calculated at 17% (2017: 17%) of the estimated assessable profit eligible for CIT rebate of 40%, capped at S$15,000 for the Year of Assessment 2018, and adjusted to 20%, capped at S$10,000 for the Year of Assessment 2019. Singapore incorporated companies can also enjoy 75% tax exemption on the first S$10,000 of normal chargeable income and a further 50% tax exemption on the next S$290,000 of normal chargeable income.

9 EARNINGS (LOSS) PER SHARE

	2018	2017
Profit (loss) attributable to the owners of the Company *(S$'000)*	**1,851**	(470)
Weighted average number of ordinary shares in issue *('000)*	**600,000**	480,000
Basic earnings (loss) per share *(Singapore cents)*	**0.31**	(0.10)

The number of ordinary shares of the Company for the purpose of calculating basic earnings per share has been determined on the assumption that the reorganisation and the capitalisation issue had been effective on 1 January 2017.

For the year ended 31 December 2018 and 2017, no separated diluted earnings per share information has been presented as there was no dilutive potential ordinary shares outstanding.

10 DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2018 (2017: Nil).

11 TRADE AND OTHER RECEIVABLES

	2018	2017
	S$'000	*S$'000*
Trade receivables	**481**	652
Deposits	**39**	26
Prepayment	**119**	46
Other receivables	**20**	16
	659	740

The following table details the risk profile of trade receivables from contracts with customers based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

		Trade receivables — days past due			
	Not past due	**91 to 120 days**	**121 to 150 days**	**> 150 days**	**Total 2018**
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Expected credit loss rate	*	*	*	*	–
Estimated total gross carrying amount at default	392	86	–	3	481
Lifetime ECL	–	–	–	–	–
					481

* Denotes less than 1% and not significant.

The following is an ageing analysis of trade receivables of the Group presented based on invoice dates for the receivables from the customers who settle payments by claiming from insurance companies at the end of each reporting period:

	2018	2017
	S$'000	*S$'000*
0–30 days	**114**	159
31–60 days	**156**	143
61–90 days	**122**	102
over 90 days	**89**	248
	481	652

For the year ended 31 December 2017:

In 2017, The policy for allowances for doubtful debts of the Group is based on the evaluation of collectability and aging analysis of trade receivables and on management's judgement. A considerable amount of judgement by management is required in assessing the ultimate realisation of these receivables, including the current creditworthiness, the past collection history of each customer and the ongoing business relationship with the customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Included in the Group's trade receivables balance were debtors with a carrying amount of $248,000 which were past due at the end of reporting period for which the Group had not provided as there had not been a significant change in credit quality and the amounts were still considered recoverable. The average age of these receivables were as follows:

	2017 *S$'000*
Overdue by:	
0–30 days	48
Over 30 days	200
Total	248

12 TRADE AND OTHER PAYABLES

	2018 ***S$'000***	2017 *S$'000*
Trade payables	**99**	34
Accrued staff cost	**241**	36
Accrued operating expenses	**345**	229
Other tax payables	**–**	45
Other payables	**186**	257
	871	601

The average credit period on purchase of goods is 30 days. The following is an ageing analysis of trade payables of the Group presented based on the invoice date at the end of each reporting period:

	2018 ***S$'000***	2017 *S$'000*
0–30 days	**95**	32
31–60 days	**3**	1
61–90 days	**1**	–
Over 90 days	**–**	1
	99	34

13 SHARE CAPITAL

For the purpose of presenting the share capital of the Group prior to the Group Reorganisation in the consolidated statement of financial position, the balance as at 1 January 2017 and 31 December 2017 represented the share capital of the Singapore subsidiaries.

Details of the share capital are disclosed as follows:

	Number of shares	Par value	Share capital
		HK$	*HK$'000*
Authorised share capital of the Company:			
At date of incorporation on 22 March 2017	38,000,000	0.01	380
Increase on 22 September 2017	962,000,000	0.01	9,620
At 31 December 2018 and 31 December 2017	1,000,000,000	0.01	10,000

	Number of shares	Share capital
		S$'000
Issued and fully paid shares of the Company:		
At date of incorporation on 22 March 2017	1	–
Issue of shares pursuant to the Group Reorganisation	99	–
Issue of shares under the capitalisation issue	449,999,900	777
Issue of shares under the share offer	150,000,000	260
At 31 December 2018 and 31 December 2017	600,000,000	1,037

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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. The Group's private dermatology practice comprises primarily doctors, and trained personnel with specialised skill sets equipped to handle complex dermatological conditions. The Group provides an all-round treatment solution that is tailored to our patients' individual needs for the treatment of, among others, skin cancer, skin diseases such as eczema, psoriasis, acne, pigmentation, adverse drug reactions and warts. The Group also performs aesthetic treatments to enhance the overall appearance of patients.

The revenue of the Group decreased slightly by approximately S$67,000, or 0.9%, to approximately S$6,987,000, when compared to the year ended 31 December 2017. The revenue of Consultation Services, Prescription and Dispensing Services, Treatment Services and other services amounted to approximately S$1,837,000, S$2,065,000, S$2,648,000 and S$437,000 which accounted for approximately 26.3%, 29.6%, 37.9% and 6.2% of the total revenue of the Group for the year ended 31 December 2018 respectively, which is generally in line with the distribution as compared to the year ended 31 December 2017. The decrease in revenue was preliminary attributable to the decrease in Treatment Services rendered. The number of patient visits dropped slightly by 0.1% to 21,344 for the year ended 31 December 2018 from 21,368 for the year ended 31 December 2017. The decrease in revenue was due to stretching of resources for expansion of Orchard Clinic and Raffles Place Clinic simultaneously in the fourth quarter of 2018, thus service capacity dropped temporarily. However, the Group is optimistic that the clinics expansion and new doctor joining will achieve higher operational efficiency and maximised profitability in long term.

BUSINESS OUTLOOK

Looking forward, with strong potential in the specialist dermatology and surgical services industry in Singapore, the Group will continue to seek to enlarge our market share in the dermatological and surgical services industry in Singapore and to build our reputation, grow the "Dermatology & Surgery Clinic" brand and business. We will continue to consolidate our position in the market and achieve a continued growth in our business.

With the change of aesthetic perception, people in Singapore become more interested in medical dermatology services. In addition, more people in Singapore will tend to pay more attention to their appearance and receive medical aesthetic services to preserve their youth, which may promote the development of medical aesthetic service market. To this end, we intend to grow our medical aesthetic practice by establishing new medical aesthetic clinics in close proximity to each of our three existing Clinics. As our existing Clinics provide a myriad of treatments comprising both medical/surgical treatments, as well as aesthetics treatments, we believe that the establishment of dedicated clinics to provide medical aesthetic services will enable us to gain market penetration into the medical aesthetics field and increase our Group's profitability.

As part of our expansion plan for our medical aesthetics clinics, the Group has secured the same premise of existing Orchard Clinic by entering into a letter of offer dated on 25 October 2018 and a tenancy agreement dated 11 February 2019 and commenced operation in February 2019 for establishment of new medical aesthetic clinic. This not only provides us with an opportunity to grow our medical aesthetic practice, it also allows for the expansion of operations at our existing Orchard Clinic to optimise the time and skills of our resident Doctors by focusing on treatments of more complex dermatological conditions. In addition, we have recruited one female resident dermatologist to further strengthen our professional team. We train our trained therapists to become more involved in various aspects of patients' experience at our Clinics from aesthetic and skincare product counselling to certain non-invasive treatments under supervision of our resident Doctors.

On the other hand, the Group has decided to move Raffles Place Clinic to a larger premise and entered into a tenancy agreement on 10 December 2018. The Raffles Place Clinic has been moved and commenced operation in end of February 2019. We continue to attract and retain talent pool of specialist doctors and staff for the expansion of Raffles Place Clinic and Orchard Clinic. We believe that the expansion will help to boost the Group's market penetration in the long run.

FINANCIAL REVIEW

Revenue

The Group's overall revenue amounted to approximately S$6,987,000 for the year ended 31 December 2018, representing a slight decrease of approximately S$67,000 or 0.9% as compared with the revenue of S$7,054,000 for the year ended 31 December 2017.

The Group provides an all-round treatment solution that is tailored to the patients' individual needs in the field of dermatology. These are achieved through the provision of personalised services, including Consultation Services, Prescription and Dispensing Services and Treatment Services. The slight decrease in revenue for the year ended 31 December 2018 was mainly attributable to decrease in Treatment Services rendered. The following table sets forth a breakdown of our revenue for the periods indicated:

	2018		2017	
	S$'000	*%*	*S$'000*	*%*
Revenue				
Consultation Services	**1,837**	**26.3**	1,794	25.4
Prescription and Dispensing Services	**2,065**	**29.6**	1,956	27.7
Treatment Services	**2,648**	**37.9**	2,821	40.0
Other services	**437**	**6.2**	483	6.9
	6,987	**100.0**	7,054	100.0

Revenue generated from Consultation Services increased by S$43,000 from S$1,794,000 to S$1,837,000 for the year ended 31 December 2017 and 2018 respectively. With an increase in the number of patient visits for Consultations Services from 17,760 to 17,979 for the year ended 31 December 2017 and 2018 respectively, the Group recorded a 1.2% growth in the total number of patient visits for the year ended 31 December 2018.

Revenue generated from Prescription and Dispensing Services also increased by S$109,000 from S$1,956,000 to S$2,065,000 for the year ended 31 December 2017 and 2018 respectively. The increase is in line with the increase in patient visits from Consultation Services in the same period.

Revenue generated from Treatment Services decreased by S$173,000 from S$2,821,000 to S$2,648,000 for the year ended 31 December in 2017 and 2018 respectively. Revenue from Treatment Services are predominantly decreased from botox, radio frequency and skin tests.

Other operating income

Other operating income for the year ended 31 December 2018 and 2017 represented primarily fixed deposit interest income, government grants and other income which comprised cash pay-out from Inland Revenue Authority of Singapore ("**IRAS**") in relation to qualifying expenditure incurred during the financial year and other miscellaneous income. The amount remained immaterial during the year ended 31 December 2018 and 2017.

Consumables and medical supplies used

Our consumables and medical supplies used amounted to S$1,022,000 and S$1,088,000 for the year ended 31 December 2017 and 2018 respectively. The increase is in line with the increase in revenue generated from Prescription and Dispensing Services. These comprised costs of treatment consumables, skincare products and medications necessary for the provision of our services at our clinics.

Our cost of medication and consumables is predominantly driven by the amounts of medication and consumables we used and our procurement costs. The amount of medication and consumables we used is primarily driven by the number of patient visits, the number and complexity of treatments and other dermatological and surgical services provided.

Other direct costs

Other direct costs are mainly attributable to laboratory charges, which are fees charged by laboratories engaged by us for providing blood, urine and other testing services for our patients.

We generally outsource medical tests such as blood testing, urine testing, and other testing services where we believe that there is insufficient demand to warrant the necessary investment for the development of the expertise and the in-house infrastructure. Therefore, we have subcontracted such testing services to external service providers and incurred laboratory charges for the provision of such testing services. The amount remained immaterial during the year ended 31 December 2018 and 2017.

Employee benefits expense

	2018	2017
	S$'000	*S$'000*
Directors' remunerations	**1,005**	641
Other staff costs:		
— Salaries, bonus and other benefits	**701**	607
— Contributions to retirement benefits scheme	**106**	102
Employee benefits expense	**1,812**	1,350

Employee benefits expense relate to Directors' remuneration, salaries, bonus and other benefits for other professional staff such as trained therapists, clinic executives and other administrative staff, contributions to retirement benefits scheme. The increase is largely due to increase of Directors' remuneration as stated in the Prospectus of the Company dated 29 September 2017 (the "**Prospectus**"), and accrued 3 months bonuses to executive Directors.

Our total staff count for employees (including part time staff), excluding our doctors, as at the end of the respective financial years is as follow:

	2018	2017
Total staff count	**20**	18

Depreciation of plant and equipment

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. Our depreciation expenses primarily comprised:

(a) professional equipment, mainly our medical equipment such as dermatological laser equipment used at our Clinics;

(b) computer and office equipment at our various premises used for our operations; and

(c) leasehold improvements in relation to the leased premises for our operations.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate at the end of the reporting period. Our medical equipment and office equipment are generally depreciated over three to five years, which we considered as reasonable for the useful lives for assets of such nature. The amount remained immaterial during the year ended 31 December 2018 and 2017.

Other operating expenses

The Group's other operating expenses comprised rental and property upkeep, administrative fees, professional fees, net foreign currency exchange loss and other expenses.

The other operating expenses for the year ended 31 December 2018 increased by approximately S$348,000 or 22.5% from approximately S$1,546,000 for the year ended 31 December 2017 to approximately S$1,894,000 for the year ended 31 December 2018.

	2018	2017
	S$'000	*S$'000*
Rental and property upkeep	**446**	395
Administrative fees	**318**	321
Professional and consulting fees	**714**	289
Audit fees	**150**	145
Net foreign currency exchange loss	**84**	41
Other expenses	**182**	355
Other operating expenses	**1,894**	1,546

The increase in professional and consulting fees for approximately S$425,000 was related to the post-Listing professional fees incurred for legal adviser, compliance adviser, financial printer and other professional fees.

The increase in net foreign currency exchange loss was mainly attributable to the weakening of Hong Kong dollars against Singapore dollars.

The other expenses comprised primarily card charges, clinic supplies, repairs and maintenance, insurance, travelling and other miscellaneous expenses. The decrease of other expenses was mainly due to non-recurring out of pocket expenses for Listing incurred during the year ended 31 December 2017.

Finance costs

The Group did not have any bank borrowings, finance lease liabilities, or interest-bearing liabilities for the year ended 31 December 2018. The Group settled the remaining obligations under finance leases for the medical equipment in September 2017 thus leading to decrease in finance costs of approximately S$16,000.

Listing expenses

During the year ended 31 December 2017, the Group recognised one-off Listing expenses of approximately S$2,933,000 in connection with the Listing. No Listing expense was incurred for the year ended 31 December 2018.

Income tax expense

Income tax expense was approximately S$280,000 for the year ended 31 December 2018 and approximately S$380,000 for the year ended 31 December 2017. The decrease was mainly attributable to the combined effect of non-deductible Listing expenses of approximately S$2,933,000 incurred for the year ended 31 December 2017 and the increase in profit before tax of approximately S$2,221,000.

Profit for the year

Due to the combined effect of the aforesaid factors, we recorded the profit of approximately S$1,851,000 for the year ended 31 December 2018, representing an increase of approximately S$2,321,000 as compared with the loss of approximately S$470,000 for the year ended 31 December 2017. The increase was mainly due to one-off Listing expenses of approximately S$2,933,000 incurred during the year ended 31 December 2017. Excluding which, profit for the year ended 31 December 2017 would be approximately S$2,463,000.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2018 (31 December 2017: Nil).

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The capital of the Group only comprises ordinary shares.

As at 31 December 2018, the total equity of the Group was approximately S$14,606,000 (2017: approximately S$12,755,000). The Group generally financed its operation with internally generated cash flows. The Group had bank balances and cash of approximately S$14,128,000 as at 31 December 2018 (2017: approximately S$12,553,000. As at 31 December 2018, the Group had net current assets of approximately S$13,802,000 (2017: approximately S$12,496,000).

No gearing ratio of the Group as at 31 December 2017 and 2018, calculated based on total debt divided by total equity as at the end of the year. As at 31 December 2018, the Group had no outstanding debt (as at 31 December 2017, the Group has fully repaid finance leases in September 2017).

Net cash generated from operating activities for the year ended 31 December 2018 was approximately S$2,045,000 (2017: net cash used in operations approximately S$390,000). With the healthy bank balances and cash on hand, the Group's liquidity position remained strong and it had sufficient financial resources to fund its future plans and to meet its working capital requirement.

As at 31 December 2018, the capital structure of the Group consisted of equity attributable to owners of the Company of approximately S$14.6 million. The share capital of the Group only comprises ordinary shares. The Shares were listed on GEM of the Stock Exchange on 13 October 2017. There has been no change in the capital structure of the Group since then.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2018, the Group did not have any significant investment, material acquisitions nor disposal of subsidiaries and affiliated companies save for those reorganisation activities done for the purpose of Listing as set out in the paragraph headed "History, Reorganisation and Development — Reorganisation" in the Prospectus.

FOREIGN EXCHANGE EXPOSURE

The Group operates in Singapore and transacts mainly in Singapore dollars, which is the functional currency of the majority of the Group's operating subsidiaries. However, the Group retained certain amount of the proceeds from the Share Offer in Hong Kong dollars which contributed to an unrealised foreign exchange loss of approximately S$84,000 as Hong Kong dollars weakened against Singapore dollars.

COMMITMENTS

The contractual commitments of the Group were primarily related to the leases of our office premise and clinics. As at 31 December 2018, our Group's operating lease commitments amounted to approximately S$1,799,000 (2017: approximately S$951,000).

The Group has entered into a tenancy agreement on 10 December 2018 for the purpose of expansion of Raffles Place Clinic and secured a letter of offer dated 25 October 2018 and a tenancy agreement on 11 February 2019 for opening of a new aesthetic clinic and expansion of Orchard Clinic in accordance with the future plans as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed above and in the Prospectus, the Group does not have other plans for material investments and capital assets.

CONTINGENT LIABILITIES

As at 31 December 2018, the Group did not have material contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2018, our Group had a total of 20 employees (including part time staffs), excluding our doctors (2017: 18). Staff costs, including Directors' remuneration, of our Group were approximately S$1,812,000 for the year ended 31 December 2018 (2017: approximately S$1,350,000). Remuneration is determined with reference to factors such as comparable market salaries and work performance, time commitment and responsibilities of each individual. Employees are provided with relevant inhouse and/or external training from time to time. In addition to a basic salary, year-end discretionary bonuses are offered to employees who performed outstandingly to attract and retain eligible employees to contribute to our Group.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2018 and 2017, there were no charges on the Group's assets.

USE OF PROCEEDS

The net proceeds from the Share Offer were approximately HK$44.7 million, which was based on the offer price of HK$0.48 per Share and the actual expenses related to the Listing. After the Listing, these proceeds were and will be used for the purposes in accordance with the future plans as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

The net proceeds from the Share Offer as at 31 December 2018 were used as follows:

	Planned use of proceeds as shown in the Prospectus (adjusted on a prorata basis based on the actual net proceeds)	**Planned use of proceeds as shown in the Prospectus from the date of the Listing to 31 December 2018 (adjusted on a prorata basis based on the actual net proceeds)**	**Actual use of proceeds from the date of the Listing to 31 December 2018**	**Unutilised amount as at 31 December 2018** *(Note a)*	
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	*Notes*
Strategically expand and strengthen our network of clinics in Singapore	14.1	10.9	–	14.1	*b*
Enhance the quality and variety of our Services at our existing Clinics and establish new medical aesthetic clinics	13.6	10.4	3.1	10.5	*c*
Purchase additional new devices and broaden the variety of treatments and products offered	9.6	9.6	2.0	7.6	*c*
Establish a logistics centre for centralised operations	2.3	2.3	–	2.3	*d*
Improve our information technology infrastructure and systems	2.4	2.4	0.2	2.2	*e*
General working capital	2.7	2.7	2.7	–	
	44.7	38.3	8.0	36.7	

Notes:

(a) The unused proceeds are deposited in a licensed bank in Hong Kong and Singapore.

(b) The Listing proceeds of approximately HK$10.9 million have not been utilised as at 31 December 2018, as we delayed our plan to open new "family and skin" clinics due to the availability of leasing space in a large scale shopping complex located in one of the most popular area in neighbourhoods in Singapore in areas with residential, commercial and corporate concentration. We have delayed the opening of new "family and skin" clinics as we intend to establish our new medical aesthetics clinics in close proximity to our existing Clinics, allows us to tap into a pool of patients visiting our existing Clinics who may be considering certain medical aesthetics treatment. Hence, the Group can strengthen its competitiveness and better seize opportunities brought about by the increasing demand for its services. The expanded network of clinics can also offer greater flexibility to customers in picking where to use our services, which is crucial to retaining customers in the long run.

(c) We delayed in refurbishment and upgrading of the East Coast Clinic and opening of medical aesthetic clinic at Raffles Place due to difficulty in securing lease at popular area and will continue to look for suitable location. The Group has entered tenancy agreement on 10 December 2018 and decided to move Raffles Place Clinic to a larger premise. Besides, the Group has successfully secured a letter of offer dated 25 October 2018 and a tenancy agreement on 11 February 2019 at the same premise of existing Orchard Clinic for establishment of new medical aesthetic clinic and expansion of operation at existing Orchard Clinic. Both clinics have commenced operation in February 2019.

(d) We delayed our plan on establishment of logistic centre as we were not able to secure the lease of the space nearby and will continue to look for suitable location.

(e) We delayed our spending on information technology infrastructure and systems as we are still in the process of identifying the system that would best fit for our clinic uses and consistent with Ministry of Health upcoming new policy.

CORPORATE GOVERNANCE PRACTICES

The Board recognises the importance of achieving the highest standard of corporate governance consistent with the needs and requirements of its businesses and the best interest of all of its stakeholders and is fully committed to doing so. The Board believes that high standards of corporate governance provide a framework and solid foundation for the Group to manage business risks, enhance transparency, achieve high standard of accountability and protect stakeholders' interests. Therefore, the Board has reviewed and will continue to review and improve the Company's corporate governance practices from time to time.

The Company has adopted the principles and the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 15 to the GEM Listing Rules as its own code of corporate governance. Following the pass away of Mr. Wong Siu Ki, our former independent non-executive Director, on 7 March 2018, the Board comprised five members with three executive Directors and two independent non-executive Directors. As a result, the number of independent non-executive Directors of the Board was below the minimum number prescribed under Rule 5.05 of the GEM Listing Rules, the number of members of the audit committee of the Company (the Audit Committee") was reduced to two which was below the minimum number prescribed under Rule 5.28 of the GEM Listing Rules, as well as the number of members of the remuneration committee of the Company (the "**Remuneration Committee**") was reduced to two which was below the minimum number prescribed under Rule 5.34 of the GEM Listing Rules. The Company has appointed Mr. Wang Ning as an independent non-executive Director, a member of the Audit Committee and the chairman of the Remuneration Committee with effect from 1 June 2018. Upon the appointment of Mr. Wang Ning, the Company has been in compliance with Rule 5.05, 5.28 and 5.34 of the GEM Listing Rules. Save as disclosed above, the Company had complied with all the applicable code provisions of the CG Code during year ended 31 December 2018.

COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all the Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the year ended 31 December 2018.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the year ended 31 December 2018.

COMPETING INTERESTS

During the period under review, none of the Directors or the controlling Shareholders or their respective associates (as defined in the GEM Listing Rules) of the Company had any interests in any businesses which competed with or might compete with the business of the Group.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "**Share Option Scheme**") on 22 September 2017 (the "**Adoption Date**"). During the period from 22 September 2017 to the date of this announcement, no share option were granted by the Company.

INTEREST OF THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Red Solar Capital Limited, as at 31 December 2018, save for the compliance adviser agreement with effect from 1 November 2017 entered into between the Company and Red Solar Capital Limited, neither Red Solar Capital Limited, its directors, employees and close associates had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

COMPLIANCE OF NON-COMPETITION UNDERTAKING

As disclosed in the Prospectus pursuant to the non-competition undertakings set out in the deed of non-competition dated 22 September 2017, each of our controlling Shareholders, namely, Dr. Loh, Dr. Ee and Dr. Kwah (collectively referred to as the "Controlling Shareholders"), have undertaken to the Company (for itself and on behalf of its subsidiaries) that, amongst other things, each of them is not or will not, and will procure each of their respective close associates not to, directly or indirectly, carry on, participate in, be engaged, interested directly or indirectly, either for their own account or in conjunction with or on behalf of or for any other person in any business in competition with or similar to or is likely to be in competition with the business of the Group upon the Listing of the Company. Particulars of which are set out in the section headed “Relationship with Controlling Shareholders — Independence from Controlling Shareholders — Non-Competition Undertaking” of the Prospectus.

The independent non-executive Directors have reviewed the implementation of the deed of non-competition and are of the view that the Controlling Shareholders had complied with their undertakings given under the deed of non-competition for the year ended 31 December 2018.

ANNUAL GENERAL MEETING

The second annual general meeting of the Company (the “**AGM**”) will be held on Wednesday, 8 May 2019. A notice of which shall be sent to the shareholders of the Company in accordance with the Articles, the GEM Listing Rules and other applicable laws and regulations.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from Friday, 3 May 2019 to Wednesday, 8 May 2019, both dates inclusive, during which period no transfer of shares can be registered. In order to be eligible to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 2 May 2019.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2018, the Group has moved the Raffle Place Clinic to a larger premise and entered into a tenancy agreement for the purpose of opening of a new medical aesthetic clinic and expansion of Orchard Clinic at existing Orchard Clinic premise in accordance with the future plans as set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus. Both Clinics commenced operation in 2019.

AUDIT COMMITTEE

The Group established the Audit Committee on 22 September 2017 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and code provision C.3 of the CG Code. As at the date of this report, the audit committee consists of three independent non-executive Directors, namely Mr. Ong Kian Guan, Mr. Cheung Kiu Cho, Vincent and Mr. Wang Ning. Mr. Ong Kian Guan, our independent non-executive Director with the appropriate professional qualifications, serves as the chairman of the Audit Committee.

The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Company, make recommendations to the Board on the appointment, reappointment and removal of the external auditor, and review the Company’s financial information.

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2018, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditor, Deloitte & Touche LLP.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is available for viewing on the website of Stock Exchange at www.hkexnews.hk and on the website of the Company at https://rmhholdings.com.sg. The annual report of the Company for the year ended 31 December 2018 containing the information required by the GEM Listing Rules and the applicable law will be dispatched to the Shareholders in due course.

By Order of the Board
RMH Holdings Limited
Dr. Loh Teck Hiong
Chairman

Hong Kong, 22 March 2019

As at the date of this announcement, the executive Directors are Dr. Loh Teck Hiong, Dr. Kwah Yung Chien, Raymond and Dr. Ee Hock Leong; and the independent non-executive Directors are Mr. Ong Kian Guan, Mr. Cheung Kiu Cho, Vincent and Mr. Wang Ning.

This announcement will remain on the "Latest Company Report" page of the GEM website at www.hkgem.com for at least seven days from the day of its publication. This announcement will also be published on the Company's website at https://rmhholdings.com.sg.