

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 2021

CHARACTERISTICS OF 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.

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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement, for which the directors (the “Directors”) of RMH Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) 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.

HIGHLIGHTS

- The revenue of the Group amounted to approximately S\$10,289,000 for the year ended 31 December 2021, representing an increase of approximately S\$2,480,000 or 32% as compared with the year ended 31 December 2020.
- Group recorded a loss of approximately S\$8,785,000 for the year ended 31 December 2021, representing a decrease of approximately S\$487,000 as compared to a loss of approximately S\$9,272,000 for the year ended 31 December 2020. The decrease of loss was mainly due to the increase in revenue for the year ended 31 December 2021.
- Loss per share was 1.18 Singapore cents for the year ended 31 December 2021 compared to basic loss per share was 1.55 Singapore cents for the year ended 31 December 2020.
- The Board does not recommend the payment of a final dividend for the year ended 31 December 2021.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

| | <i>Notes</i> | 2021 S\$'000 | 2020 S\$'000 |
|---|--------------|-------------------------------|-----------------------|
| Revenue | 4 | 10,289 | 7,809 |
| Other operating income | 6 | 1,430 | 2,777 |
| Consumables and medical supplies used | | (1,898) | (2,467) |
| Other direct costs | | (382) | (218) |
| Employee benefits expense | | (7,035) | (3,884) |
| Amortisation of intangible assets | | (169) | – |
| Depreciation of plant and equipment | | (810) | (491) |
| Depreciation of right-of-use assets | | (2,777) | (2,207) |
| Other operating expenses | | (5,602) | (4,302) |
| Finance costs | 7 | (340) | (261) |
| Impairment loss on finance lease receivables | | – | (541) |
| Impairment loss on investment in joint venture | | – | (1,558) |
| Impairment loss on trade and other receivables | | (690) | (2,761) |
| Impairment loss on plant and equipment | | (887) | – |
| Share of loss of joint venture | | – | (1,093) |
| Loss before tax | 8 | (8,871) | (9,197) |
| Income tax (credit)/expense | 9 | 86 | (75) |
| Loss for the year | | <u>(8,785)</u> | <u>(9,272)</u> |
| Other comprehensive (loss)/income after tax: | | | |
| Item that may be reclassified subsequently to profit or loss | | | |
| Foreign currency translation (loss)/income on consolidation | | <u>(57)</u> | <u>59</u> |
| Other comprehensive (loss)/income for the year, net of tax | | <u>(57)</u> | <u>59</u> |
| Total comprehensive loss for the year | | <u>(8,842)</u> | <u>(9,213)</u> |
| Basic and diluted loss per share (Singapore cents) | 11 | <u>(1.18)</u> | <u>(1.55)</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

| | <i>Notes</i> | 2021 S\$'000 | 2020 S\$'000 |
|--|--------------|-------------------------------|-----------------|
| ASSETS AND LIABILITIES | | | |
| Non-current assets | | | |
| Plant and equipment | | 1,927 | 2,586 |
| Intangible assets | | 789 | 316 |
| Deposits | | 700 | 2,341 |
| Fair value through profit or loss instrument | | – | 91 |
| Right-of-use assets | | 5,857 | 5,419 |
| Investment in joint venture | | – | – |
| Finance lease receivables | | – | 111 |
| Trade and other receivables | <i>12</i> | – | – |
| | | 9,273 | 10,864 |
| Current assets | | | |
| Inventories | | 1,096 | 849 |
| Trade and other receivables | <i>12</i> | 5,766 | 3,281 |
| Fair value through profit or loss instrument | | 616 | – |
| Finance lease receivables | | 18 | 564 |
| Cash and cash equivalents | | 2,138 | 4,932 |
| | | 9,634 | 9,626 |
| Current liabilities | | | |
| Trade and other payables | <i>13</i> | 2,982 | 2,681 |
| Lease liabilities | | 2,544 | 2,776 |
| Borrowings | | 1,309 | 2,829 |
| Income tax payables | | 22 | 86 |
| | | 6,857 | 8,372 |
| Net current assets | | 2,777 | 1,254 |
| Total assets less current liabilities | | 12,050 | 12,118 |

| | <i>Notes</i> | 2021 S\$'000 | 2020 <i>S\$'000</i> |
|---|--------------|-------------------------------|------------------------|
| Non-current liabilities | | | |
| Lease liabilities | | 3,523 | 3,307 |
| Trade and other payables | <i>13</i> | 277 | 337 |
| Borrowings | | 3,683 | 2,844 |
| Deferred tax liability | | <u>–</u> | <u>99</u> |
| | | <u>7,483</u> | <u>6,587</u> |
| Net assets | | <u>4,567</u> | <u>5,531</u> |
| EQUITY | | | |
| Capital and reserves | | | |
| Share capital | <i>14</i> | 1,493 | 1,037 |
| Share premium | <i>15</i> | 17,011 | 9,589 |
| Reserves | | 2,147 | 2,204 |
| Accumulated losses | | <u>(16,084)</u> | <u>(7,299)</u> |
| Equity attributable to owners of the Company | | <u>4,567</u> | <u>5,531</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

1 GENERAL

RMH Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as combined and revised) of the Cayman Islands 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 was 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 of the Company in Hong Kong is at Unit 912, 9/F, Two Harbourfront, 22 Tak Fung Street, Hunghom, Kowloon, Hong Kong. The head office and principal place of business of the Company in Singapore is at #17-01/02 Paragon (Office Tower), 290 Orchard Road, Singapore 238859. The shares of the Company (the “**Shares**”) have been listed (the “**Listing**”) on GEM of the Stock Exchange with effect from 13 October 2017 (the “**Listing Date**”) by way of share offer (the “**Share Offer**”).

The consolidated financial statements for the year ended 31 December 2021 were authorised on 25 March 2022 for issue by the Board.

2 BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with the applicable 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 Hong Kong Companies Ordinance.

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

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the group's accounting policies

Management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimates, which are dealt with below).

Key sources of estimation uncertainty

The following is the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next twelve months.

Impact on COVID-19

The impact from COVID-19 pandemic has continued to impact certain operations of the Group during the year. Measures implemented by the government including travel restrictions, lockdowns and safe distancing has impacted the Group's business operations such as the demand of services in Hong Kong. These challenges faced by the Group resulted in the following key judgements and estimates relating to the valuation of receivables, the carrying amount of investment in a joint venture and the carrying amount of plant and equipment, right-of-use assets and intangible assets taking into consideration available current market information and conditions.

i) Impairment of trade and other receivables and finance lease receivables

The Group records any expected credit losses ("ECLs") on its trade and other receivables and finance lease receivables based on the likelihood of default. During the year, the Group carried out a review of the recoverability of trade and other receivables and finance lease receivables taking into consideration the profile of debtors, period that the amounts were past due, as well as results of any collection efforts to determine if any credit loss allowance is required. This led to the recognition of impairment loss of trade receivables of S\$779,000 (2020: Nil), other receivables of S\$35,000 (2020: S\$767,000) and finance lease receivables of Nil (2020: S\$541,000) in profit or loss.

The carrying amounts of the Group's trade and other receivables at the end of the reporting period are disclosed in Notes 12.

ii) Impairment of carrying amount of investment in joint venture and amount owing from joint venture

The Group has a joint venture in Hong Kong which operates a chain of clinics. Due to the pandemic, not all the clinics are in operations as at end of the reporting period and actual sales from the operating clinics has been below expectations. For the year ended 31 December 2021, the joint venture Group has incurred a loss and current liabilities exceeded its current assets. The business of the joint venture continues to be severely impacted by COVID-19 safety measures in Hong Kong. Given the uncertainty surrounding the lifting of safety restrictions and the additional cash flow requirements of the joint venture, management has performed an assessment which led to a impairment of S\$1,994,000 during the year ended 31 December 2020 on the advances to the joint venture and S\$1,558,000 on the carrying amount of the investment. In 2021, the Group recognised a reversal of impairment loss of S\$124,000 upon repayment by the joint venture. No reversal of investment in joint venture is considered necessary.

iii) Impairment of carrying amount of plant and equipment, right-of-use assets and intangible assets

Given that continuing loss with the amount of S\$8,785,000 and \$9,272,000 incurred for the year ended 31 December 2021 and 2020 respectively, the Group considered the impairment indicator exists for both Singapore and Hong Kong business. The Group performed the impairment assessment of the cash generating units (“CGUs”) where the plant and equipment, right-of-use assets and intangible assets belong to by assessing the recoverable amount of the CGUs which is the higher of the value-in-use (“VIU”) and fair value less cost of disposal. The Group estimated the VIU by making an estimate of the expected future cash flows from CGUs and also applying a suitable discount rate in order to calculate the present value of those cash flows. This led to the recognition of impairment loss on plant and equipment of S\$887,000 (2020: Nil).

4 REVENUE

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:

| | 2021 | 2020 |
|--------------------------------------|----------------|-------------|
| | S\$’000 | S\$’000 |
| Types of services: | | |
| Aesthetic Services | 520 | 220 |
| Consultation Services | 2,022 | 1,328 |
| Prescription and Dispensing Services | 3,074 | 1,949 |
| Treatment Services | 2,863 | 1,835 |
| Other services (<i>Note 1</i>) | 1,571 | 692 |
| Trading Sales | 239 | 1,785 |
| | <hr/> | <hr/> |
| Total | 10,289 | 7,809 |
| | <hr/> | <hr/> |
| Timing of revenue recognition: | | |
| At a point in time | 4,884 | 4,426 |
| Over time | 5,405 | 3,383 |
| | <hr/> | <hr/> |
| Total | 10,289 | 7,809 |
| | <hr/> <hr/> | <hr/> <hr/> |

Note 1: Other services mainly represent service income from patients in relation to laboratory tests carried out during the treatment.

5 OPERATING SEGMENTS

For management purposes, the Group is organised into business segments based on their services, and has two reportable segments as follows:

- i. Healthcare service; and
- ii Trading sales

Healthcare service relates primarily to the consultation services, prescription and dispensing services and treatment services and other services such as laboratory test carried out as part of treatment procedures. Healthcare service focusing on provision of dermatology treatment solutions, specialised in skin cancer, skin diseases and aesthetic procedures.

Trading Sales relates to supplies of health supplement products and medical products including hand sanitiser, disposal medical mask and other medical products.

Management monitors the operating results of the segment separately for the purposes of making decisions about resources to be allocated and of assessing performance. Information is reported to the executive directors of the Company, being the chief operating decision maker (“**CODM**”) of the Group, for the purposes of resource allocation and performance assessment. The CODM reviews the segment performance based on operating profit or loss which is similar to the accounting profit or loss.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated expense and income comprise of expense and other sources of income which are not directly attributable to the identified segments.

Intersegment sales and transfers are on terms’ agreement in a manner similar to transactions with third parties at the then prevailing market prices. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

Segment revenue and profits

The following is an analysis of the Group's revenue and results by reportable segments:

| | Healthcare service | | Trading sales | | Adjustments and eliminations | | Total | |
|--|--------------------|---------|---------------|---------|---------------------------------|---------|----------------|----------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Revenue | | | | | | | | |
| Revenue from external customers | 10,050 | 6,024 | 239 | 1,785 | - | - | 10,289 | 7,809 |
| Inter-segment revenue | 147 | 555 | 102 | 211 | (249) | (766) | - | - |
| Segment revenue | 10,197 | 6,579 | 341 | 1,996 | (249) | (766) | 10,289 | 7,809 |
| Other direct costs and cost of consumable and medical supplies used | (2,418) | (2,152) | (168) | (1,224) | 306 | 691 | (2,280) | (2,685) |
| Gross profit | 7,779 | 4,427 | 173 | 772 | 57 | (75) | 8,009 | 5,124 |
| Results | | | | | | | | |
| Other operating income | 472 | 580 | 958 | 2,197 | - | - | 1,430 | 2,777 |
| Employee benefits expenses | (6,838) | (3,359) | (197) | (525) | - | - | (7,035) | (3,884) |
| Depreciation of right-of-use assets, plant and equipment and amortisation of intangible assets | (2,399) | (1,499) | (1,357) | (1,199) | - | - | (3,756) | (2,698) |
| Other operating expenses | (4,827) | (3,684) | (775) | (618) | - | - | (5,602) | (4,302) |
| Impairment loss on finance lease receivables | - | - | - | (541) | - | - | - | (541) |
| Impairment loss on investment in joint venture | - | (1,558) | - | - | - | - | - | (1,558) |
| Impairment loss on trade and other receivables | 52 | (1,994) | (742) | (767) | - | - | (690) | (2,761) |
| Impairment loss on plant and equipment | - | - | (887) | - | - | - | (887) | - |
| Finance costs | (301) | (139) | (39) | (122) | - | - | (340) | (261) |
| Share of loss of joint venture | - | (1,093) | - | - | - | - | - | (1,093) |
| Loss before tax | | | | | | | <u>(8,871)</u> | <u>(9,197)</u> |
| Income tax expense | | | | | | | <u>86</u> | <u>(75)</u> |
| Loss for the year | | | | | | | <u>(8,785)</u> | <u>(9,272)</u> |

6 OTHER OPERATING INCOME

| | 2021 | 2020 |
|---|-----------------------|----------------|
| | <i>S\$'000</i> | <i>S\$'000</i> |
| Interest income on bank deposits and convertible note | 5 | – |
| Interest income on rental deposits | 32 | 21 |
| Interest income on finance lease | 9 | 21 |
| Gain on disposal of right-of-use assets | 82 | 1,061 |
| Gain on termination of sublease arrangement | 311 | – |
| License fee | – | 427 |
| Government grants | 388 | 570 |
| Other rental income | 540 | 677 |
| Others | 63 | – |
| | <u>1,430</u> | <u>2,777</u> |

7 FINANCE COSTS

| | 2021 | 2020 |
|---------------------------------------|-----------------------|----------------|
| | <i>S\$'000</i> | <i>S\$'000</i> |
| Interest expense on borrowings | 176 | 69 |
| Interest expense on lease liabilities | 164 | 192 |
| | <u>340</u> | <u>261</u> |

8 LOSS BEFORE TAX

Loss before tax has been arrived at after charging/(crediting):

| | 2021 <i>S\$'000</i> | 2020 <i>S\$'000</i> |
|---|------------------------|------------------------|
| Audit fees (included in other operating expenses) | 244 | 164 |
| Administrative fees (included in other operating expenses) | 372 | 279 |
| Net foreign currency exchange (gain)/loss (included in other operating expenses) | (220) | 454 |
| Professional and consulting fees (included in other operating expenses) | 3,738 | 2,604 |
| Government rate (included in other operating expenses) | 103 | 78 |
| Research fees (included in other operating expenses) | 112 | 92 |
| Travelling expenses (included in other operating expenses) | 22 | 113 |
| Written-off of plant and equipment (“PPE”) | 3 | 5 |
| Gain on disposal of PPE | – | (9) |
| Realised losses on fair value through profit or loss instrument (“FVTPL instrument”) | 265 | – |
| Unrealised gain on FVTPL instrument, net | (15) | – |
| Employee benefits expense: | | |
| Directors’ remunerations | 1,666 | 1,736 |
| Other staff costs | | |
| – salaries, bonus and other benefits | 5,071 | 1,985 |
| – contributions to retirement benefits scheme | 298 | 163 |

9 INCOME TAX (CREDIT)/EXPENSE

| | 2021 <i>S\$'000</i> | 2020 <i>S\$'000</i> |
|--|------------------------|------------------------|
| Tax expense comprises: | | |
| Current tax | | |
| – Singapore corporate income tax (“CIT”) | 13 | 17 |
| – Hong Kong Profits Tax | – | – |
| | 13 | 17 |
| Deferred tax (credit)/expense | | |
| – Singapore CIT | (99) | 58 |
| – Hong Kong Profits Tax | – | – |
| | (86) | 75 |

10 DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: S\$Nil).

11 BASIC AND DILUTED LOSS PER SHARE

| | 2021 | 2020 |
|--|---------------|---------------|
| Loss attributable to the owners of the Company (S\$'000) | (8,785) | (9,272) |
| Weighted average number of ordinary shares in issue ('000) | 745,973 | 600,000 |
| Loss per share (Singapore cents) | <u>(1.18)</u> | <u>(1.55)</u> |

For the years ended 31 December 2021 and 2020, no separated diluted loss per share information has been presented as there was no dilutive potential ordinary shares outstanding.

12 TRADE AND OTHER RECEIVABLES

| | 2021 | 2020 |
|---|----------------|----------------|
| | <i>S\$'000</i> | <i>S\$'000</i> |
| Trade receivables | 2,230 | 2,362 |
| Less: Loss allowance on trade receivables | <u>(779)</u> | <u>–</u> |
| | 1,451 | 2,362 |
| Deposits | 1,958 | 650 |
| Prepayment | 1,038 | 141 |
| Prepayment to a director | 315 | – |
| Other receivables | 1,039 | 895 |
| Less: Loss allowance on other receivables | (35) | (767) |
| Amount owing from joint venture – non current | 1,898 | 1,994 |
| Less: Loss allowance on amount owing from joint venture | <u>(1,898)</u> | <u>(1,994)</u> |
| | <u>5,766</u> | <u>3,281</u> |

The following is an aging analysis of trade receivables presented based on the invoice date, net of loss allowance for ECLs, at the end of the reporting period:

| | 2021 | 2020 |
|--------------|----------------|----------------|
| | <i>S\$'000</i> | <i>S\$'000</i> |
| 0–30 days | 305 | 1,398 |
| 31–60 days | 262 | 175 |
| 61–90 days | 264 | 123 |
| over 90 days | <u>620</u> | <u>666</u> |
| | <u>1,451</u> | <u>2,362</u> |

13 TRADE AND OTHER PAYABLES

| | 2021 | 2020 |
|-------------------------------------|---------------------|----------------|
| | <i>S\$'000</i> | <i>S\$'000</i> |
| Trade payables | 592 | 675 |
| Accrued legal and professional fees | 1,068 | 561 |
| Accrued operating expenses | 52 | 674 |
| Accrued staff cost | 632 | 65 |
| Accrued director fees | 18 | 44 |
| Deferred revenue | 343 | 197 |
| Amount due to a director | 6 | 273 |
| Other tax payables | 125 | 59 |
| Other payables | 423 | 470 |
| | <u>3,259</u> | <u>3,018</u> |

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:

| | 2021 | 2020 |
|--------------|---------------------|----------------|
| | <i>S\$'000</i> | <i>S\$'000</i> |
| 0–30 days | 233 | 469 |
| 31–60 days | 273 | 78 |
| 61–90 days | – | 29 |
| Over 90 days | 86 | 99 |
| | <u>592</u> | <u>675</u> |
| Analysed as: | | |
| Non-current | 277 | 337 |
| Current | 2,982 | 2,681 |
| | <u>3,259</u> | <u>3,018</u> |

14 SHARE CAPITAL

Details of the share capital are disclosed as follows:

| | Number of shares | Par value HK\$ | Share capital HK\$'000 |
|---|-----------------------------|---------------------------|-----------------------------------|
| Authorised share capital of the Company: At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021 | <u>10,000,000,000</u> | <u>0.01</u> | <u>100,000</u> |

| | Number of shares | Share capital S\$'000 |
|--|-----------------------------|----------------------------------|
| Issued and fully paid shares of the Company: At 1 January 2020, 31 December 2020 and 1 January 2021 | <u>600,000,000</u> | <u>1,037</u> |
| Placing of shares on 12 January 2021 | 120,000,000 | 206 |
| Placing of shares on 18 October 2021 | <u>144,000,000</u> | <u>250</u> |
| At 31 December 2021 | <u>864,000,000</u> | <u>1,493</u> |

15 SHARE PREMIUM

Details of the share premium are disclosed as follows:

| | Share premium | |
|---|----------------------|----------------|
| | 2021 | 2020 |
| | S\$'000 | S\$'000 |
| Premium arising on issue of equity shares | <u>17,011</u> | <u>9,589</u> |

Share premium represents the excess of total amount received for the shares issued over the aggregate per value.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The Group is providing medical, dermatological and aesthetic services and trading products at multiple centres in Singapore and Hong Kong. We have seven dermatology and surgery clinics in Singapore, one Aesthetic & Laser Centre, one Multi-Specialists Centre and one Regenerative Medicine Centre in Hong Kong.

The Group provides services to patients for medical, surgical and laser treatment of full range of dermatology, hair and nail disorders. The Group has particular strength and expertise in management of skin cancers from state of the art Mole Mapping Scanning for skin cancer surveillance to highly specialized Mohs Micrographic Surgery.

The Group also provides aesthetic services and products in Aesthetic medicine through our clinics in Singapore and Aesthetic & Laser Centre in Hong Kong. The Group also provides medical services at our Multi-specialist Centre, and products in the form of regenerative skin care products, and anti-aging oral supplement products at Regenerative Medicine Centre in Hong Kong.

For the year ended 31 December 2021, both the global business environment and the Group continued to be affected adversely by the COVID-19 pandemic. The Group continued to implement preventive and controlling measures against the outbreak of the COVID-19 so as to minimise the impact arising therefrom and to continue to increase revenue. The revenue of the Group of approximately S\$10,289,000 for the year ended 31 December 2021 increased by approximately S\$2,480,000 or 32% from approximately S\$7,809,000 for the year ended 31 December 2020. The revenue of Aesthetic Services, Consultation Services, Prescription and Dispensing Services, Treatment Services, Trading Sales and other services amounted to S\$520,000, S\$2,022,000, S\$3,074,000, S\$2,863,000, S\$239,000 and S\$1,571,000, respectively, which accounted for approximately 5.1%, 19.7%, 29.9%, 27.8%, 2.3% and 15.2% of the total revenue of the Group for the year ended 31 December 2021, respectively.

The Group has set up a Mohs Micrographic Surgery Centre and a Mole Mapping Centre at Orchard Clinic with 3 Mohs Dermato-Surgeons, as well as a new dermatology clinic at Gleneagles Medical Centre in Singapore as of 31 December 2021. We have 5 clinics at multiple locations in Singapore with a total of 7 dermatologists, having become the largest private dermatology group in Singapore.

For the year ended 31 December 2021, in view of the Group's long-term strategy in further developing its business, the Group entered into the agreements to acquire one unit of Siemens Healthineers MAGNETOM Lumina, a Revolution CT with postprocessing review workstation and accessories and a LOGIQ S8. The Directors consider that the aforesaid acquisitions will broaden the variety of treatments, offered by the Group by providing medical imaging service which is oriented on preventive and proactive care, and empower people to make better decisions for their own health.

BUSINESS OUTLOOK

While the business operating environment in Singapore and Hong Kong remains unfavourable due to the ongoing government measures in controlling the COVID-19 Pandemic, we are cautiously optimistic that the worse is over and we will return to be profitable after the pandemic.

Looking forward, with easing of the government anti-COVID-19 measures and the rapid roll out of mass vaccination on going currently, we are cautiously optimistic that the performance of the Group will rebound strongly to be profitable after the pandemic. The Directors will closely monitor the situation and evaluate the potential impact on our operations and financial position on a continuing basis. Moreover, the Group is exploring business opportunities in China, especially Big Bay Area, which is growing rapidly.

The Group will also continue to adopt and maintain a prudent but proactive investment approach and will closely monitor the performance of the operation with the goal of maximizing the results and value to the shareholders of the Company.

FINANCIAL REVIEW

Revenue

The Group's overall revenue amounted to approximately S\$10,289,000 for the year ended 31 December 2021, representing an increase of approximately S\$2,480,000 or 32% as compared with the revenue of approximately S\$7,809,000 for the year ended 31 December 2020.

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 Aesthetic Services, Consultation Services, Prescription and Dispensing Services, Treatment Services, Other Services and Trading Sales. The following table sets forth a breakdown of our revenue for the periods indicated:

| | 2021 | 2020 |
|--------------------------------------|----------------|---------|
| | S\$'000 | S\$'000 |
| Types of services: | | |
| Aesthetic Services | 520 | 220 |
| Consultation Services | 2,022 | 1,328 |
| Prescription and Dispensing Services | 3,074 | 1,949 |
| Treatment Services | 2,863 | 1,835 |
| Other services | 1,571 | 692 |
| Trading Sales | 239 | 1,785 |
| | 10,289 | 7,809 |

Revenue generated from Aesthetic services increased by approximately S\$300,000 from approximately S\$220,000 for the year ended 31 December 2020 to approximately S\$520,000 for the year ended 31 December 2021.

Revenue generated from Consultation Services increased by approximately S\$694,000 from approximately S\$1,328,000 for the year ended 31 December 2020 to approximately S\$2,022,000 for the year ended 31 December in 2021. With an increase in the number of patient visits for Consultations Services from 17,074 to 24,493 for the year ended 31 December 2021, the Group recorded an approximately 43.4% growth in the total number of patient visits for the year ended 31 December 2021.

Revenue generated from Prescription and Dispensing Services also increased by approximately S\$1,125,000 from approximately S\$1,949,000 for the year ended 31 December 2020 to approximately S\$3,074,000 for the year ended 31 December 2021. The increase was in line with the increase in patient visits from Consultation Services for the year ended 31 December 2021.

Revenue generated from Treatment Services increased by approximately S\$1,028,000 from approximately S\$1,835,000 for the year ended 31 December 2020 to approximately S\$2,863,000 for the year ended 31 December 2021, which was predominantly increase from excision, MOHS light, HISTOFREEZE and cryosurgery. The increase was attributable to additional capacity of 5 Mohs Dermatology Surgeon on board to service at Mohs Micrographic Surgery Centre and a Mole Mapping Centre compare with the last year.

Revenue generated from other services also increased by approximately S\$879,000 from approximately S\$692,000 for the year ended 31 December 2020 to approximately S\$1,571,000 for the year ended 31 December 2021. Revenue from other services mainly represents service income from patient in relation to laboratory test and medical examination.

Revenue generated from Trading Sales mainly represents income from supplement products based on stem cells and other medical products. Our Trading Sales contribute approximately S\$239,000 for the year ended 31 December 2021 which represented a significant decrease of approximately S\$1,546,000 as compared to the Trading Sales of approximately S\$1,785,000 for the year ended 31 December 2020. The decrease was mainly attributable to the continuously shutdown of international travel and closure of border between Hong Kong and China resulting in collapse of medical tourism since year 2020.

Other operating income

Other operating income for the year ended 31 December 2021 was approximately S\$1,430,000, which represented a significant decrease of approximately S\$1,347,000 as compared to the other operating income of approximately S\$2,777,000 for the year ended 31 December 2020. The decrease was mainly attributable to the gain on the disposal of right-of-use assets of approximately S\$1,061,000 for the year ended 31 December 2020, while the Group recorded S\$82,000 of such income for the year ended 31 December 2021.

Consumables and medical supplies used

Our consumables and medical supplies used for the years ended 31 December 2020 and 2021 amounted to approximately S\$2,467,000 and S\$1,898,000, representing approximately 32% and 18% of the total revenue, respectively.

Cost of consumables and medical supplies used decreased by approximately S\$569,000 or 23%, from approximately S\$2,467,000 for the year ended 31 December 2020 to approximately S\$1,898,000 for the year ended 31 December 2021. The decrease was primarily attributable to the significant decrease of the Trading Sales during the year ended 31 December 2021.

Besides, our cost of medication and consumables was predominantly driven by the amounts of medication and consumables we used and our procurement costs. The amount of medication and consumables we used was 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 were mainly attributable to laboratory charges, which were 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 years ended 31 December 2021 and 2020.

Employee benefits expense

| | 2021 | 2020 |
|---|-----------------------|----------------|
| | <i>S\$'000</i> | <i>S\$'000</i> |
| Director's remunerations | 1,666 | 1,736 |
| Other staff costs: | | |
| – Salaries, bonus and other benefits | 5,071 | 1,985 |
| – Contributions to retirement benefits scheme | 298 | 163 |
| Employee benefits expense | <u>7,035</u> | <u>3,884</u> |

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 was largely attributable to additional staff headcounts during the year ended 31 December 2021.

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

| | 2021 | 2020 |
|-------------------|------------------|-----------|
| Total staff count | <u>68</u> | <u>44</u> |

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 increase in the depreciation of plant and equipment of approximately S\$319,000 for the year ended 31 December 2021 was mainly attributable to the additional of plant and equipment during the year.

Depreciation of right-of-use assets

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Other operating expenses

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

The other operating expenses for the year ended 31 December 2021 increased by approximately S\$1,300,000 or 30% from approximately S\$4,302,000 for the year ended 31 December 2020 to approximately S\$5,602,000 for the year ended 31 December 2021.

| | 2021 | 2020 |
|--|---------------------|---------------------|
| | S\$'000 | S\$'000 |
| Realised losses on fair value through profit or loss instrument | 265 | – |
| Unrealised gain on fair value through profit or loss instrument, net | (15) | – |
| Rental and property upkeep | 79 | 17 |
| Administrative fees | 372 | 279 |
| Professional and consulting fees | 3,738 | 2,604 |
| Audit fees | 244 | 164 |
| Net foreign currency exchange (gain)/loss | (220) | 454 |
| Credit card & nets charges | 136 | 82 |
| Government rate | 103 | 78 |
| Research fees | 112 | 92 |
| Travelling expenses | 22 | 113 |
| Other expenses | 766 | 419 |
| | <hr/> | <hr/> |
| Other operating expenses | <u>5,602</u> | <u>4,302</u> |

The increase in professional and consulting fees for approximately S\$1,134,000 was related to the professional fee payable to medical practitioners.

The other expenses comprised primarily management service fee, software support, marketing expenses and other miscellaneous expenses. The increase of other expenses was mainly due to non-recurring marketing and advertising expenses to create market awareness for the new aesthetic clinic.

Finance costs

Finance costs for the year ended 31 December 2021 was approximately S\$340,000, which represented a significant increase of approximately S\$79,000 as compared to the finance costs of approximately S\$261,000 for the year ended 2020. The increase was mainly attributable to the additional of interest expenses on short-term loans during the year ended 31 December 2021.

Finance costs on lease liabilities

The finance costs were attributable to interest expense on lease liabilities under IFRS16.

Income tax (credit)/expense

Income tax credit was approximately S\$86,000 for the year ended 31 December 2021 and income tax expense was approximately S\$75,000 for the year ended 31 December 2020. The income tax credit was mainly attributable to the Group has recognised overprovision for deferred tax liabilities in prior year.

Loss attributable to owners of the Company

Loss attributable to owners of the Company was approximately S\$8,785,000 for the year ended 31 December 2021 (for the year ended 31 December 2020: loss of approximately S\$9,272,000). The decrease of loss was mainly due to the increase in revenue during the year.

Consolidated statement of financial position of the Company

As at 31 December 2021, the Group had net assets of approximately S\$4,567,000 (31 December 2020: approximately S\$5,531,000). The decrease in net assets was mainly resulted from the loss suffered by the Group for the year ended 31 December 2021.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021 (31 December 2020: Nil).

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The capital of the Group only comprises ordinary shares.

As at 31 December 2021, the total equity of the Group was approximately S\$4,567,000 (2020: approximately S\$5,531,000). The Group generally financed its operation with internally generated cash flows. The Group had bank balances and cash of approximately S\$2,138,000 as at 31 December 2021 (2020: approximately S\$4,932,000). As at 31 December 2021, the Group had net current assets of approximately S\$2,777,000 (2020: approximately S\$1,254,000).

Gearing ratio of the Group as at 31 December 2021 was approximately 109.31% (31 December 2020: 102.57%) calculated based on total debt divided by total equity as at the end of year. As at 31 December 2021, the Group had four secured bank loan amounting to approximately S\$4,992,000.

As at 31 December 2021, the capital structure of the Group consisted of equity attributable to owners of the Company of approximately S\$4.57 million. During the year, the changes of share capital structure of the Company were as follows:

On 12 January 2021, a total of 120,000,000 new ordinary shares of the Company were successfully placed by placing agent to not less than six placees at the placing price of HK\$0.225 per placing share under the general mandate obtained at the annual general meeting of the Company held on 26 June 2020. Upon the completion of the aforesaid placing of new shares, the total number of issued shares increased from 600,000,000 ordinary shares to 720,000,000 ordinary shares.

On 18 October 2021, a total of 144,000,000 new ordinary shares of the Company were successfully placed by placing agent to not less than six placees at the placing price of HK\$0.135 per placing share under the general mandate obtained at the annual general meeting of the Company held on 11 May 2021. Upon the completion of the aforesaid placing of new shares, the total number of issued shares increased from 720,000,000 ordinary shares to 864,000,000 ordinary shares.

SIGNIFICANT INVESTMENTS

As at 31 December 2021, the Group had significant investments in equity securities of companies listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), which were classified as financial assets at fair value through profit or loss, and the performance of such equity securities are as follows:

| Stock code | Name of investee company | Number of shares held | Percentage of share capital owned by the Group | Investment cost (HK\$) | Market value as at 31 December 2021 (HK\$) | Unrealized gain/(loss) on change in fair value for the year ended 31 December 2021 (HK\$) | |
|------------|---|-----------------------|--|---------------------------|---|--|---------------|
| 204 | China Investment Development Limited | 3,000,000 | 0.13% | 194,772 | 213,000 | 18,228 | |
| 1143 | Link-Asia International MedTech Group Limited | 3,000,000 | 0.32% | 538,626 | 585,000 | 46,374 | |
| 1901 | Feiyang International Holdings Group Limited | 2,522,000 | 0.42% | 2,614,858 | 2,648,100 | 33,242 | |
| 2212 | Future Bright Mining Holdings Limited | 3,040,000 | 0.07% | 121,180 | 109,440 | (11,740) | |
| | | | | Total: | 3,469,436 | 3,555,540 | 86,104 |

Brief description of principal business of investee companies

| Name of investee company | Principal business and future prospect |
|---|--|
| China Investment Development Limited | <p>The group is engaged in investment holding for medium to long-term capital appreciation purposes, and investment in listed and unlisted securities. As disclosed in the interim report for the six months ended 30 September 2021, the group's operating revenue was approximately HK\$2.40 million and profit attributable to owners of the company was approximately HK\$5.79 million. China Investment Development Limited will remain diversified by aiming at identifying suitable investment opportunities with potential of asset appreciation and will adopt a pragmatic and enterprising approach to deploy its investment strategy, with an objective to contribute favorable return for its shareholders.</p> |
| Link-Asia International MedTech Group Limited | <p>The group is engaged in the electronic manufacturing services, distribution of communications products, real estate supply chain services and the securities and other assets investment. As disclosed in the interim report for the six months ended 30 June 2021, the group's operating revenue was approximately HK\$324.80 million and loss attributable to owners of the company was approximately HK\$32.04 million. Link-Asia International MedTech Group Limited aims to be the leading medium-and-high-end assisted reproductive technologies medical group in Asia Pacific, leveraging on its core medical technologies and proven capabilities to acquire customers and provide internationalised, integrated and professional assisted reproductive services to meet the medical needs of the reproduction, as well as provides customers with a comprehensive and systematic prenatal and postnatal care solutions to their fertility needs. The group will adopt a sound business strategy that combines a diversified approach to business to drive the growth in profits.</p> |

**Name of
investee company**

Principal business and future prospect

Feiyang International
Holdings Group Limited

The group is engaged in (i) the design, development and sales of package tours which consist of traditional package tours and tailor-made tours; (ii) the sales of FIT Products which mainly include provision of air tickets and/or hotel accommodation; and (iii) the provision of ancillary travel-related products and services. As disclosed in the interim report for the six months ended 30 June 2021, the group's operating revenue was approximately RMB36.62 million and loss attributable to owners of the company was approximately RMB76.20 million. Feiyang International Holdings Group Limited has been taking initiatives to diversify the business of the group with an objective to broaden its income stream. The group will closely monitor the development of the COVID-19 pandemic and measures implemented by relevant government authorities and adopt necessary measures and strategies.

Future Bright Mining
Holdings Limited

The group is engaged in the production and sale of marble and marble related products. As disclosed in the interim report for the six months ended 30 June 2021, the group's operating revenue was approximately RMB21.97 million and profit attributable to owners of the company was approximately RMB2.4 million. Future Bright Mining Holdings Limited intended to increase the variety of marble and marble-related products through acquiring the marble projects in the PRC which would further grow the marble and marble-related business of Future Bright Mining Holdings Limited.

During the year ended 31 December 2021, no dividend was received by the Group from the above securities investments. As at 31 December 2021, the market value of the listed securities being held by the Group was approximately HK\$3.56 million and an unrealized profit on fair value change was approximately HK\$86,104. No impairment was made to the above securities investments.

The Directors believe that the future performance of the equity securities of companies listed on the Stock Exchange held by the Group will be affected by the overall economic environment, equity market conditions, investor sentiment and the business performance of the investee companies. The Board will continue to look for attractive investment opportunities which can generate better returns to its shareholders.

Save as disclosed above, there were no other significant investments held by the Group during the year ended 31 December 2021.

MAJOR ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There were no material acquisitions and disposals of subsidiaries, associates or joint ventures of the Group during the year ended 31 December 2021.

FOREIGN EXCHANGE EXPOSURE

The Group operate mainly in Singapore and Hong Kong with most of the transactions settled in Singapore dollars and Hong Kong dollars respectively. Our management considers that the business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities of our Group denominated in currencies other than the respective functional currencies of our operating entities. We did not hedge against any fluctuation in foreign currency during the historical record period.

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.

CAPITAL COMMITMENTS

As at 31 December 2021, the Group had HK\$31.68 million of capital expenditure contracted for but not provided in the financial statements in respect of the acquisition of plant and equipment (31 December 2020: RMB340,000 and HK\$3.75 million in respect of the acquisition of software and development cost).

CONTINGENT LIABILITIES

As at 31 December 2021, the Group did not have material contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, our Group had a total of 68 employees (including part time staff and our doctors) (2020: 44). Staff costs, including Directors' remuneration, of our Group were approximately S\$7,035,000 for the year ended 31 December 2021 (2020: approximately S\$3,884,000). 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 2021 and 2020, there were no charges on the Group's assets.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's business. The following are the key risks and uncertainties identified by the Group.

BUSINESS RISK

The Group business is dependent on our ability to attract and retain skilled and competent professional staff. Our ability to provide our services is reliant on the services provided by these professionals. The ability to attract and retain them is dependent on several factors such as our continued reputation, financial remuneration and job satisfaction. As we engage in a service related industry, in the event that we are unable to find suitable and timely replacements should a significant number of our skilled professional staff resign, our financial position and results, business operations as well as future growth and prospects may be adversely affected. The number of doctors with necessary experience and qualifications is limited in the market and we are competing for suitable candidates with other dermatological and surgical service providers. We cannot assure that we will be able to attract and retain sufficient doctors with similar expertise, experience or network to enter into or maintain employment agreements with our Group to keep pace with our growth while maintaining consistent service quality across our clinics. Our business, financial condition and results of operations could accordingly be materially and adversely affected.

INDUSTRY RISK

The dermatological services care industry is sensitive to negative media reports or allegations, which may affect consumer confidence, reputation and market perception of the industry. The industry is also subject to rapidly changing market trends and intense competition amongst other market players. This may materially and adversely affect the Group's business performance. To maintain competitiveness, our doctors seek to keep abreast the latest and most suitable treatment products and technology available.

REPUTATION RISK

The Group's success depends to a significant extent on the recognition of our brand and reputation in the industry as a reliable dermatological service provider. Any litigation, claims or complaints from our customers in relation to the quality of services or products provided by our Clinics may adversely affect the reputation and image of our Group, and may in turn, materially and adversely affect the demand for our Services.

REGULATORY RISK

The Group recognises the importance of compliance with regulatory requirements and the risks of non-compliance with the applicable laws and regulations. During the year ended 31 December 2021 and up to the date of this report, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. There was no material breach or non-compliance with the applicable laws and regulations by the Group during the period from the Listing Date to 31 December 2021 and up to the date of this report.

KEY STAKEHOLDER RISK

The Group's clinics are currently on the panel of preferred healthcare providers of various insurance companies and medical corporations. Our business and results of business operations may be materially and adversely affected in the event that the relevant clinics are removed from such panels of preferred healthcare providers of insurance companies and medical corporations. Many of our patients rely on public insurance and healthcare schemes. If there are any changes to these schemes that affect the amount of subsidies to patients, they may then choose to go to public clinics or hospitals instead. We cannot assure that our financial condition and results of operations of our Group would not be affected as a result of any such changes to the policies and laws relating to the healthcare system.

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The net proceeds (the “**Net Proceeds**”) from the Listing, after deducting the underwriting fees and commissions and other fees and expenses in relation to the Listing, amounted to approximately HK\$44.7 million. The Net Proceeds have been applied in accordance with the proposed applications set out in the section headed “Future plans and use of proceeds” contained in the Prospectus.

Up to 31 December 2021, the Group had used the Net Proceeds as follows:

| Intended uses of the Net Proceeds | Original allocation of Net Proceeds <i>HK\$ (million)</i> | Change in use of Net Proceeds <i>(Note a)</i> <i>HK\$ (million)</i> | Utilisation up to 31 December 2021 <i>HK\$ (million)</i> | Remaining balance of unutilised Net Proceeds as at 31 December 2021 <i>HK\$ (million)</i> | Expected timeline on full utilising of the Net Proceeds | <i>Note</i> |
|---|---|--|--|---|--|-------------|
| Strategically expand and strengthen our network of clinics in Singapore | 3.2 | – | 3.2 | – | – | |
| Enhance the quality and variety of our Services at our existing Clinics and establish new medical aesthetic clinics | 13.6 | – | 13.6 | – | – | |
| Purchase additional new devices and broaden the variety of treatments and products offered | 9.6 | – | 4.3 | 5.3 | Q2 2022 | <i>b</i> |
| Improve our information technology infrastructure and systems | 2.4 | (1.3) | 1.1 | – | – | |
| General working capital | 2.7 | 6.8 | 9.5 | – | – | |
| Strategically expand and strengthen our network of clinics outside Singapore | 5.0 | – | 5.0 | – | – | |
| Strategically invest in MedTech and digital healthcare to create synergy to our current businesses | 4.2 | (2.4) | 1.8 | – | – | |
| Development of innovative products to create a new business that have synergy with our current business | 4.0 | (3.1) | 0.9 | – | – | |
| Total | 44.7 | – | 39.4 | 5.3 | | |

During the year ended 31 December 2021, the utilised Net Proceeds were approximately HK\$11.9 million and the remaining proceeds as at 31 December 2021 were approximately HK\$5.3 million and they were deposited with licensed banks as saving deposits in Singapore and Hong Kong.

Note:

- (a) On 22 March 2021, the Board had resolved to allocate not more than HK\$6.8 million out of the unutilised proceeds originally intended for improvement our information technology infrastructure and systems; strategic investments in MedTech and digital healthcare to create synergy to our current businesses; and development of innovative products to create a new business that have synergy with our current business for working capital and other general corporate purposes including expenses for our day-to-day operation. For details, please refer to the announcement of the Company dated 22 March 2021.
- (b) The Group has successfully secured a letter of offer dated 21 January 2021 for opening of new clinic at Parkway Parade Centre in Singapore to expand more areas to widen our customer legal pool as well as establish dedicated clinics providing specialty dermatological services.

USE OF PROCEEDS FROM THE PLACING OF NEW SHARES UNDER GENERAL MANDATE

(i) First placing of new shares on 12 January 2021

The net proceeds from the placing of new shares under general mandate on 12 January 2021, after deducting the commissions and other fees and expenses in relation to the placing, amounted to approximately HK\$26.6 million. The net proceeds have been fully utilised in accordance with the proposed applications set out in the announcements of the Company dated 22 December 2020 and 12 January 2021.

Up to 31 December 2021, the Group had used the net proceeds as follows:

| Intended uses of the Net Proceeds | Original allocation of net proceeds HK\$ (million) | Change in use of Net Proceeds (Note) HK\$ (million) | Utilisation up to 31 December 2021 HK\$ (million) | Remaining balance of unused net proceeds as at 31 December 2021 HK\$ (million) |
|---|---|--|--|---|
| General working capital of the Group | 11.6 | 10.4 | 22.0 | – |
| Usage on new products including development, branding, marketing and procurement for new skin care products | 9.0 | (9.0) | – | – |
| Development and enhancement of telemedicine and online appointment | 6.0 | (1.4) | 4.6 | – |
| Total | 26.6 | – | 26.6 | – |

Note:

On 22 March 2021, the Board had resolved to allocate not more than HK\$10.4 million out of the unutilised proceeds originally intended for the usage on new products including development, branding, marketing and procurement for new skin care products; and development and enhancement of telemedicine and online appointment for working capital and other general corporate purposes including expenses for our day-to-day operation. For details, please refer to the announcement of the Company dated 22 March 2021.

(ii) Second placing of new shares on 18 October 2021

The net proceeds from the placing of new shares under general mandate on 18 October 2021, after deducting the commissions and other fees and expenses in relation to the placing, amounted to approximately HK\$19.1 million.

Up to 31 December 2021, the Group had used the net proceeds as follows:

| Intended uses of the Net Proceeds | Original allocation of net proceeds | Utilisation up to 31 December 2021 | Remaining balance of unused net proceeds as at 31 December 2021 | Expected timeline on full utilising of the Net Proceeds | <i>Note</i> |
|--|--|---|--|--|-------------|
| | <i>HK\$ (million)</i> | <i>HK\$ (million)</i> | <i>HK\$ (million)</i> | | |
| Purchase of equipment and products in aesthetic, regenerative and imaging medicine | 7.7 | 0.9 | 6.8 | Q2 2022 | (a) |
| Working capital of the Group | 5.7 | 5.7 | – | – | |
| Potential investments | 5.7 | 5.0 | 0.7 | Q2 2022 | (b) |
| Total | 19.1 | 11.6 | 7.5 | | |

Up to 31 December 2021, the utilised net proceeds were approximately HK\$11.6 million and the remaining proceeds as at 31 December 2021 were approximately HK\$7.5 million and they were deposited with licensed banks as saving deposits in Singapore and Hong Kong.

Notes:

- (a) The Group intends to use the remaining proceeds of approximately HK\$6.8 million by the end of second quarter of 2022 for paying RMH IMAGING machines down payments purpose.
- (b) The Group intends to use the remaining proceeds of approximately HK\$0.7 million by the end of June 2022 for potential investments purpose.

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. Save as disclosed below, the Company had complied with all the applicable code provisions of the CG Code during year ended 31 December 2021.

Reference is made to the announcement of the Company dated 21 April 2021. Following the resignation of Mr. Cheung Kiu Cho Vincent as an independent non-executive Director, a member of the nomination committee of the Company and a member of the audit committee of the Company, 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 was below the minimum number prescribed under Rule 5.05 of the GEM Listing Rules and was not representing one-third of the Board under Rule 5.05(A) of the GEM Listing Rules. The number of members of the Audit Committee was reduced to two which was below the minimum number prescribed under Rule 5.28 of the GEM Listing Rules. The number of members of the Nomination Committee was reduced to two, therefore the Nomination Committee did not comprise a majority of independent non-executive Directors under Rule A.5.1 of Appendix 15 of the GEM Listing Rules.

Reference is made to the announcement of the Company date 11 May 2021. Following the appointment of Mr. Loke Wai Ming as an independent non-executive Director, a member of the Nomination Committee and a member of the Audit Committee with effect from 11 May 2021, the Company had complied with Rules 5.05, 5.05(A), 5.28 and A.5.1 of Appendix 15 to the GEM Listing Rules.

Reference is made to the announcement of the Company dated 24 September 2021. Following the resignation of Mr. Ong as an independent non-executive Director, 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 Audit Committee had no chairman and the number of members of the Audit Committee was reduced to two which was below the minimum number prescribed under Rule 5.28 of the GEM Listing Rules.

Reference is made to the announcement of the Company dated 27 September 2021. Following the appointment of Ms. Wu Xiaoxia as an independent non-executive Director, the chairlady of the Audit Committee, a member of the Nomination Committee and a member of the Remuneration Committee with effect from 27 September 2021, the Company had complied with Rules 5.05 and 5.28 of Appendix 15 to the GEM Listing Rules.

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 the Directors, all 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 2021.

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 2021.

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, Brisk Success Holdings Limited (“**Brisk Success**”) and Dr. Loh Teck Hiong (“**Dr. Loh**”), collectively the then controlling shareholders of the Company upon Listing, have undertaken to the Company (for itself and on behalf of its subsidiaries) that, amongst other things, are not or will not, and will procure each of their 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 Brisk Success and Dr. Loh had complied with their undertakings given under the deed of non-competition for the year ended 31 December 2021.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the “AGM”) will be held at 11:00 a.m. on Tuesday, 10 May 2022. 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 Thursday, 5 May 2022 to Tuesday, 10 May 2022, 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 Wednesday, 4 May 2022.

EVENTS AFTER THE REPORTING PERIOD

Fund Raising Activities – Rights Issue

On 19 January 2022, the Company proposed to raise gross proceeds of approximately HK\$43.2 million before expense by way of a rights issue of up to 432,000,000 rights shares at a price of HK\$0.1 per rights share on the basis of one rights share for every two existing shares held by the shareholders of the Company. The completion of the rights issue took place on 21 March 2022. The net proceeds from the rights issue after deduction of all relevant expenses, was approximately HK\$41.0 million, which will be used as below:

- (i) Approximately 30% (or approximately HK\$12.3 million) will be used as general working capital of the Group;
- (ii) Approximately 40% (or approximately HK\$16.4 million) million will be used for potential development plan of the i) aesthetic business in PRC; ii) medical imaging business; and iii) dental services related business;
- (iii) Approximately 20% (or approximately HK\$8.2 million) million will be used for repayment of part of the outstanding debt of the Group; and

- (iv) Approximately 10% (or approximately HK\$4.1 million) will be used for purchase of equipment and products in aesthetic.

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 announcement, the audit committee consists of three independent non-executive Directors, namely Ms. Wu Xiaoxia, Mr. Yang Zhangxin and Mr. Loke Wai Ming. Ms. Wu Xiaoxia, our independent non-executive Director with the appropriate professional qualifications, serves as the chairlady 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 2021, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditor, SHINEWING (HK) CPA Limited.

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 2021 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, 25 March 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 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>.