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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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

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.

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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 unaudited revenue of the Group amounted to approximately S\$11,436,000 for the nine months ended 30 September 2022, representing an increase of approximately S\$3,945,000 or 52.7% as compared with the revenue of approximately S\$7,491,000 for the nine months ended 30 September 2021.
- The unaudited loss of the Group was approximately S\$5,887,000 for the nine months ended 30 September 2022, representing an increase of approximately S\$1,716,000 or 41.1% as compared with the loss of approximately S\$4,171,000 for the nine months ended 30 September 2021. The losses were mainly attributable to employee benefits expense of approximately S\$6,381,000, representing an increase of approximately S\$2,185,000 or 52.1% as compared with nine months ended 30 September 2021 additional headcounts at Hong Kong office including directors and staffs at Hong Kong entities level. Besides, we trend for doctors to be salary model as part of a foundation and retention purpose. We have total 8 dermatologists with composition of salary model and commission model. On the other hand, derecognized of finance lease receivables and other miscellaneous expenses lead the increase of other operating expenses.
- Loss per share of the Company was approximately 0.50 Singapore cents for the nine months ended 30 September 2022 while the loss per share of the Company was approximately 0.58 Singapore cents for nine months ended 30 September 2021.
- The Board did not recommend the payment of any dividend for the nine months ended 30 September 2022.

UNAUDITED THIRD QUARTERLY RESULTS

The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Group for the nine months ended 30 September 2022, together with the comparative figures for the corresponding period in 2021, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three and nine months ended 30 September 2022

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2022 S\$'000 (Unaudited)	2021 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)	2021 S\$'000 (Unaudited)
Revenue	5	3,723	2,868	11,436	7,491
Other operating income	6	766	442	1,631	900
Consumables and medical supplies used		(1,129)	(620)	(3,726)	(1,342)
Other direct costs		(113)	(120)	(284)	(299)
Employee benefits expense		(2,107)	(1,507)	(6,381)	(4,196)
Amortisation of intangible assets		(52)	–	(148)	–
Depreciation of plant and equipment		(190)	(224)	(549)	(608)
Depreciation of right-of-use assets		(708)	(654)	(2,188)	(1,925)
Other operating expenses		(1,031)	(1,424)	(5,413)	(3,986)
Finance costs	7	(98)	(87)	(265)	(272)
Reversal of impairment loss on financial assets		–	–	–	122
Share of loss of joint venture	12	–	–	–	–
(Loss)/Profit before tax	8	(939)	(1,326)	(5,887)	(4,115)
Income tax expense	9	–	(18)	–	(56)
(Loss)/Profit for the period attributable to owners of the Company		(939)	(1,344)	(5,887)	(4,171)
Other comprehensive expenses after tax: Item that may be reclassified subsequently to profit or loss:					
Foreign currency translation loss on consolidation		(248)	(41)	(348)	(97)
Other comprehensive expenses for the period, net of tax		(248)	(41)	(348)	(97)
Total comprehensive (expenses)/income for the period		(1,187)	(1,385)	(6,235)	(4,268)
(Loss)/Earnings per share (Singapore cents)	10	(0.08)	(0.19)	(0.50)	(0.58)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2022

	Share capital <i>S\$'000</i>	Share premium <i>S\$'000</i>	Foreign Currency Translation reserve <i>S\$'000</i>	Reserve Other reserve <i>S\$'000</i>	Retained earnings/ (Accumulated loss) <i>S\$'000</i>	Total <i>S\$'000</i>
At 1 January 2022 (audited)	1,493	17,011	(18)	2,165	(16,084)	4,567
Total comprehensive loss for the period:						
Loss for the period	-	-	-	-	(5,887)	(5,887)
Other comprehensive (loss) for the period	-	-	(348)	-	-	(348)
Consolidation adjustments	-	1	-	-	1	2
Total comprehensive loss for the year	-	1	(348)	-	(5,886)	(6,233)
Issuing of shares by placing:	747	6,722	-	-	-	7,469
Transacting costs attributable to issue of share by placing	-	(277)	-	-	-	(277)
At 30 September 2022 (unaudited)	<u>2,240</u>	<u>23,457</u>	<u>(366)</u>	<u>2,165</u>	<u>(21,970)</u>	<u>5,526</u>
At 1 January 2021 (audited)	1,037	9,589	39	2,165	(7,299)	5,531
Total comprehensive loss for the period:						
Loss for the period	-	-	-	-	(4,171)	(4,171)
Other comprehensive loss for the period	-	-	(97)	-	-	(97)
Transaction with owners, recognised directly in equity:						
Issue of new shares	206	4,347	(97)	-	(4,171)	(4,268)
At 30 September 2021 (unaudited)	<u>1,243</u>	<u>13,936</u>	<u>(58)</u>	<u>2,165</u>	<u>(11,470)</u>	<u>5,816</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2022

1 GENERAL

RMH Holdings Limited was incorporated in the Cayman Islands as an exempted company and registered in the Cayman Islands with limited liability under Cayman 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 71 Fort Street, PO Box 500, George Town, Grand Cayman KY1-1106, 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, the headquarter and the principal place of business of the Company in Singapore is at #17-01/02 Paragon (Office Tower), 290 Orchard Road, Singapore 238859, and the principal place of business of the Company in Hong Kong is at Room 2501, 25/F, Harbourside HQ, 8 Lam Chak Street, Kowloon Bay, Kowloon, Hong Kong. The shares of the Company (the “Shares”) have been listed on GEM of the Stock Exchange 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 (“Brisk Success”) which is a company incorporated in the British Virgin Islands.

2 BASIS OF PREPARATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements of the Group for the nine months ended 30 September 2022 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 Hong Kong Companies Ordinance. The condensed consolidated financial statements of the Group for the nine months ended 30 September 2022 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.

The condensed consolidated financial statements of the Group for the nine months ended 30 September 2022 were authorised for issue by the Board.

3 ADOPTION OF NEW AND REVISED STANDARDS

In the current financial period, the Group has adopted all the new and revised IFRSs that are relevant to its operations and effective for annual periods beginning on or after 1 January 2022.

The adoption of these new and revised IFRSs does not result in changes to the Group’s accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of the condensed consolidated financial statements of the Group for the nine months ended 30 September 2022, certain IFRSs that are relevant to the Company were issued but not effective.

The management of the Company anticipates that the adoption of these IFRSs in future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption.

4 SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements of the Group for the nine months ended 30 September 2022 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. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this unaudited condensed consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

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 (“ECLs”) 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 ECLs 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 and lease receivables. The ECLs 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 ECLs 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.

Leases

The Group has applied IFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under IAS 17. The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

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.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other expenses' in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating lease.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognising an allowance for ECLs on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

Revenue recognition

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.

The Group recognises revenue from the following major sources:

Revenue from provision of non-surgical/non-invasive medical skincare treatments ("Aesthetic Services") generally relate to contracts with patients in which our performance obligations are to provide the required services to the patients. Considerations are generally received upfront and recognised as deferred revenue.

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.

Revenue from the sales of healthcare products (“Trading Sales”) is recognised at the point in time when the control of the goods has been transferred, being at the point the goods are delivered to the customer. Delivery occurs when the goods have been shipped to the customer’s specific location.

5 REVENUE AND SEGMENT INFORMATION

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:

	Nine months ended 30 September	
	2022	2021
	S\$’000	S\$’000
	(Unaudited)	(Unaudited)
Revenue		
Healthcare Services:		
– Aesthetic Services	820	399
– Consultation Services	1,660	1,470
– Prescription and Dispensing Services	2,783	2,181
– Treatment Services	2,398	2,116
– Other Services (<i>Note 1</i>)	1,355	1,116
Trading Sales	2,420	209
	11,436	7,491
Timing of revenue recognition:		
At a point in time	6,558	3,506
Over time	4,878	3,985
	11,436	7,491

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

Segment reporting

	Healthcare service		Trading sales		Adjustments and eliminations		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue								
Revenue from external customers	9,017	7,282	2,419	209	-	-	11,436	7,491
Inter-segment revenues	-	111	-	102	-	(213)	-	-
Total	<u>9,017</u>	<u>7,393</u>	<u>2,419</u>	<u>311</u>	<u>-</u>	<u>(213)</u>	<u>11,436</u>	<u>7,491</u>
Income/(loss) before taxation	<u>(4,197)</u>	<u>(4,031)</u>	<u>(1,696)</u>	<u>(148)</u>	<u>6</u>	<u>64</u>	<u>(5,887)</u>	<u>(4,115)</u>

6 OTHER OPERATING INCOME

	Nine months ended 30 September	
	2022	2021
	<i>S\$'000</i>	<i>S\$'000</i>
	(Unaudited)	(Unaudited)
Other income	836	638
Interest income on finance lease	-	33
Other rental income	126	-
Bank interest income	1	-
Government grant (<i>Note</i>)	-	193
Other income	-	36
Exchange gain	<u>668</u>	<u>-</u>
	<u>1,631</u>	<u>900</u>

Note: Government grant represents primarily government subsidies in form of cash payout from Inland Revenue Authority of Singapore in relation to support business embarking on transformation efforts and encourage sharing of productivity gains with workers until year 2021. Following with the outbreak of COVID-19, the Singapore Government introduced the Jobs Growth Incentive (“JGI”) to support employers to accelerate their hiring of local workforce so as to create good and long term jobs for locals. All of them are compensation for expenses or losses already incurred or for the purpose of giving immediately financial support to the Group with no future related costs. Besides, rental support scheme payout is announced by the Singapore Government, which is to support businesses with rental costs. The Senior Employment Credit (SEC) were introduced by the Singapore Government which to provide wage offsets to support the employment of senior workers.

7 FINANCE COSTS

	Nine months ended 30 September	
	2022	2021
	<i>S\$'000</i>	<i>S\$'000</i>
	(Unaudited)	(Unaudited)
Interest expenses on borrowings	131	143
Interest expenses on lease liabilities	134	129
	<u>265</u>	<u>272</u>

8 (LOSS)/PROFIT BEFORE TAXATION

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

	Nine months ended 30 September	
	2022	2021
	<i>S\$'000</i>	<i>S\$'000</i>
	(Unaudited)	(Unaudited)
Audit fees (included in other operating expenses)	183	114
Administrative fees (included in other operating expenses)	311	271
Net foreign currency exchange (gain)/loss (included in other operating expense)	–	(361)
Professional and consulting fees (included in other operating expenses)	2,691	2,696
Employee benefits expense:		
Directors' remunerations	1,772	1,216
Other staff costs		
— Salaries, bonus and other benefits	4,327	2,778
— Contributions to retirement benefits scheme	282	202
	<u>282</u>	<u>202</u>

9 INCOME TAX EXPENSE

Nine months ended 30 September	
2022	2021
<i>S\$'000</i>	<i>S\$'000</i>
(Unaudited)	(Unaudited)

Income tax expense comprises:

Singapore corporate income tax ("CIT")

— Current tax

—	56
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Singapore CIT is calculated at 17% (2021: 17%) of the estimated assessable profit for the Year of Assessment 2022, Singapore incorporated companies can enjoy 75% tax exemption on the first S\$10,000 of normal chargeable income and a further 50% tax exemption on the next S\$190,000 (2021: S\$190,000) of normal chargeable income.

10 LOSS PER SHARE

Nine months ended 30 September	
2022	2021
<i>S\$'000</i>	<i>S\$'000</i>
(Unaudited)	(Unaudited)

Loss attributable to the owners of the Company (S\$'000)	(5,887)	(4,171)
Weighted average number of ordinary shares in issue ('000)	1,174,599	715,147
(Loss)/Earnings per share (Singapore cents)	(0.50)	(0.58)

For the nine months ended 30 September 2022 and 2021, no separated diluted loss per share information has been presented as there was no dilutive potential ordinary shares outstanding.

11 DIVIDENDS

The Board did not recommend the payment of any dividend for the nine months ended 30 September 2022 (nine months ended 30 September 2021: Nil).

12 JOINT VENTURE

	Nine months ended 30 September 2022 S\$'000 (Unaudited)
Cost of investment in joint venture	2,651
Share of loss of joint venture	(1,093)
Less: Loss allowance on investment in joint venture	(1,558)
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	-

Details of the joint venture at the end of the nine months ended 30 September 2022 is are follows:

Name of joint venture	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the Group
Queen's Road Medical Company Limited	Operating aesthetic medical beauty clinic and trading medicine	Hong Kong, Central	51%

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

During the nine months ended 30 September 2022, both the global business environment and the Group continued to be affected by the COVID-19 pandemic. The Group continued to implement preventive and control measures against its outbreak so as to minimise the impact arising therefrom and to continue to increase revenue. The revenue of the Group of approximately S\$11,436,000 for the nine months ended 30 September 2022 was increased by approximately S\$3,945,000 or 52.7%, as compared with the revenue of the Group of approximately S\$7,491,000 for the nine months ended 30 September 2021.

The Group has set up a Mohs Micrographic Surgery Centre and a Mole Mapping Centre at Orchard Clinic with 2 Mohs Dermato-Surgeon, as well as a new dermatology clinic at Gleneagles Medical Centre in Singapore as of 30 September 2022. We have a total 8 dermatologists, represents the largest private dermatology group in Singapore with 5 dermatology clinics and 1 general clinic at multiple locations in Singapore.

BUSINESS OUTLOOK

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 in year 2022. The Directors will closely monitor the situation and evaluate the potential impact on our operations and financial position on a continuing basis.

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\$11,436,000 for the nine months ended 30 September 2022, representing an increase of approximately S\$3,945,000 or 52.7% as compared with the revenue of approximately S\$7,491,000 for the nine months ended 30 September 2021.

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 and Trading Sales. The following table presents a breakdown of our revenue for the nine months ended 30 September 2022 and 2021, respectively:

	Nine months ended 30 September			
	2022		2021	
	<i>S\$'000</i>	<i>%</i>	<i>S\$'000</i>	<i>%</i>
	(Unaudited)		(Unaudited)	
Revenue				
Healthcare Services:				
Aesthetic Services	820	7.2	399	5.3
Consultation Services	1,660	14.5	1,470	19.6
Prescription and Dispensing Services	2,783	24.3	2,181	29.1
Treatment Services	2,398	21.0	2,116	28.3
Other services	1,355	11.8	1,116	14.9
Trading Sales	2,420	21.2	209	2.8
	<u>11,436</u>	<u>100.0</u>	<u>7,491</u>	<u>100.0</u>

Revenue generated from Aesthetic Services increased by approximately S\$421,000 from approximately S\$399,000 for the nine months ended 30 September 2021 to approximately S\$820,000 for the nine months ended 30 September 2022.

Revenue generated from Consultation Services increased by approximately S\$190,000 from approximately S\$1,470,000 for the nine months ended 30 September 2021 to approximately S\$1,660,000 for the nine months ended 30 September 2022.

Revenue generated from Prescription and Dispensing Services increased by approximately S\$602,000 from approximately S\$2,181,000 for the nine months ended 30 September 2021 to approximately S\$2,783,000 for the nine months ended 30 September 2022. The increase is in line with the increase in patient visits from Consultation Services during the same period.

Revenue generated from Treatment Services increased by approximately S\$282,000 from approximately S\$2,116,000 for the nine months ended 30 September 2021 to approximately S\$2,398,000 for the nine months ended 30 September 2022, which was predominantly increase from excision, MOHS light, HISTOFREEZE and cryosurgery.

Revenue generated from Other Services also increased by approximately S\$239,000 from approximately S\$1,116,000 for the nine months ended 30 September 2021 to approximately S\$1,355,000 for the nine months ended 30 September 2022. 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\$2,420,000 due to the continuously shutdown of international travel and closure of border between Hong Kong and China resulted on collapse of medical tourism since year 2022.

Consumables and medical supplies used

Our consumables and medical supplies used amounted to approximately S\$3,726,000 and approximately S\$1,342,000 for the nine months ended 30 September 2022 and 2021 respectively. The increase was in line with the increase in revenue generated from Treatment, Prescription and Dispensing Services. These comprised costs of treatment consumables, skincare products and medications were necessarily for the provision of our services at our clinics.

Our cost of consumables and medical supplies 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 operating income

Other operating income for the nine months ended 30 September 2022 was approximately S\$1,631,000, which represented a significant increase of approximately S\$731,000 as compared to the other operating income of approximately S\$900,000 for the nine months ended 30 September 2021.

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.

Employee benefits expense

	Nine months ended	
	30 September	
	2022	2021
	<i>S\$'000</i>	<i>S\$'000</i>
	(Unaudited)	(Unaudited)
Directors' remunerations	1,772	1,216
Other staff costs:		
— Salaries, bonus and other benefits	4,327	2,778
— Contributions to retirement benefits scheme	282	202
Employee benefits expense	<u>6,381</u>	<u>4,196</u>

Employee benefits expense relates to Directors' remuneration, salaries, bonus and other benefits for other professional staff such as trained therapists, clinic executives and other administrative staff, as well as contributions to retirement benefits scheme. The increase was largely due to newly appointed 4 directors in the Hong Kong entities, recruited of 5 new dermatologists under salary model and additional staff count for employees at the Hong Kong office.

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

	Nine months ended	
	30 September	
	2022	2021
Total staff count	<u>83</u>	<u>67</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;
- (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.

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. The increase was mainly due to the new lease agreements signed during the nine months ended 30 September 2022.

Other operating expenses

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

The other operating expenses increased by approximately S\$1,427,000 or 35.8% from approximately S\$3,986,000 for the nine months ended 30 September 2021 to approximately S\$5,413,000 for the nine months ended 30 September 2022.

For the nine months ended 30 September 2022

	Nine months ended	
	30 September	
	2022	2021
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Rental and property upkeep	391	11
Administrative fees	311	204
Professional and consulting fees	2,691	2,586
Audit fees	183	114
Net foreign currency exchange (gain)/loss	–	46
Credit card & nets charges	129	61
Government rate	68	55
Research fees	2	2
Transport expenses	65	20
Management service fees	28	43
Marketing expenses	67	–
Other expenses	375	308
Loss on trading of securities	1,103	–
	<hr/>	<hr/>
Other Operating Expenses	<u>5,413</u>	<u>3,450</u>

The increase in professional and consulting fees of approximately S\$105,000 was related to the professional fee payable to medical practitioners and professional consultants.

The other expenses comprised primarily software support, loss on derecognised of financial lease receivables and marketing expenses to create awareness.

Finance costs

The finance costs were attributable to interest expense on term loan and lease liabilities under IFRS 16.

Income tax expense

Income tax expense was S\$0 for the nine months ended 30 September 2022 and approximately S\$56,000 for the nine months ended 30 September 2021. The decrease in income tax expense was mainly attributable to the increase in loss before taxation of approximately S\$1,772,000 from approximately S\$4,115,000 for the nine months ended 30 September 2021 to approximately S\$5,887,000 for the nine months ended 30 September 2022.

Loss for the period

Due to the combined effect of the aforesaid factors, we recorded the loss of approximately S\$5,887,000 for the nine months ended 30 September 2022, representing an increase of approximately S\$1,716,000 or 41.1% as compared with the loss of approximately S\$4,171,000 for the nine months ended 30 September 2021.

EVENTS AFTER REPORT PERIOD

On 25 October 2022, due to commercial consideration and upon further negotiation between the Purchaser, the Vendor and the JV Company (the “Parties”), the Parties have agreed to terminate the sale and purchase agreement in respect of the major and connected transaction in relation to the disposal of 51% equity interest and shareholder’s loan in a joint venture. For details, please refer to the Company’s announcements dated 22 April 2022, 17 May 2022, 31 May 2022, 30 June 2022, 29 July 2022 and 25 October 2022.

On 4 November 2022, a total of 18,000,000 share options were exercised at an exercise price of HK\$0.109 per share option. The closing price of the Company’s Shares disclosed by the Stock Exchange immediately before the exercise date of the share options was HK\$0.10 per Share. The total number of issued shares increased from 1,296,000,000 ordinary shares to 1,314,000,000 ordinary shares.

Except as disclosed in this announcement, since 30 September 2022 and up to the date hereof, no significant events had occurred affecting the Group.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 September 2022, the interests and short positions of our Directors and chief executive of our Company in the Shares, underlying Shares and debentures of our Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which, once the Shares are listed on the Stock Exchange, will have to be notified to our Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by our Directors to be notified to our Company and the Stock Exchange, were as follows:

Name of Director	Company/name of associated corporation	Nature of interest	Number of Shares		Approximate % of shareholding
			Long Position	Short Position	
Loh Teck Hiong	The Company	Interest in controlled corporation	210,024,000	–	16.21 <i>(Note 1)</i>
He Weiqing	The Company	Beneficial owner	6,000,000	–	0.46 <i>(Note 2)</i>
Lee Chung Shun	The Company	Beneficial owner	6,000,000	–	0.46 <i>(Note 3)</i>
Yang Zhangxin	The Company	Beneficial owner	6,000,000	–	0.46 <i>(Note 4)</i>
Luo Honghui	The Company	Beneficial owner	7,540,000	–	0.46 <i>(Note 5)</i>

Note:

1. These 210,024,000 shares are held by Brisk Success. Dr. Loh Teck Hiong holds 70% equity interests in Brisk Success and under the SFO, Dr. Loh Teck Hiong is deemed to be interested in the 210,024,000 Shares held by Brisk Success.
2. These 6,000,000 Shares which may be allotted and issued to Mr. He Weiqing upon full exercise of the share options granted to him under the Share Option Scheme.
3. These 6,000,000 Shares which may be allotted and issued to Mr. Lee Chung Shun upon full exercise of the share options granted to him under the Share Option Scheme.
4. These 6,000,000 Shares which may be allotted and issued to Mr. Yang Zhangxin upon full exercise of the share options granted to him under the Share Option Scheme.
5. These 6,000,000 Shares which may be allotted and issued to Mr. Luo Honghui upon full exercise of the share options granted to him under the Share Option Scheme.

Save as disclosed above, as at 30 September 2022, none of the Directors and chief executive of the Company had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 September 2022, the following persons, not being a Director or chief executive of our Company, had an interest or short position in the Shares and underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO (the "Substantial Shareholders' Register"), or, who is interested, directly or indirectly, in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group:

Name of Shareholder	Capacity/nature of interest	Number of shares interested	Percentage of interest in our Company
Brisk Success	Beneficial owner	210,024,000 (Long position)	16.21%
Ms. Fung Yuen Yee	Interest of spouse ^(Note 1)	210,024,000 (Long position)	16.21%
Mr. Li Mingcheng	Interest in controlled corporation ^(Note 2)	132,968,000 (Long position)	10.26%
	Beneficiary owner ^(Note 2)	696,000 (Long position)	0.05%
HK MZ Health Investment Management Group Limited	Beneficiary owner ^(Note 2)	132,968,000 (Long position)	10.26%

Note:

- (1) Ms. Fung Yuen Yee, being the spouse of Dr. Loh, is deemed to be interested in all the Shares in which Dr. Loh is interested pursuant to the SFO.
- (2) The entire issued shares of HK MZ Health Investment Management Group Limited is beneficially owned by Mr. Li Mingcheng. Accordingly, Mr. Li Mingcheng is deemed to be interested in 132,968,000 Shares held by HK MZ Health Investment Management Group Limited by virtue of the SFO.

Save as disclosed above, as at 30 September 2022, the Directors were not aware of any persons who/entities which had any interest or short position in the Shares or underlying Shares that would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the Substantial Shareholders' Register required to be kept under section 336 of the SFO.

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.

Reference is made to the announcement of the Company date 7 September 2022. Following the appointment of Mr. He Weiqing as the chairman of the Board, the roles of chairman and chief executive officer of the Company will be performed by the same individual which will result in deviation from the requirement under Rule C.2.1 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. However, the Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company as independent non-executive directors form the majority of the Board, with four out of seven of the Directors being independent non-executive Directors. The Board believes that the appointment of Mr. He to the post of chairman is beneficial to the Company as vesting the roles of both chairman and chief executive officer in the same person can facilitate execution of the Company's business strategies and boost effectiveness of its operation.

Save as disclosed above, the Company had complied with all the applicable code provisions of the CG Code during the nine months ended 30 September 2022.

SHARE OPTION SCHEME

The Company has adopted a share option scheme on 22 September 2017. On 29 September 2022, a total of 60,000,000 shares options were granted to ten Directors of the Company and eligible participants. The options were granted at a cash consideration of HK\$1.00 per grantee and entitled the grantees to subscribe for ordinary shares at an exercise price of HK\$0.109 per share. The options are exercisable during the period from 29 September 2022 to 28 September 2032.

Details of share options granted under the scheme are as follows:

Grant Date	Exercise Price HK\$	Vesting Period	Exercisable Period	Number of Share Options					
				As at 1/1/2022	Granted	Exercised	Lapsed	Cancelled	As at 30/09/2022
He Weiqing 29.09.2022	0.109	Nil	29.09.2022 to 30.11.2022	-	6,000,000	-	-	-	6,000,000
Lee Chung Shun 29.09.2022	0.109	Nil	29.09.2022 to 30.11.2022	-	6,000,000	-	-	-	6,000,000
Yang Zhangxin 29.09.2022	0.109	Nil	29.09.2022 to 30.11.2022	-	6,000,000	-	-	-	6,000,000
Luo Honghui 29.09.2022	0.109	Nil	29.09.2022 to 30.11.2022	-	6,000,000	-	-	-	6,000,000
Employees and Consultants 29.09.2022	0.109	Nil	29.09.2022 to 30.11.2022	-	36,000,000	-	-	-	36,000,000
Total				-	60,000,000	-	-	-	60,000,000

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the nine months ended 30 September 2022.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors' and chief executives interests and short positions in shares, underlying shares and debentures of the Company or its associated corporations" and "Share option scheme" above, at no time during the nine months ended 30 September 2022 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouses or children under 18 years of age, or were any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

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 nine months ended 30 September 2022.

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, the controlling Shareholder, namely Brisk Success (collectively referred to as the “Controlling Shareholder”), has undertaken to the Company (for itself and on behalf of its subsidiaries) that, amongst other things, is not or will not, and will procure each of its 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 Shareholder — Independence from Controlling Shareholder — 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 Shareholder had complied with its undertakings given under the deed of non-competition for the nine months ended 30 September 2022.

DIVIDENDS

The Board does not recommend the payment of any dividend for the nine months ended 30 September 2022.

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 four independent non-executive Directors, namely Ms. Li Yin Fai, Mr. Luo Honghui, Mr. Loke Wai Ming and Mr. Yang Zhangxin. Ms. Li Yin Fai, an independent non-executive Director with the appropriate professional qualifications as required by the GEM Listing Rules, serves as the chairlady of the Audit Committee.

The primary duties of the Audit Committee are, among others, 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 unaudited condensed consolidated financial statements for the nine months ended 30 September 2022 and has provided advice and comments thereon.

By Order of the Board
RMH Holdings Limited
He Weiqing
Chairman

Hong Kong, 7 November 2022

As at the date of this announcement, the executive Directors are Mr. He Weiqing, Mr. Lee Chung Shun and Dr. Loh Teck Hiong; and the independent non-executive Directors are Mr. Yang Zhangxin, Mr. Luo Honghui, Ms. Li Yin Fai and Mr. Loke Wai Ming.

This announcement will remain on the "Latest Listed Company Information" 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://www.rmholdings.com.sg>.