RMH HOLDINGS LIMITED
德斯控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8437

2019
First Quarterly Report

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

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This report, 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 report 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 report misleading.

HIGHLIGHTS

- The unaudited revenue of the Group amounted to approximately S$1,762,000 for the three months ended 31 March 2019, representing a slight decrease of approximately S$63,000 or 3.5% as compared with the three months ended 31 March 2018.

- The unaudited profit of the Group was approximately S$298,000 for the three months ended 31 March 2019, representing an increase of approximately S$5,000 or 1.7% as compared with the three months ended 31 March 2018.

- Basic earnings per share was 0.05 Singapore cents for the three months ended 31 March 2019 compared to 0.05 Singapore cents for three months ended 31 March 2018.

- The Board does not recommend the payment of any dividend for the three months ended 31 March 2019.

UNAUDITED FIRST QUARTERLY RESULTS

The board of Directors (the "Board") of the Company is pleased to announce the unaudited condensed consolidated results of the Group for the three months ended 31 March 2019, together with the comparative figures for the corresponding period in 2018, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2019

		Three months ended 31 March	
		2019	2018
	Notes	***S$'000***	*S$'000*
		(Unaudited)	(Unaudited)
Revenue	*5*	**1,762**	1,825
Other operating income	*6*	**96**	17
Consumables and medical supplies used		**(286)**	(280)
Other direct costs		**(34)**	(40)
Employee benefits expense		**(402)**	(390)
Depreciation of plant and equipment		**(154)**	(36)
Other operating expenses		**(614)**	(708)
Profit before taxation	*7*	**368**	388
Income tax expense	*8*	**(70)**	(95)
Profit and total comprehensive income for the period attributable to owners of the Company		**298**	293
Basic earnings per share (Singapore cents)	*9*	**0.05**	0.05

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2019

	Share capital *S$'000*	Share premium *S$'000*	Other reserve (Note) *S$'000*	Retained earnings (Accumulated loss) *S$'000*	Total *S$'000*
At 1 January 2019 (audited)	**1,037**	**9,589**	**2,165**	**1,815**	**14,606**
Profit and total comprehensive income for the period	**–**	**–**	**–**	**298**	**298**
At 31 March 2019 (unaudited)	**1,037**	**9,589**	**2,165**	**2,113**	**14,904**
At 1 January 2018 (audited)	1,037	9,589	2,165	(36)	12,755
Profit and total comprehensive income for the period	–	–	–	293	293
At 31 March 2018 (unaudited)	1,037	9,589	2,165	257	13,048

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2019

1 GENERAL

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

2 BASIS OF PREPARATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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

The condensed consolidated statement of profit or loss and other comprehensive income and condensed consolidated statement of changes in equity the Group for the three months ended 31 March 2019 are prepared as if the current group structure had been in existence throughout the three months ended 31 March 2019 or since the date of incorporation where there is a shorter period.

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

3 ADOPTION OF NEW AND REVISED STANDARDS

All IFRSs effective for the accounting period commencing from 1 January 2019, together with the relevant transitional provisions, have been adopted by the Group in preparation of these condensed consolidated financial statements. The adoption of these new/revised IFRSs has no material effect on the amounts reported for the current or prior period.

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

Impact of application of IFRS 16 Leases

In the current period, the Group has applied IFRS 16 Leases which is effective for an annual period that begins on or after 1 January 2019. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Group applied the practical expedient to recognise amounts of ROU assets equal to its lease liabilities on 1 January 2019 and recognition exemptions for short-term leases and leases of low value items in accordance with the principles of IFRS 16.

Under IFRS 16, the Group recognised its existing operating lease arrangements where the Group is a lessee, as ROU assets with corresponding lease liabilities and measures lease liabilities by applying a single discount rate to the leases.

The nature of expenses related to those leases will change as the principles under IFRS 16 replaces the straight-line operating lease expense with net change in fair value of depreciation charge for ROU assets, and interest expense on lease liabilities.

4 SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements of the Group for the three months ended 31 March 2019 have been prepared in accordance with the applicable disclosure requirements of the GEM Listing Rule, International Financial Reporting Standards ("IFRSs") which include International Accounting Standards ("IASs") and Interpretations promulgated by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance.

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

Financial assets

Classification of financial assets

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

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

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

Impairment of financial assets

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

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

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

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

Revenue recognition

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

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

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

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

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

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

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

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

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

Revenue from provision of aesthetics and wellness services ("Aesthetic Services") generally relate to performance obligations to provide treatment services. Considerations are generally received and recognised as deferred revenue. Revenue from sale of medication and skincare products is recognised at the point in time at which physical possession of the medication and skincare products. As such, the patient has obtained control of the products and has the ability to direct the use and obtain substantially all of the remaining benefits from the products.

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

5 REVENUE AND SEGMENT INFORMATION

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

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

Revenue analysis

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

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

	Three months ended 31 March	
	2019	2018
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Types of services:		
Consultation Services	**488**	463
Prescription and Dispensing Services	**495**	564
Treatment Services	**658**	678
Aesthetic Services	**12**	–
Other Services *(Note)*	**109**	120
	1,762	1,825
Timing of revenue recognition:		
At a point in time	**604**	684
Over time	**1,158**	1,141
	1,762	1,825

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

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

6 OTHER OPERATING INCOME

	Three months ended 31 March	
	2019	2018
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Interest income	**84**	–
Government grant *(Note)*	**12**	17
	96	17

Note: Government grant represents primarily government subsidies in form of cash payout from Inland Revenue Authority of Singapore under the Wage Credit Scheme which compensates the Group in relation to support businesses embarking on transformation efforts and encourage sharing of productivity gains with workers until year 2020.

7 PROFIT BEFORE TAXATION

Profit before tax has been arrived at after charging:

	Three months ended 31 March	
	2019	2018
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Audit fees (included in other operating expenses)	**38**	38
Administrative fees (included in other operating expense)	**59**	67
Net foreign currency exchange loss (included in other operating expense)	**123**	315
Professional and consulting fees (included in other operating expenses)	**206**	149
Employee benefits expense:		
Directors' remunerations	**223**	205
Other staff costs		
— salaries, bonus and other benefits	**150**	160
— contributions to retirement benefits scheme	**29**	25

8 INCOME TAX EXPENSE

	Three months ended 31 March	
	2019	2018
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Tax expense comprises:		
Singapore corporate income tax ("CIT")		
— Current tax	**70**	95

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

9 EARNINGS PER SHARE

	Three months ended 31 March 2019 (Unaudited)	2018 (Unaudited)
Profit attributable to the owners of the Company (S$'000)	**298**	293
Weighted average number of ordinary shares in issue ('000)	**600,000**	600,000
Basic earnings per share (Singapore cents)	**0.05**	0.05

For the three months ended 31 March 2019 and 2018, no separated diluted earnings per share information has been presented as there was no dilutive potential ordinary shares outstanding.

10 DIVIDENDS

The Board does not recommend the payment of a dividend for the three months ended 31 March 2019 (three months ended 31 March 2018: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a leading specialist dermatological and surgical practice accredited by the Ministry of Health of Singapore in Singapore, providing accessible, comprehensive, quality and specialty care services for a variety of dermatological conditions affecting skin, hair and nails by utilising a wide range of advanced and sophisticated medical, surgical, laser and aesthetic treatments. The Group's private dermatology practice comprises primarily doctors, and trained personnel with specialised skill sets equipped to handle complex dermatological conditions. The Group provides an all-round treatment solution that is tailored to our patients' individual needs for the treatment of, among others, skin cancer, skin diseases such as eczema, psoriasis, acne, pigmentation, adverse drug reactions and warts. The Group also performs aesthetic treatments to enhance the overall appearance of patients.

The revenue of the Group decreased slightly by approximately S$63,000, or 3.5%, to approximately S$1,762,000, when compared to the three months ended 31 March 2018. The revenue of Consultation Services, Prescription and Dispensing Services, Treatment Services, Aesthetic Services and Other Services amounted to approximately S$488,000, S$495,000, S$658,000, S$12,000 and S$109,000 which accounted for approximately 27.7%, 28.1%, 37.3%, 0.7% and 6.2% of the total revenue of the Group for the three months ended 31 March 2019 respectively, which is generally in line with the distribution as compared to the three months ended 31 March 2018.

BUSINESS OUTLOOK

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

With the change of aesthetic perception, people in Singapore become more interested in medical dermatology services. In addition, more people in Singapore will tend to pay more attention to their appearance and receive medical aesthetic services to preserve their youth, which may promote the development of medical aesthetic service market. The Group currently operates medical aesthetics clinic which commenced operations in February 2019 at the same premise of existing Orchard Clinic. This not only provides us with an opportunity to grow our medical aesthetic practice, it also allows for the expansion of operations at our existing Orchard Clinic to optimise the time and skills of our resident Doctors by focusing on treatments of more complex dermatological conditions.

Besides, the expansion of Raffles Place Clinic in end of February 2019 will bring a scalability of its operations and focus on treatments for more complex dermatological conditions and intricate medical aesthetic treatments (such as addressing more resistant facial pigmentation and detailed facial contouring with filler and Botulinum Toxin injections) which will be carried out by our resident Doctors (who are registered dermatology specialists with the MOH) or by trained therapists under supervision of our resident Doctors.

The Group is exploring to expand "Family and Skin" clinic, which will be a gateway to access a larger pool of customers and General Practitioners located at "Family and Skin" clinic. The "Family and Skin" clinic will focus on treatments of less complicated dermatological conditions, such as skin infections, eczema, and acne, which will respond to standard medication. With wider access to more customers, customers with more complicated dermatological conditions or medical aesthetic treatments that require special intervention will be referred to our existing Clinics, which are staffed by our resident Doctors and are fully equipped to perform intricate treatments.

FINANCIAL REVIEW

Revenue

The Group's overall revenue amounted to approximately S$1,762,000 for the three months ended 31 March 2019, representing a slight decrease of approximately S$63,000 or 3.5% as compared with the revenue of S$1,825,000 for the three months ended 31 March 2018.

The Group provides an all-round treatment solution that is tailored to the patients' individual needs in the field of dermatology. These are achieved through the provision of personalised services, including Consultation Services, Prescription and Dispensing Services, Aesthetic Services and Treatment Services. The slight decrease in revenue for the three months ended 31 March 2019 was mainly attributable to decrease in Prescription and Dispensing Services rendered. The following table sets forth a breakdown of our revenue for the periods indicated:

	Three months ended 31 March			
	2019		2018	
	S$'000	*%*	*S$'000*	*%*
	(Unaudited)		(Unaudited)	
Revenue				
Consultation Services	**488**	**27.7**	463	25.4
Prescription and Dispensing Services	**495**	**28.1**	564	30.9
Treatment Services	**658**	**37.3**	678	37.1
Aesthetic Services	**12**	**0.7**	–	–
Other Services	**109**	**6.2**	120	6.6
	1,762	**100.0**	1,825	100.0

Revenue generated from Consultation Services increased by S$25,000 from S$463,000 to S$488,000 for the three months ended 31 March 2018 and 2019 respectively. With an increase in the number of patient visits for Consultations Services from 5,239 to 5,587 for the three months ended 31 March 2018 and 2019 respectively, the Group recorded a 6.6% growth in the total number of patient visits for the three months ended 31 March 2019.

Revenue generated from Prescription and Dispensing Services decreased by S$69,000 from S$564,000 to S$495,000 for the three months ended 31 March 2018 and 2019 respectively. The decrease was a result of the marginal decrease in the revenue from patients who purchased DS brand skincare products, or prescription medication without doctor's consultation.

Revenue generated from Treatment Services decreased by S$20,000 from S$678,000 to S$658,000 for the three months ended 31 March in 2018 and 2019 respectively. Revenue from Treatment Services was predominantly decreased from anesthesia, injection and intense pulse light.

Consumables and medical supplies used

Our consumables and medical supplies used amounted to S$280,000 and S$286,000 for the three months ended 31 March 2018 and 2019 respectively. The increase were mainly due to purchasing patch test for in-house allergy analysis and diagnosis. These comprised costs of treatment consumables, skincare products and medications were necessary for the provision of our services at our clinics.

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 operating income

Other operating income for the three months ended 31 March 2019 and 2018 represented primarily interest income and government grants which comprised cash pay-out from Inland Revenue Authority of Singapore ("IRAS") in relation to support businesses embarking on transformation efforts and encourage sharing of productivity gains with workers until year 2020.

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

	Three months ended 31 March	
	2019	2018
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Directors' remunerations	**223**	205
Other staff costs:		
— Salaries, bonus and other benefits	**150**	160
— Contributions to retirement benefits scheme	**29**	25
Employee benefits expense	**402**	390

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 due to increase of Directors' contributions to retirement benefits scheme upon payment for 3 months bonuses to executive Directors.

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

	Three months ended 31 March	
	2019	2018
Total staff count	**23**	20

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; and

(d) ROU assets.

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 was mainly due to ROU assets as the implication of IFRS 16 Leases.

Other operating expenses

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

The other operating expenses decreased by approximately S$94,000 or 13.3% from approximately S$708,000 for the three months ended 31 March 2018 to approximately S$614,000 for the three months ended 31 March 2019.

	Three months ended 31 March	
	2019	2018
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Rental and property upkeep	**1**	107
Administrative fees	**59**	67
Professional and consulting fees	**206**	149
Audit fees	**38**	38
Net foreign currency exchange loss	**123**	315
Other expenses	**187**	32
Other operating expenses	**614**	708

The decrease in rental and property upkeep for the three months ended 31 March 2019 was due to application of IFRS 16 Leases, which replaces the straight line operating lease expense with net change in fair value of depreciation charge for ROU assets, and interest expense on lease liabilities.

The increase in professional and consulting fees for approximately S$57,000 was related to the post-Listing professional fees incurred for legal adviser, compliance adviser, financial printer and other professional fees.

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

The other expenses comprised primarily card charges, clinic supplies, repairs and maintenance, insurance 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 and interest expense on lease liability under IFRS 16.

Income tax expense

Income tax expense was approximately S$70,000 for the three months ended 31 March 2019 and approximately S$95,000 for the three months ended 31 March 2018. The decrease was mainly attributable to the decrease in profit before tax of approximately S$20,000.

Profit for the period

Due to the combined effect of the aforesaid factors, we recorded the profit of approximately S$298,000 for the three months ended 31 March 2019, representing a decrease of approximately S$5,000 as compared with the profit of approximately S$293,000 for the three months ended 31 March 2018.

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

As at 31 March 2019, 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 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	Capacity/ nature of interest	Number of shares interested	Percentage of interest in our Company
Dr. Loh Teck Hiong ("Dr. Loh")	Interest in controlled corporation *(Note)*	358,000,000 (Long position)	59.66%
Dr. Ee Hock Leong ("Dr. Ee")	Interest in controlled corporation *(Note)*	358,000,000 (Long position)	59.66%
Dr. Kwah Yung Chien, Raymond ("Dr. Kwah")	Interest in controlled corporation *(Note)*	358,000,000 (Long position)	59.66%

Notes: The 358,000,000 shares are held by Brisk Success Holdings Limited ("Brisk Success"). As Brisk Success is beneficially owned by Dr. Loh, Dr. Ee and Dr. Kwah as to 33.33%, respectively and they are acting in concert as to approximately 33.33%, respectively, therefore they are deemed to be interested in the Shares held by Brisk Success under the SFO.

Save as disclosed above, as at 31 March 2019, 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 31 March 2019, 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 (Note 1)	358,000,000 (Long position)	59.66%
Ms. Fung Yuen Yee	Interest of spouse (Note 2)	358,000,000 (Long position)	59.66%
Ms. Chou Mei	Interest of spouse (Note 3)	358,000,000 (Long position)	59.66%
Ms. Grace Lim Wen Li	Interest of spouse (Note 4)	358,000,000 (Long position)	59.66%
Victory Spring Ventures Limited	Beneficial owner (Note 5)	35,560,000 (Long position)	5.93%
Ye Zhichun	Interest in controlled corporation (Note 5)	35,560,000 (Long position)	5.93%

Notes:

(1) The entire issued share capital of Brisk Success is legally and beneficially owned as to approximately 33.33% by Dr. Loh, Dr. Ee and Dr. Kwah respectively. Accordingly, Dr. Loh, Dr. Ee and Dr. Kwah are deemed to be interested in 358,000,000 Shares held by Brisk Success by virtue of the SFO. Dr. Loh, Dr. Ee and Dr. Kwah are executive Directors and are persons acting in concert and accordingly each of them is deemed to be interested in the Shares held by the others.

(2) 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.

(3) Ms. Chou Mei, being the spouse of Dr. Ee, is deemed to be interested in all the Shares in which Dr. Ee is interested in pursuant to the SFO.

(4) Ms. Grace Lim Wen Li, being the spouse of Dr. Kwah, is deemed to be interested in all the Shares in which Dr. Kwah is interested in pursuant to the SFO.

(5) The entire issued shares of Victory Spring Ventures Limited is legally and beneficially owned by Mr. Ye Zhichun. Accordingly, Mr. Ye Zhichun is deemed to be interested in 35,560,000 Shares held by Victory Spring Ventures Limited by virtue of the SFO.

Save as disclosed above, as at 31 March 2019, 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. The Company had complied with all the applicable code provisions of the CG Code during three months ended 31 March 2019.

SHARE OPTION SCHEME

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

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 three months ended 31 March 2019.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the three months ended 31 March 2019 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 three months ended 31 March 2019.

COMPLIANCE OF NON-COMPETITION UNDERTAKING

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

The independent non-executive Directors have reviewed the implementation of the deed of non-competition and are of the view that the Controlling Shareholders had complied with their undertakings given under the deed of non-competition for the three months ended 31 March 2019.

COMPETING INTERESTS

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

INTEREST OF THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Red Solar Capital Limited, as at 31 March 2019, save for the compliance adviser agreement with effect from 1 November 2017 entered into between the Company and Red Solar Capital Limited, neither Red Solar Capital Limited, its directors, employees and close associates had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

DIVIDENDS

The Board does not recommend the payment of a dividend for the three months ended 31 March 2019.

AUDIT COMMITTEE

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

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

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the three months ended 31 March 2019 and has provided advise and comments thereon.

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

Hong Kong, 8 May 2019

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

This report 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 report will also be published on the Company's website at https://www.rmhholdings.com.sg.