RMH HOLDINGS LIMITED
德斯控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8437)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

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 revenue of the Group amounted to approximately S$7,225,000 for the year ended 31 December 2019, representing a slight increase of approximately S$238,000 or 3.4% as compared with the year ended 31 December 2018.

- Group recorded a profit of approximately S$158,000 for the year ended 31 December 2019, representing a decrease of approximately S$1,693,000 as compared to a profit of approximately S$1,851,000 for the year ended 31 December 2018. This was mainly pertaining to costs rising from employee benefits expenses, depreciation of new plant and equipment, depreciation of right-of-use assets as well as other professional fees incurred by the Group for the year ended 31 December 2019.

- Basic earnings per share was 0.03 Singapore cents for the year ended 31 December 2019 compared to basic earnings per share was 0.31 Singapore cents for the year ended 31 December 2018.

- The Board does not recommend the payment of a final dividend for the year ended 31 December 2019.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2019

	Notes	2019 S$'000	2018 S$'000
Revenue	5	**7,225**	6,987
Other operating income	6	**304**	205
Consumables and medical supplies used		**(1,140)**	(1,088)
Other direct costs		**(172)**	(109)
Employee benefits expense		**(2,322)**	(1,812)
Depreciation of plant and equipment	12	**(329)**	(158)
Depreciation of right-of-use assets	13	**(1,056)**	–
Other operating expenses		**(2,066)**	(1,894)
Finance costs	7	**(65)**	–
Profit before taxation	8	**379**	2,131
Income tax expense	9	**(221)**	(280)
Profit for the year		**158**	1,851
Other comprehensive expense after tax:			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translation loss on consolidation		**(20)**	–
Other comprehensive expense for the year, net of tax		**(20)**	–
Total comprehensive income for the year		**138**	1,851
Basic and diluted earnings per share (Singapore cents)	10	**0.03**	0.31

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019 S$'000	2018 S$'000
ASSETS AND LIABILITIES			
Non-current assets			
Plant and equipment	*12*	**1,383**	541
Right-of-use assets	*13*	**9,853**	–
Rental deposits		**689**	287
		11,925	828
Current assets			
Inventories	*14*	**261**	198
Trade and other receivables	*15*	**817**	659
Bank balances and cash	*16*	**12,651**	14,128
		13,729	14,985
Current liabilities			
Trade and other payables	*17*	**656**	871
Lease liabilities	*18*	**2,235**	–
Income tax payables		**224**	312
		3,115	1,183
Net current assets		**10,614**	13,802
Total assets less current liabilities		**22,539**	14,630

	Notes	**2019**	2018
		S$'000	*S$'000*
Non-current liabilities			
Lease liabilities	*18*	**7,754**	–
Deferred tax liability	*19*	**41**	24
		7,795	24
Net assets		**14,744**	14,606
EQUITY			
Capital and reserves			
Share capital	*20*	**1,037**	1,037
Share premium		**9,589**	9,589
Reserves		**4,118**	3,980
Equity attributable to owners of the Company		**14,744**	14,606

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2019

			Reserves			
	Share capital	Share premium	Foreign currency translation reserve	Other reserve *(Note)*	Retained earnings (Accumulated loss)	Total
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
At 1 January 2018	1,037	9,589	–	2,165	(36)	12,755
Profit and total comprehensive income for the year	–	–	–	–	1,851	1,851
At 31 December 2018	1,037	9,589	–	2,165	1,815	14,606
Profit for the year	–	–	–	–	158	158
Other comprehensive expense for the year	–	–	(20)	–	–	(20)
Total comprehensive income for the year	–	–	(20)	–	158	138
At 31 December 2019	**1,037**	**9,589**	**(20)**	**2,165**	**1,973**	**14,744**

Note: Other reserve represents the proceeds from issue of shares of Unified Front to a pre-IPO investor and the difference between the share capital of the Company issued pursuant to the reorganisation and the share capital of Unified Front acquired by the Company.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2019

	2019	2018
	S$'000	*S$'000*
Operating activities		
Profit before taxation	**379**	2,131
Adjustments for:		
Finance costs	**65**	–
Depreciation of plant and equipment	**329**	158
Depreciation of right-of-use assets	**1,056**	–
Interest income	**(281)**	(169)
Interest income arising from rental deposits	**(9)**	–
Plant and equipment written off	**1**	–
Operating cash flows before working capital changes	**1,540**	2,120
Movements in working capital:		
Inventories	**(63)**	3
Trade and other receivables and rental deposits	**(638)**	(142)
Trade and other payables	**(215)**	270
Cash generated from operations	**624**	2,251
Income tax paid	**(294)**	(375)
Cash from operating activities	**330**	1,876
Investing activities		
Purchase of plant and equipment	**(1,172)**	(470)
Interest received	**281**	169
Net cash used in investing activities	**(891)**	(301)
Financing activity		
Repayments of lease liabilities	**(896)**	–
Cash used in financing activity	**(896)**	–
Net (decrease)/increase in cash and cash equivalents	**(1,457)**	1,575
Cash and cash equivalents at beginning of the year	**14,128**	12,553
Exchange differences on translation of bank balances and cash	**(20)**	–
Cash and cash equivalents at end of the year, represented by bank balances and cash *(Note 16)*	**12,651**	14,128

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

1 GENERAL

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

2 BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The consolidated financial statements for the year ended 31 December 2019 were authorised for issue by the Board.

3 ADOPTION OF NEW AND REVISED STANDARDS

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

Impact of initial application of IFRS 16 Leases

In the current year, the Group has applied IFRS 16 (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in Note 3. The impact of the adoption of IFRS 16 on the Group's consolidated financial statements is described below.

The date of initial application of IFRS 16 for the Group is 1 January 2019.

The group has applied IFRS 16 using the cumulative catch-up approach which requires the Group to recognise the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application.

(a) Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those contracts entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The Group applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). The new definition in IFRS 16 does not significantly change the scope of contracts that meet the definition of a lease for the Group.

(b) Impact on Lessee Accounting

(i) Former operating leases

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16, for all leases the Group:

(a) Recognises right-of-use assets and lease liabilities in the statements of financial position, initially measured at the present value of the remaining lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with IFRS 16:C8(b)(ii);

(b) Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'other operating expenses' in the consolidated statements of profit or loss.

The Group has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying IAS 17.

- The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

- The Group has adjusted the right-of-use asset at the date of initial application by the amount of provision for onerous leases recognised under IAS 37 in the statement of financial position immediately before the date of initial application as an alternative to performing an impairment review.

- The Group has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.

- The Group has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.

- The Group has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

4 SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. 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 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 ("**ECL**") on investments in debt instruments that are measured at amortised cost or at FVTOCI. 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.

Leases (from 1 January 2019)

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.

Leases (before 1 January 2019)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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 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 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 sale of medication and skincare products is recognised at the point in time when the patient has obtained the control of the medication and skincare 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:

	2019	2018
	S$'000	*S$'000*
Types of services:		
Consultation Services	**1,843**	1,837
Prescription and Dispensing Services	**2,110**	2,065
Treatment Services	**2,499**	2,648
Aesthetic Services	**124**	–
Other services *(Note)*	**649**	437
	7,225	6,987
Timing of revenue recognition:		
At a point in time	**2,759**	2,502
Over time	**4,466**	4,485
	7,225	6,987

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

	2019	2018
	S$'000	*S$'000*
Interest income	**281**	169
Government grant *(Note)*	**14**	36
Interest income arising from rental deposits	**9**	–
	304	205

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 2020.

7 FINANCE COSTS

	2019	2018
	S$'000	*S$'000*
Interest expense on lease liabilities	**65**	–

8 PROFIT BEFORE TAXATION

Profit before tax has been arrived at after charging:

	2019	2018
	S$'000	*S$'000*
Audit fees (included in other operating expenses)	**152**	150
Administrative fees (included in other operating expenses)	**296**	318
Net foreign currency exchange loss (included in other operating expenses)	**204**	84
Professional and consulting fees (included in other operating expenses)	**1,047**	714
Employee benefits expense:		
Directors' remunerations	**946**	1,005
Other staff costs		
— salaries, bonus and other benefits	**1,223**	701
— contributions to retirement benefits scheme	**153**	106

9 INCOME TAX EXPENSE

	2019	2018
	S$'000	*S$'000*
Tax expense comprises:		
Singapore corporate income tax ("**CIT**")		
— Current tax	**204**	290
	204	290
Deferred tax expense *(Note 19)*	**17**	(10)
	221	280

10 EARNINGS PER SHARE

	2019	2018
Profit attributable to the owners of the Company (S$'000)	**158**	1,851
Weighted average number of ordinary shares in issue ('000)	**600,000**	600,000
Basic earnings per share (Singapore cents)	**0.03**	0.31

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

11 DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: S$Nil).

12 PLANT AND EQUIPMENT

	Medical equipment	Computer and office equipment	Leasehold improvements	Leasehold improvements in progress	Total
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
COST					
At 1 January 2018	720	71	185	–	976
Additions	275	6	–	189	470
Written off	–	(1)	–	–	(1)
At 31 December 2018	995	76	185	189	1,445
Reclassification	–	–	189	(189)	–
Additions	124	83	965	–	1,172
Written off	–	(3)	–	–	(3)
At 31 December 2019	1,119	156	1,339	–	2,614
ACCUMULATED DEPRECIATION					
At 1 January 2018	591	37	119	–	747
Provided for the year	105	17	36	–	158
Written off	–	(1)	–	–	(1)
At 31 December 2018	696	53	155	–	904
Provided for the year	99	24	206	–	329
Written off	–	(2)	–	–	(2)
At 31 December 2019	795	75	361	–	1,231
CARRYING VALUES					
At 31 December 2019	324	81	978	–	1,383
At 31 December 2018	299	23	30	189	541

The above items of plant and equipment are depreciated on a straight-line basis after taking into account of their residual values at the following rates per annum:

Medical equipment	20% to 33%
Computer and office equipment	20% to 33%
Leasehold improvements	Shorter of 5 years or over the lease term

13 RIGHT-OF-USE ASSETS

The Group leases several leasehold office and clinics. The average lease term is 3-5 years (2018: 3-5 years).

	Leasehold office and clinics
	S$'000
Group	
Cost:	
At 1 January 2019	1,802
Additions	9,107
At 31 December 2019	10,909
Accumulated depreciation:	
At 1 January 2019	–
Depreciation	1,056
At 31 December 2019	1,056
Carrying amount:	
At 31 December 2019	9,853

14 INVENTORIES

	2019	2018
	S$'000	*S$'000*
Consumables and medical supplies	**261**	198

15 TRADE AND OTHER RECEIVABLES

	2019	2018
	S$'000	*S$'000*
Trade receivables	**532**	481
Deposits	**11**	39
Prepayment	**193**	119
Other tax receivables	**52**	–
Other receivables	**29**	20
	817	659

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

	2019	2018
	S$'000	*S$'000*
0–30 days	**138**	114
31–60 days	**185**	156
61–90 days	**129**	122
over 90 days	**80**	89
	532	481

Included in the Group's trade receivables balance were debtors with a carrying amount of S$80,000 (2018: S$89,000) which were past due at the end of reporting period for which the Group had not provided as there had not been a significant change in create quality and the amounts were still considered recoverable.

16 BANK BALANCES AND CASH

As at 31 December 2019, certain balances amounting to S$8,168,000 (2018: S$8,255,000) which carry interest at prevailing market rate of 0.96% (2018: 1.32%) per annum, the remaining balances do not carry interest.

17 TRADE AND OTHER PAYABLES

	2019	2018
	S$'000	*S$'000*
Trade payables	**173**	99
Accrued staff cost	**93**	241
Accrued operating expenses	**305**	345
Deferred revenue	**52**	–
Other payables	**33**	186
	656	871

Deferred revenue represents upfront receipt from customer.

For aesthetic services sales, revenue is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. When the customer initially purchases the package, the transaction price received at that point by the Group is recognised as deferred revenue until the goods have been delivered to the customer.

	2019	2018
	$'000	*$'000*
At the beginning of the Period	**–**	–
Receipt from customers	**176**	–
Revenue recognised during the period that was related to receipt from customers in the same period	**(124)**	–
At the end of the period	**52**	–

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

	2019	2018
	S$'000	*S$'000*
0–30 days	**117**	95
31–60 days	**14**	3
61–90 days	**42**	1
	173	99

18 LEASE LIABILITIES

Lease liabilities (Disclosure required by IFRS 16)

	2019
	S$'000
Maturity analysis:	
Year 1	**2,495**
Year 2	**2,732**
Year 3	**2,048**
Year 4	**1,817**
Year 5	**1,579**
	10,671
Less: Unearned interest	**(682)**
	9,989
Analysed as:	
Current	**2,235**
Non-current	**7,754**
	9,989

19 DEFERRED TAXATION

	Accelerated tax depreciation
	S$'000
At 1 January 2018	34
Credit to profit or loss *(Note 9)*	(10)
At 31 December 2018	24
Charge to profit or loss *(Note 9)*	17
At 31 December 2019	41

20 SHARE CAPITAL

Details of the share capital are disclosed as follows:

	Number of shares	Par value	Share capital
		HK$	*HK$'000*
Authorised share capital of the Company:			
At 1 January 2018, 31 December 2018 and 31 December 2019	10,000,000,000	0.01	100,000

	Number of shares	Share capital
		S$'000
Issued and fully paid shares of the Company:		
At 1 January 2018, 31 December 2018 and 31 December 2019	600,000,000	1,037

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a medical and surgical service provider for different customer groups in the field of dermatology. The Group provides an all-round treatment solution that is tailored to our patients' individual needs. Services are provided to our patients 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 increased slightly by approximately S$238,000, or 3.4%, to approximately S$7,225,000, when compared to the year ended 31 December 2018. The revenue of Consultation Services, Prescription and Dispensing Services, Treatment Services, Aesthetic Services and other services amounted to approximately S$1,843,000, S$2,110,000, S$2,499,000, S$124,000 and S$649,000 which accounted for approximately 25.5%, 29.2%, 34.6%, 1.7% and 9.0% of the total revenue of the Group for the year ended 31 December 2019 respectively, which is generally in line with the distribution as compared to the year ended 31 December 2018. The increase in revenue was preliminary attributable to the increase in other services rendered in relation to laboratory tests carried out during the treatment. The number of patient visits growth by 11.2% to 23,727 for the year ended 31 December 2019 from 21,344 for the year ended 31 December 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.

The Group is exploring to further grow by capturing opportunities from markets with substantial growth potential such as Hong Kong and People's Republic of China (the "**PRC**"). Our Directors believe that Singapore is a country in relatively close proximity to Hong Kong and the PRC that can attract more patients from Hong Kong and the PRC to readily access treatments on a more confidential basis, with no language barriers and away from prying eyes of public, family and friends even as a part of business trip or holidays. We relied on the word of mouth from Hong Kong and the PRC expatriates living in Singapore for attracting these customers in the past.

We also intend to broaden the offering of our existing DS brand skincare products, by introducing new skincare products. We also intend to introduce topical medicine which is currently sourced from independent suppliers, such as topical steroids, in conjunction with the establishment of our compounding facility for the clinics' use. As part of our business strategy to develop our medical aesthetics subspecialty as described under the paragraph headed "Enhance the quality and variety of our Services at our existing Clinics and establishment of new medical aesthetic clinics" above, we believe that the broadening of our product line will complement our expansion plan.

FINANCIAL REVIEW

Revenue

The Group's overall revenue amounted to approximately S$7,225,000 for the year ended 31 December 2019, representing an increase of approximately S$238,000 or 3.4% as compared with the revenue of S$6,987,000 for the year ended 31 December 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 increase in revenue for the year ended 31 December 2019 was mainly attributable to increase in other services in relation to laboratory tests carried out during the treatment. The following table sets forth a breakdown of our revenue for the periods indicated:

	2019		2018	
	S$'000	***%***	*S$'000*	*%*
Revenue				
Consultation Services	**1,843**	**25.5**	1,837	26.3
Prescription and Dispensing Services	**2,110**	**29.2**	2,065	29.6
Treatment Services	**2,499**	**34.6**	2,648	37.9
Aesthetic Services	**124**	**1.7**	–	–
Other services	**649**	**9.0**	437	6.2
	7,225	**100.0**	6,987	100.0

Revenue generated from Consultation Services increased by S$6,000 from S$1,837,000 to S$1,843,000 for the year ended 31 December in 2018 and 2019 respectively. With an increase in the number of patient visits for Consultations Services from 17,979 to 18,622 for the year ended 31 December in 2018 and 2019 respectively, the Group recorded a 3.6% growth in the total number of patient visits for the year ended 31 December 2019.

Revenue generated from Prescription and Dispensing Services also increased by S$45,000 from S$2,065,000 to S$2,110,000 for the year ended 31 December 2018 and 2019 respectively. The increase is in line with the increase in patient visits from Consultation Services in the same period.

Revenue generated from Treatment Services decreased by S$149,000 from S$2,648,000 to S$2,499,000 for the year ended 31 December 2018 and 2019 respectively. Revenue from Treatment Services are predominantly decreased from chemical peel, skin treatment and radio frequency.

Other operating income

Other operating income for the year ended 31 December 2019 and 2018 consisted of interest income and government grants.

Consumables and medical supplies used

Our consumables and medical supplies used amounted to S$1,140,000 and S$1,088,000 for the year ended 31 December in 2018 and 2019 respectively. The increase is in line with the increase in revenue generated from Prescription and Dispensing Services. These comprised costs of treatment consumables, skincare products and medications necessary for the provision of our services at our clinics.

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

Other direct costs

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

We generally outsource medical tests such as blood testing, urine testing, and other testing services where we believe that there is insufficient demand to warrant the necessary investment for the development of the expertise and the in-house infrastructure. Therefore, we have subcontracted such testing services to external service providers and incurred laboratory charges for the provision of such testing services. The amount remained immaterial during the year ended 31 December 2019 and 2018.

Employee benefits expense

	2019	2018
	S$'000	*S$'000*
Directors' remunerations	**946**	1,005
Other staff costs:		
— Salaries, bonus and other benefits	**1,223**	701
— Contributions to retirement benefits scheme	**153**	106
Employee benefits expense	**2,322**	1,812

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 additional staff headcounts of aesthetic clinic and "Family and Skin" Clinic. We have recruited two General Practitioners in "Family and Skin" Clinic.

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

	2019	2018
Total staff count	**30**	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; and

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

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate at the end of the reporting period. Our medical equipment and office equipment are generally depreciated over three to five years, which we considered as reasonable for the useful lives for assets of such nature. The amount remained immaterial during the year ended 31 December 2019 and 2018.

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 is mainly attributed by the adoption of new accounting standards.

Other operating expenses

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

The other operating expenses for the year ended 31 December 2019 increased by approximately S$172,000 or 9.1% from approximately S$1,894,000 for the year ended 31 December 2018 to approximately S$2,066,000 for the year ended 31 December 2019.

	2019	2018
	S$'000	*S$'000*
Rental and property upkeep	**8**	446
Administrative fees	**296**	318
Professional and consulting fees	**1,047**	714
Audit fees	**152**	150
Net foreign currency exchange loss	**204**	84
Other expenses	**359**	182
Other operating expenses	**2,066**	1,894

The increase in professional and consulting fees for approximately S$333,000 was related to the professional fee payable to medical practitioners.

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

The other expenses comprised primarily card charges, clinic supplies, repairs and maintenance, insurance, travelling and other miscellaneous expenses. The increase of other expenses was mainly due to travelling expenses incurred on business trips and non-recurring marketing and advertising expenses to create market awareness for the new aesthetic clinic.

Finance costs

The Group did not have any bank borrowings, finance lease liabilities, or interest-bearing liabilities for the year ended 31 December 2018 and 2019. The finance costs were attributable to interest expense on lease liabilities under IFRS 16.

Income tax expense

Income tax expense was approximately S$221,000 for the year ended 31 December 2019 and approximately S$280,000 for the year ended 31 December 2018. The decrease was mainly attributable to the decrease in profit before taxation.

Profit for the year

Due to the combined effect of the aforesaid factors, we recorded the profit of approximately S$158,000 for the year ended 31 December 2019, representing a decrease of approximately S$1,693,000 as compared with the profit of approximately S$1,851,000 for the year ended 31 December 2018.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2019 (31 December 2018: Nil).

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The capital of the Group only comprises ordinary shares.

As at 31 December 2019, the total equity of the Group was approximately S$14,744,000 (2018: approximately S$14,606,000). The Group generally financed its operation with internally generated cash flows. The Group had bank balances and cash of approximately S$12,651,000 as at 31 December 2019 (2018: approximately S$14,128,000. As at 31 December 2019, the Group had net current assets of approximately S$10,614,000 (2018: approximately S$13,802,000).

No gearing ratio of the Group as at 31 December 2018 and 2019, calculated based on total debt divided by total equity as at the end of the year. As at 31 December 2019, the Group had no outstanding debt.

Net cash generated from operating activities for the year ended 31 December 2019 was approximately S$330,000 (2018: net cash generated from operations approximately S$1,876,000). With the healthy bank balances and cash on hand, the Group's liquidity position remained strong and it had sufficient financial resources to fund its future plans and to meet its working capital requirement.

As at 31 December 2019, the capital structure of the Group consisted of equity attributable to owners of the Company of approximately S$14.7 million. The share capital of the Group only comprises ordinary shares. The Shares were listed on GEM of the Stock Exchange on the Listing Date. There has been no change in the capital structure of the Group since then.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2019, the Group did not have any significant investment, material acquisitions nor disposal of subsidiaries and affiliated companies save for those reorganisation activities done for the purpose of Listing as set out in the paragraph headed "History, Reorganisation and Development — Reorganisation" in the Prospectus.

FOREIGN EXCHANGE EXPOSURE

The Group operates in Singapore and transacts mainly in Singapore dollars, which is the functional currency of the majority of the Group's operating subsidiaries. However, the Group retained certain amount of the proceeds from the Share Offer in Hong Kong dollars which contributed to a net foreign currency exchange loss of approximately S$204,000 as Hong Kong dollars weakened against Singapore dollars.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

CONTINGENT LIABILITIES

As at 31 December 2019, the Group did not have material contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, our Group had a total of 30 employees (including part time staffs), excluding our doctors (2018: 20). Staff costs, including Directors' remuneration, of our Group were approximately S$2,322,000 for the year ended 31 December 2019 (2018: approximately S$1,812,000). Remuneration is determined with reference to factors such as comparable market salaries and work performance, time commitment and responsibilities of each individual. Employees are provided with relevant inhouse and/or external training from time to time. In addition to a basic salary, year-end discretionary bonuses are offered to employees who performed outstandingly to attract and retain eligible employees to contribute to our Group.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2019 and 2018, there were no charges on the Group's assets.

USE OF PROCEEDS

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

The net proceeds from the Share Offer as at 31 December 2019 were used as follows:

	Planned use of proceeds as shown in the Prospectus (adjusted on a prorata basis based on the actual net proceeds)	**Planned use of proceeds as shown in the Prospectus from the date of the Listing to 31 December 2019 (adjusted on a prorata basis based on the actual net proceeds)**	**Actual use of proceeds from the date of the Listing to 31 December 2019**	**Unutilised amount as at 31 December 2019 *(Note a)***	
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	*Notes*
Strategically expand and strengthen our network of clinics in Singapore	14.1	14.1	(3.2)	10.9	*b*
Enhance the quality and variety of our Services at our existing Clinics and establish new medical aesthetic clinics	13.6	13.6	(6.4)	7.2	*c*
Purchase additional new devices and broaden the variety of treatments and products offered	9.6	9.6	(1.8)	7.8	*c*
Establish a logistics centre for centralised operations	2.3	2.3	–	2.3	*d*
Improve our information technology infrastructure and systems	2.4	2.4	(0.5)	1.9	*e*
General working capital	2.7	2.7	(2.7)	–	
	44.7	44.7	(14.6)	30.1	

Notes:

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

(b) The Listing proceeds of approximately HK$10.9 million have not been utilised as at 31 December 2019. The Group utilised the proceeds of procurement fixed assets, furniture equipment and treatment devices for a new "family and skin" clinic which had commenced operations in May 2019. We are currently monitor on the "family and skin" clinic's operation. In the meanwhile, the Group is exploring to further grow by capturing opportunities from markets with substantial growth potential.

(c) We are continuing to attract more dermatologists, doctors and professional staff to increase in utilisation in substance of minimising unforeseen market or industry conditions may also affect the anticipated operating results of our new clinics to be opened in the near future.

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

(e) We have entered an agreement for Development of Clinic Electronic Medical Record Platform System on 10 January 2020 in order to upgrade our systems as well as create a centralised database interconnect our existing clinics.

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 year ended 31 December 2019.

COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all the Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the year ended 31 December 2019.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the year ended 31 December 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 announcement, no option were granted by the Company.

INTEREST OF THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Red Solar Capital Limited, as at 31 December 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.

COMPLIANCE OF NON-COMPETITION UNDERTAKING

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

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

ANNUAL GENERAL MEETING

The third annual general meeting of the Company (the "**AGM**") will be held on Thursday, 14 May 2020. A notice of which shall be sent to the shareholders of the Company in accordance with the Articles, the GEM Listing Rules and other applicable laws and regulations.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from Monday, 11 May 2020 to Thursday, 14 May 2020, both dates inclusive, during which period no transfer of shares can be registered. In order to be eligible to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 8 May 2020.

EVENTS AFTER THE REPORTING PERIOD

On 30 December 2019, the Group incorporated a company in Hong Kong with two other shareholders. Subsequent to year end, the Group entered into a joint venture agreement with the two shareholders.

Subsequent to the year ended 31 December 2019, an outbreak of a respiratory illness caused by COVID-19 may impact the Group's business in the coming year. Management is currently assessing the impact on its financial performance.

AUDIT COMMITTEE

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

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

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2019, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditor, Deloitte & Touche LLP.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is available for viewing on the website of Stock Exchange at www.hkexnews.hk and on the website of the Company at https://rmhholdings.com.sg. The annual report of the Company for the year ended 31 December 2019 containing the information required by the GEM Listing Rules and the applicable law will be dispatched to the Shareholders in due course.

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

Hong Kong, 24 March 2020

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

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