RMH HOLDINGS LIMITED

德斯控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8437

2021

First Quarterly Report

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HIGHLIGHTS

- The unaudited revenue of the Group amounted to approximately S$2,160,000 for the three months ended 31 March 2021, representing a slight increase of approximately S$260,000 or 13.7% as compared with the revenue of S$1,900,000 for the three months ended 31 March 2020.
- The unaudited loss of the Group was approximately S$908,000 for the three months ended 31 March 2021, representing a increase of losses approximately S$667,000 or 276.8% as compared with the three months ended 31 March 2020.
- Loss per share was (0.13) Singapore cents for the three months ended 31 March 2021 compared to (0.03) Singapore cents for three months ended 31 March 2020.
- The Board does not recommend the payment of any dividend for the three months ended 31 March 2021.

UNAUDITED FIRST QUARTERLY RESULTS

The board of Directors (the "Board") is pleased to announce the unaudited condensed consolidated results of the Group for the three months ended 31 March 2021, together with the comparative figures for the corresponding period in 2020, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2021

	Notes	Three months ended 31 March 2021 S$'000 (Unaudited)	 2020 S$'000 (Unaudited)
Revenue	5	**2,160**	1,900
Other operating income	6	**295**	336
Consumables and medical supplies used		**(330)**	(318)
Other direct costs		**(92)**	(51)
Employee benefits expense		**(1,175)**	(478)
Depreciation of plant and equipment		**(177)**	(90)
Depreciation of right-of-use assets		**(630)**	(628)
Other operating expenses		**(847)**	(789)
Finance costs	7	**(93)**	(68)
Loss before tax	8	**(889)**	(186)
Income tax expense	9	**(19)**	(55)
Loss and total comprehensive loss for the period		**(908)**	(241)
Other comprehensive (loss)/income after tax			
Item that maybe unclassified subsequently to profit or loss			
Foreign currency translation (loss)/income on consolidation		**(52)**	70
Other comprehensive (loss)/income for the year, net of tax		**(52)**	70
Total comprehensive loss for the period		**(960)**	(171)
Loss per share (Singapore cents)	10	**(0.13)**	(0.03)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2021

	Share capital	Share premium	Reserve 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 2021 (audited)	**1,037**	**9,589**	**39**	**2,165**	**(7,299)**	**5,531**
Total comprehensive loss for the year:						
Loss for the period	–	–	–	–	(908)	(908)
Other comprehensive loss for the period	–	–	(52)	–	–	(52)
Total	**–**	**–**	**(52)**	**–**	**(908)**	**(960)**
Transaction with owners, recognised directly in equity:						
Issue of new shares	206	4,347	–	–	–	4,553
At 31 March 2021 (unaudited)	**1,243**	**13,936**	**(13)**	**2,165**	**(8,207)**	**9,124**
At 1 January 2020 (audited)	1,037	9,589	(20)	2,165	1,973	14,744
Total comprehensive income/(loss) for the period	–	–	70	–	(241)	(171)
At 31 March 2020 (unaudited)	1,037	9,589	50	2,165	1,732	14,573

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2021

1 GENERAL

RMH Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company and registered in the Cayman Islands with limited liability under Cayman Companies Law, Cap 22 (Law 3 of 1961, as combined and revised) of the Cayman Islands on 22 March 2017. Its registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance") on 25 May 2017, the head office and principal place of business of the Company in Singapore is at #17-01/02 Paragon (Office Tower), 290 Orchard Road, Singapore 238859 and the principal place of business of the Company in Hong Kong is at Unit 912, 9/F, Two Harbourfront, 22 Tak Fung Street, Hunghom, Kowloon, Hong Kong. The 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

The condensed consolidated financial statements of the Group for the three months ended 31 March 2021 have been prepared in accordance with the applicable International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB"). In addition, the consolidated financial statements include applicable disclosures required by the GEM Listing Rules and the Hong Kong Companies Ordinance.

The condensed consolidated financial statements of the Group for the three months ended 31 March 2021 are presented in Singapore dollars ("S$") which is the same as the functional currency of the Company and all values are rounded to the nearest thousands, unless otherwise stated.

3 ADOPTION OF NEW AND REVISED STANDARDS

In the current financial period, the Group has adopted all the new and revised IFRSs that are relevant to its operations and effective for annual periods beginning on or after 1 January 2021.

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

At the date of authorisation of the condensed consolidated financial statements of the Group for the three months ended 31 March 2021, certain IFRSs that are relevant to the Group were issued but not effective.

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

4 SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements of the Group for the three months ended 31 March 2021 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 condensed consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

Financial assets

Classification of financial assets

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

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

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

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets which are subject to impairment under IFRS 9 (including trade and other receivables, finance lease receivables and cash and cash equivalents). 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 and lease 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.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations, namely the sale of bearings, seals, electrical and beauty products and property investment.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating performance or results of the debtor; and

- an actual or expected significant adverse change in the regulatory or economic environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are generally more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due based on factors considered such as past payment history, ongoing business dealings, settlement arrangements and financial status of the debtor, being reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

In considering the 90 days past due deemed defaulted presumption, it is not expected to be significantly consequential on the amount of expected credit losses measured because of the counterbalancing interaction between the way the Group defines default and the credit losses that arise as a result of that definition of default. Differences in default definition for the Group is not as pertinent because the Group does not have to determine the significant increase in credit risk indicators given that the Group has simplified approach to impairment model.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower; or

b) a breach of contract, such as a default or past due event; or

c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty; or

d) having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

e) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

f) the disappearance of an active market for that financial asset because of financial difficulties.

Leases

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;

- The amount expected to be payable by the lessee under residual value guarantees; 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.

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

The Group as lessor

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

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

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

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

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

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

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

Revenue recognition

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

The Group recognises revenue from the following major sources:

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

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

5 REVENUE

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	
	2021	2020
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Revenue		
Healthcare service:		
– Aesthetic Services	**88**	25
– Consultation Services	**448**	420
– Prescription and Dispensing Services	**675**	586
– Treatment Services	**591**	603
– Other Services *(Note 1)*	**327**	266
Trading Sales	**31**	–
	2,160	1,900
Timing of revenue recognition:		
At a point in time	**1,033**	852
Over time	**1,127**	1,048
	2,160	1,900

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

6 OTHER OPERATING INCOME

	Three months ended 31 March	
	2021	2020
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Interest income on finance lease	**11**	5
Gain on disposal of right-of-use assets	**–**	312
Government grant	**30**	19
Reversal of impairment loss on trade and other receivable	**122**	–
Others rental income	**112**	–
Other income	**20**	–
	295	336

Government grant represents primarily government subsidies in form of cash payout from Inland Revenue Authority of Singapore in relation to support business embarking on transformation efforts and encourage sharing of productivity gains with workers until year 2021. Following with the outbreak of COVID-19, the Singapore government introduced Jobs Supports Scheme ("JSS") to help enterprises retain local employees during this period of economic uncertainty. All of them are compensation for expenses or losses already incurred or for the purpose of giving immediately financial support to the Group with no future related costs. Besides, property tax rebate and rental relief for non-residential properties is announced by the government, which seeks to ease the cash flow and cost pressures of businesses affected by the COVID-19 outbreak.

The gain on disposal of right-of-use assets arose due to a lease novated to joint venture.

7 FINANCE COSTS

	Three months ended 31 March	
	2021	2020
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Interest expenses on borrowings	**47**	–
Interest expense on lease liabilities	**46**	68

8 **LOSS BEFORE TAX**

Loss before tax has been arrived at after charging:

	Three months ended 31 March 2021 S$'000 (Unaudited)	2020 S$'000 (Unaudited)
Audit fees (included in other operating expenses)	**38**	38
Administrative fees (included in other operating expense)	**77**	71
Net foreign currency exchange gain (included in other operating expense)	**(232)**	(407)
Professional and consulting fees (included in other operating expenses)	**717**	887
Government rate (included in other operating expenses)	**29**	23
Employee benefits expense:		
Directors' remunerations	**405**	112
Other staff costs		
– salaries, bonus and other benefits	**713**	325
– contributions to retirement benefits scheme	**57**	41

9 **INCOME TAX EXPENSE**

	Three months ended 31 March 2021 S$'000 (Unaudited)	2020 S$'000 (Unaudited)
Tax expense comprises:		
Singapore corporate income tax ("CIT")		
– Current tax	**19**	55

Singapore CIT is calculated at 17% (2020: 17%) of the estimated assessable profit for the Year of Assessment 2022. Singapore incorporated companies can enjoy 75% tax exemption on the first S$10,000 of normal chargeable income and a further 50% tax exemption on the next S$190,000 (2020: S$190,000) of normal chargeable income.

10 LOSS PER SHARE

	Three months ended 31 March 2021 (Unaudited)	2020 (Unaudited)
Loss attributable to the owners of the Company (S$'000)	**(908)**	(171)
Weighted average number of ordinary shares in issue ('000)	**705,000**	600,000
Loss per share (Singapore cents)	**(0.13)**	(0.03)

For the three months ended 31 March 2021 and 2020, no separated diluted (loss) 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 dividend for the three months ended 31 March 2021 (three months ended 31 March 2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

With the COVID-19 Pandemic largely under control in both Singapore and Hong Kong during the first quarter of 2021 with further reopening of the economy, we were able to re-open our Laser & Aesthetic Center in Hong Kong as well as successfully on-boarded two new dermatologists to our Dermatology & Surgery Clinics in Singapore contributing to a strong increase in revenue compared to the final quarter 2020. Our sale of Regenerative Medicine products remained lack luster mainly due to the continued closure of Hong Kong-China Border to visitors from mainland China.

The revenue of the Group increased by approximately S$260,000 or 13.7%, to approximately S$2,160,000 when compared to the three months ended 31 March 2020. The revenue of Aesthetic Service, Consultation Service, Prescription and Dispensing Service, Treatment Service, Trading Sales and other service amounted to S$88,000, S$448,000, S$675,000, S$591,000, S$327,000 and S$31,000 which accounted for approximately 4.1%, 20.7%, 31.3%, 27.4%, 15.1% and 1.4% of the total revenue of the Group for the three months ended 31 March 2021 respectively.

BUSINESS OUTLOOK

We see encouraging signs in First Quarter 2021 that we are emerging from what's had been an unprecedented challenging business operation environment associated with the COVID-19 Pandemic in year 2020.

With further easing of government anti-COVID-19 measures and roll out of mass vaccination in both Hong Kong and Singapore, we expect continued improvement in revenue at a faster rate from clinics in both Singapore and Hong Kong.

We are cautiously optimistic that we will return to profitability in the second quarter of 2021.

FINANCIAL REVIEW

Revenue

The Group's overall revenue amounted to approximately S$2,160,000 for the three months ended 31 March 2021, representing an increase of approximately S$260,000 or 13.7% as compared with the revenue of S$1,900,000 for the three months ended 31 March 2020.

The Group provides an all-round treatment solution that is tailored to the patients' individual needs in the field of dermatology. These are achieved through the provision of personalised services, including Aesthetic Services, Other Services, Consultation Services, Prescription and Dispensing Services, Treatment Services and Trading Sales. The increase in revenue of the Group for the three months ended 31 March 2021 was mainly attributable to increase in Prescription and Dispensing Services, Aesthetic Services and Other Services. The following table sets forth a breakdown of our revenue for the three months ended 31 March 2020 and 2021:

	Three months ended 31 March			
	2021		2020	
	S$'000	*%*	*S$'000*	*%*
	(Unaudited)		(Unaudited)	
Revenue				
Aesthetic Services	**88**	**4.1**	25	1.3
Consultation Services	**448**	**20.7**	420	22.1
Prescription and Dispensing Services	**675**	**31.3**	586	30.9
Treatment Services	**591**	**27.4**	603	31.7
Other Services	**327**	**15.1**	266	14.0
Trading Sales	**31**	**1.4**	–	–
	2,160	**100.0**	1,900	100.0

Revenue generated from Aesthetic Services increased by S$63,000 from S$25,000 for the three months ended 31 March 2020 to S$88,000 for the three months ended 31 March 2021.

Revenue generated from Consultation Services increased by S$28,000 from S$420,000 for the three months ended 31 March 2020 to S$448,000 for the three months ended 31 March 2021. The increase of patient visits was mainly attributable to "Family and Skin" clinic, which will be a gateway to access a larger pool of customers. The number of patient visits for Consultation Services was increased from 5,301 for the three months ended 31 March 2020 to 5,505 for the three months ended 31 March 2021, representing a 3.8% increase for the three months ended 31 March 2021 as compared with the corresponding period in 2020.

Revenue generated from Prescription and Dispensing Services increased by S$89,000 from S$586,000 for the three months ended 31 March 2020 to S$675,000 for the three months ended 31 March 2021. The increase is in line with the increase in patient visits from Consultation Services during the same period and attributable to add-on maintenance treatment applicable to eczema patients during the period.

Revenue generated from Treatment Services decreased by S$12,000 from S$603,000 for the three months ended 31 March 2020 to S$591,000 for the three months ended 31 March 2021, which was mainly attributable to a decrease of laser, anesthesia and skin test.

Revenue generated from Other Services also increased by S$61,000 from S$266,000 for the three months ended 31 March 2020 to S$327,000 for the three months ended 31 March 2021. Revenue from Other Services mainly represents service income from patient in relation to laboratory test and medical examination.

Revenue generated from Trading Sales mainly represents income from supplement products based on stem cells and other medical products.

Consumables and medical supplies used

Our consumables and medical supplies used amounted to S$318,000 and S$330,000 for the three months ended 31 March 2020 and 2021 respectively. The increase was in line with the increase in revenue generated from Prescription and Dispensing Services. 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 2021 and 2020 consisted of interest income on finance lease, government grant, reversal of impairment loss on trade and other receivable, rental income and other operating lease income.

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	
	2021	2020
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Directors' remunerations	**405**	112
Other staff costs:		
– Salaries, bonus and other benefits	**713**	325
– Contributions to retirement benefits scheme	**57**	41
Employee benefits expense	**1,175**	478

Employee benefits expense relates to Directors' remuneration, salaries, bonus and other benefits for other professional staff such as trained therapists, clinic executives and other administrative staff, as well as contributions to retirement benefits scheme. The increase was largely due to additional staff headcounts of aesthetic clinic and Hong Kong office.

Our total staff count for employees (including part time staff), excluding our doctors, as at the three months ended 31 March 2020 and 2021 is as follow:

	Three months ended 31 March	
	2021	2020
Total staff count	**51**	33

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.

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 fees, net foreign currency exchange loss and other expenses.

The other operating expenses increased by approximately S$58,000 or 7% from approximately S$789,000 for the three months ended 31 March 2020 to approximately S$847,000 for the three months ended 31 March 2021.

	Three months ended 31 March	
	2021	2020
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Rental and property upkeep	**7**	5
Administrative fees	**77**	71
Professional and consulting fees	**717**	887
Audit fees	**38**	38
Net foreign currency exchange gain	**(232)**	(407)
Credit card and Nets charges	**27**	26
Government rate	**29**	23
Other expenses	**184**	146
Other operating expenses	**847**	789

The decrease in professional and consulting fees of approximately S$170,000 was related to professional fee payable to medical practitioners.

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

The other expenses comprised primarily, management service fee, marketing expenses, transport expenses, utilities charge and other miscellaneous expenses. The increase of other expenses was mainly due to utilities charge and transport expenses.

Finance costs

The finance costs were attributable to interest expenses on term loan and lease liabilities under IFRS16.

Income tax expense

Income tax expense was approximately S$19,000 for the three months ended 31 March 2021 and approximately S$55,000 for the three months ended 31 March 2020. The decrease was mainly attributable to the increase in loss before tax of approximately S$703,000.

Loss for the period

Due to the combined effect of the aforesaid factors, we recorded a loss of approximately S$889,000 for the three months ended 31 March 2021, representing an increase of approximately S$703,000 as compared with the loss of approximately S$186,000 for the three months ended 31 March 2020.

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 2021, 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:

Ordinary shares of the Company

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)*	278,848,000 (Long position)	38.73%

Note: The 278,848,000 shares are held by Brisk Success Holdings Limited ("Brisk Success"). Dr. Loh holds 50% equity interests in Brisk Success and under the SFO, Dr. Loh is deemed to be interested in the 278,848,000 Shares held by Brisk Success.

Save as disclosed above, as at 31 March 2021, 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 2021, 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	278,848,000 (Long position)	38.73%
Ms. Fung Yuen Yee	Interest of spouse *(Note)*	278,848,000 (Long position)	38.73%

Note: 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.

Save as disclosed above, as at 31 March 2021, 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 2021.

Reference is made to the announcement of the Company dated 21 April 2021. Following the resignation of Mr. Cheung Kiu Cho Vincent as an independent non-executive Director, a member of the Nomination Committee and a member of the Audit Committee, the Board comprised five members with three executive Directors and two independent non-executive Directors. As a result, the number of independent nonexecutive Directors of the Board was below the minimum number prescribed under Rule 5.05 of the GEM Listing Rules and was not representing one-third of the Board under Rule 5.05(A) of the GEM Listing Rules. The number of members of the Audit Committee was reduced to two which was below the minimum number prescribed under Rule 5.28 of the GEM Listing Rules. The number of members of the Nomination Committee was reduced to two, therefore the Nomination Committee did not comprise a majority of independent non-executive Directors under Rule A.5.1 of Appendix 15 of the GEM Listing Rules. In order to comply with Rules 5.05, 5.05(A), 5.28 and A.5.1 of Appendix 15 of the GEM Listing Rules, the Company was endeavoring to identify a suitable candidate to fill up the abovementioned vacancies as soon as practicable and in any event within three months from 21 April 2021 as prescribed under Rule 5.33 of the GEM Listing Rules.

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

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 2021.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the three months ended 31 March 2021 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 age 18, 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 2021.

COMPLIANCE OF NON-COMPETITION UNDERTAKING

As disclosed in the prospectus of the Company dated 29 September 2017 (the "Prospectus"), pursuant to the non-competition undertakings set out in the deed of noncompetition dated 22 September 2017, each of our then controlling shareholders, namely Dr. Loh Teck Hiong, Dr. Ee Hock Leong and Dr. Kwah Yung Chien, Raymond (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 2021.

COMPETING INTERESTS

During the three months ended 31 March 2021, none of the Directors or the controlling Shareholders or their respective associates (as defined in the GEM Listing Rules) had any interests in any businesses which competed with or might compete with the business of the Group.

DIVIDENDS

The Board does not recommend the payment of a dividend for the three months ended 31 March 2021.

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. Yang Zhangxin and Mr. Loke Wai Ming. Mr. Ong Kian Guan, an 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, among others, review and supervise the financial reporting process and internal control system of the Company, make recommendations to the Board on the appointment, re-appointment 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 2021 and has provided advise and comments thereon.

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

Hong Kong, 14 May 2021

As at the date of this report, the executive Directors are Dr. Loh Teck Hiong, Mr. Liu Yang and Dr. Seow Swee How; and the independent non-executive Directors are Mr. Ong Kian Guan, Mr. Yang Zhangxin and Mr. Loke Wai Ming.

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.