

RMH HOLDINGS LIMITED

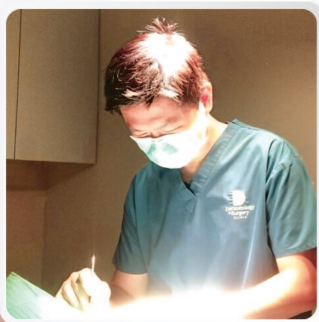
德斯控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8437

First Quarterly Report

2018



## CHARACTERISTICS OF THE 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given that the emerging nature of 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This report, for which the directors (the “Directors”) of RMH Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*



## HIGHLIGHTS

- The unaudited revenue of the Group amounted to approximately S\$1,825,000 for the three months ended 31 March 2018, representing an increase of approximately S\$216,000 or 13.4% as compared with the three months ended 31 March 2017.
- The unaudited profit of the Group was approximately S\$293,000 for the three months ended 31 March 2018, representing an increase of approximately S\$99,000 or 51.0% as compared to the profit for the three months ended 31 March 2017.
- Basic earnings per share was 0.06 Singapore cents for the three months ended 31 March 2018 compared to 0.04 Singapore cents for the three months ended 31 March 2017.
- The Board does not recommend the payment of any dividend for the three months ended 31 March 2018.
- The Group has entered into a tenancy agreement on 27 February 2018 for the purpose of opening of a new “family and skin” clinic in Holland Village in accordance with the future plans as set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

## UNAUDITED FIRST QUARTERLY RESULTS

The board (the “Board”) of directors (the “Director(s)”) of RMH Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) hereby announces the unaudited condensed consolidated results of the Group for the three months ended 31 March 2018, together with the comparative figures for the corresponding period in 2017, as follows:

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

For the three months ended 31 March 2018

	Notes	Three months ended 31 March	
		2018 S\$'000 (Unaudited)	2017 S\$'000 (Unaudited)
<b>Revenue</b>	4	<b>1,825</b>	1,609
Other operating income		17	19
Consumables and medical supplies used		(280)	(256)
Other direct costs		(40)	(21)
Employee benefits expense		(390)	(297)
Depreciation of plant and equipment		(36)	(56)
Other operating expenses		(708)	(266)
Finance costs		–	(2)
Listing expenses		–	(493)
<b>Profit before tax</b>	5	<b>388</b>	237
Income tax expense	6	(95)	(43)
<b>Profit and total comprehensive income for the period attributable to owners of the Company</b>		<b>293</b>	194
<b>Earnings per share attributable to owners of the Company</b>			
Basic earnings per share (S\$ cents)	7	<b>0.06</b>	0.04

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2018

	Share capital S\$'000	Share premium S\$'000	Other reserve S\$'000	Retained earnings (Accumulated loss) S\$'000	Total S\$'000
<b>At 1 January 2018 (audited)</b>	<b>1,037</b>	<b>9,589</b>	<b>2,165</b>	<b>(36)</b>	<b>12,755</b>
<b>Profit and total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>293</b>	<b>293</b>
<b>At 31 March 2018 (unaudited)</b>	<b>1,037</b>	<b>9,589</b>	<b>2,165</b>	<b>257</b>	<b>13,048</b>
At 1 January 2017 (audited)	2	-	-	434	436
Profit and total comprehensive income for the period	-	-	-	194	194
Transfer upon the group reorganisation	(1)	-	1	-	-
<b>At 31 March 2017 (unaudited)</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>628</b>	<b>630</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the three months ended 31 March 2018*

## 1. GENERAL

The Company is incorporated as an exempted company in the Cayman Islands with limited liability under Cayman Companies Law on 22 March 2017. Its registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company is registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “Companies Ordinance”) on 25 May 2017 and the principal place of business in Hong Kong is at Room 5705, 57th Floor, The Center, 99 Queen’s Road Central, Hong Kong. The head office and principal place of business of the Company in Singapore is at #15-09 Paragon (Office Tower), 290 Orchard Road, Singapore 238859. The shares of the Company (the “Shares”) have been listed on the GEM of the Stock Exchange with effect from 13 October 2017.

The Company’s immediate and ultimate holding company is Brisk Success Holdings Limited (“Brisk Success”), a company incorporated in the British Virgin Islands (“BVI”). Dr. Loh Teck Hiong (“Dr. Loh”), Dr. Ee Hock Leong (“Dr. Ee”) and Dr. Kwah Yung Chien Raymond (“Dr. Kwah”) jointly control Brisk Success and are the controlling shareholders of the Company (together referred to as the “Controlling Shareholders”).

The Company is an investment holding company. The Group primarily focuses on provision of specialty care services for a variety of dermatological conditions affecting skin, hair and nails by utilising medical, surgical, laser and aesthetic treatments, including:

- consultation services (the “Consultation Services”)
- prescription and dispensing services (the “Prescription and Dispensing Services”)
- treatments services (the “Treatment Services”)
- other services

## 2. BASIS OF PREPARATION

The condensed consolidated financial statements are unaudited but have been reviewed by the audit committee of the Company. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended 31 December 2017, which have been prepared in accordance with the applicable disclosure requirements of the GEM Listing Rules, 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 Companies Ordinance. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the consolidated financial statements for the year ended 31 December 2017.

All IFRSs effective for the accounting period commencing from 1 January 2018, together with the relevant transitional provisions, have been adopted by the Group in preparation of these condensed consolidated financial statements. The adoption of these new/revised IFRSs 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 period.

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

## 3. SEGMENT INFORMATION

The Group is principally engaged in the provision of specialty care services for a variety of dermatological conditions affecting skin, hair and nails by utilising medical, surgical, laser and aesthetic treatments in Singapore, through the provision of personalised services, including the Consultation Services, the Prescription and the Dispensing Services and the 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. 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 reviews 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.

During the three months ended 31 March 2018, our revenue, operating expenses, assets and liabilities are mainly derived from the Group’s operations in Singapore.

As at 31 March 2018, the Group’s non-current assets were mainly located in Singapore.

#### 4. REVENUE

The following is an analysis of the Group's revenue from its major business activities:

	Three months ended 31 March	
	2018 S\$'000 (Unaudited)	2017 S\$'000 (Unaudited)
<b>Revenue</b>		
Consultation Services	463	416
Prescription and Dispensing Services	564	435
Treatment Services	678	642
Other services	120	116
	<b>1,825</b>	<b>1,609</b>

Note: Other service mainly represent income from services provided to patient in relation to laboratory test carried out during treatment.

#### 5. PROFIT BEFORE TAX

	Three months ended 31 March	
	2018 S\$'000 (Unaudited)	2017 S\$'000 (Unaudited)
Profit before tax has been arrived at after charging:		
Auditor's remuneration	38	41
Operating lease expenses	109	101
Net foreign currency exchange loss	315	4
Employee benefits expense		
Directors' remunerations	205	144
Other staff costs		
— salaries, bonus and other benefits	160	129
— contributions to retirement benefits scheme	25	24
	<b>390</b>	<b>297</b>
Depreciation of plant and equipment	<b>36</b>	<b>56</b>



## 6. INCOME TAX EXPENSE

Since the business operations of the Group are based in Singapore, the Group is liable to pay profits tax in accordance with the laws and regulations of Singapore. Singapore profits tax has been provided at the rate of 17% (2017: 17%) on the chargeable income arising in Singapore during the period after offsetting non- deductible expenses.

	Three months ended 31 March	
	2018	2017
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Income tax expense comprises:		
Singapore corporate income tax		
— Current tax	95	43
	<b>95</b>	<b>43</b>

## 7. EARNINGS PER SHARE

	Three months ended 31 March	
	2018	2017
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Profit attributable to the owners of the Company (S\$'000)	293	194
Weighted average number of ordinary shares in issue ('000)	503,000	450,000
Basic earnings per share (S\$ cents)	0.06	0.04

The number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the reorganisation and the capitalisation issue had been effective on 1 January 2017.

For the three months ended 31 March 2018 and 2017, no separated diluted earnings per share information has been presented as there was no dilutive potential ordinary shares outstanding.

## 8. DIVIDENDS

The Board does not recommend the payment of a dividend for the three months ended 31 March 2018 (three months ended 31 March 2017: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS


### **BUSINESS REVIEW**

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

The revenue of the Group grew by approximately S\$216,000, or 13.4%, to approximately S\$1,825,000, compared to the three months ended 31 March 2017. The revenue generated from Consultation Services, Prescription and Dispensing Services, Treatment Services and other services.

### **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 has entered into a tenancy agreement on 27 February 2018 for the purpose of opening of a new “Family and Skin” clinic in Holland Village in accordance with the future plans as set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus. The “Family and Skin” clinics will be a gateway to access a larger pool of customers and our General Practitioners located at the “Family and Skin” clinic. The “Family and Skin” clinic will focus on treatments of less complicated dermatological conditions, such as skin infections, eczema, and acne, which will respond to standard medication. Besides, the “Family and Skin” clinic is situated in neighbourhoods in Singapore in areas with residential, commercial and corporate concentration at or near public transportation facilities. With wider access to more customers, customers with more complicated dermatological conditions or medical aesthetic treatments that require special intervention will be referred to our existing Clinics, which are staffed by our resident Doctors and are fully equipped to perform intricate treatments.

Upon establishment of Holland Village Clinic, our revenue may further increase as a result of the increase in the number of patient visits of such newly established clinics, but it is anticipated that such growth would be of a lesser than existing 3 clinics extent due to the “Family and Skin” clinic targets at patients with common dermatological problems comprising young middle-income couples and families.

## **FINANCIAL REVIEW**

### **Revenue**

The Group’s overall revenue amounted to approximately S\$1,825,000 for the three months ended 31 March 2018, representing an increase of approximately S\$216,000 or 13.4% as compared with the revenue of S\$1,609,000 for the three months ended 31 March 2017.


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 and Treatment Services. The increase in revenue for the three months ended 31 March 2018 was mainly attributable to the resident doctor who joined the Group and started to render services in March 2017. The following table sets forth a breakdown of our revenue for the periods indicated:

	Three months ended			
	2018		2017	
	S\$'000 (unaudited)	%	S\$'000 (unaudited)	%
<b>Revenue</b>				
Consultation Services	463	25.4	416	25.9
Prescription and Dispensing Services	564	30.9	435	27.0
Treatment Services	678	37.1	642	39.9
Other services	120	6.6	116	7.2
	<b>1,825</b>	<b>100.0</b>	1,609	100.0

Revenue generated from Consultation Services increased by S\$47,000 from S\$416,000 to S\$463,000 for the three months ended 31 March in 2017 and 2018, respectively. With an increase in the total number of patient visits from 4,969 to 5,239 for the three months ended 31 March in 2017 and 2018, respectively, the Group recorded a 11.7% growth in the total number of patient visits for the three months ended 31 March 2018.

Revenue generated from Prescription and Dispensing Services also increased by S\$129,000 from S\$435,000 to S\$564,000 for the three months ended 31 March in 2017 and 2018, respectively. The increase is in line with the increase in the total number of patient visits in the same period.

Revenue generated from Treatment Services increased by S\$36,000 from S\$642,000 to S\$678,000 for the three months ended 31 March in 2017 and 2018, respectively. Revenue generated from Treatment Services are predominantly generated from excision, cryosurgery and laser treatments.



## **Other operating income**

Other operating income for the three months ended 31 March 2017 and 2018, represented primarily government grants and other income which comprised cash pay-out from Inland Revenue Authority of Singapore (“IRAS”) in relation to qualifying expenditure incurred during the period ended and other miscellaneous income.

## **Consumables and medical supplies used**

Our consumables and medical supplies used amounted to S\$256,000 and S\$280,000 for the three months ended 31 March in 2017 and 2018, respectively. The increase is in line with the increase in revenue. 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.

## Employee benefits expense

	Three months ended 31 March	
	2018 S\$'000 (Unaudited)	2017 S\$'000 (Unaudited)
Directors' remuneration	205	144
Staff salaries and related expense	185	153
Employee benefits expense	390	297

Employee benefits expense relate to directors' remuneration, salaries for other professional staff such as trained therapists, clinic executives and other administrative staff working at the Clinics, CPF contributions and bonuses. The increase is largely due to higher headcounts and increase of Directors' remuneration as stated in the prospectus of the Company dated 29 September 2017.

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

	As at 31 March	
	2018	2017
Total Staff Count	20	16

## 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.

### Other operating expenses

The Group's other operating expenses comprised rental and property upkeep, administrative fees, professional fees and other expenses.

The other operating expenses for the three months ended 31 March 2018 increased by approximately S\$442,000 from approximately S\$266,000 for the three months ended 31 March 2017 to approximately S\$708,000.

	Three months ended 31 March	
	2018 S\$'000 (Unaudited)	2017 S\$'000 (Unaudited)
Rental and property upkeep	107	99
Administrative fees	67	67
Professional fees	187	56
Net foreign currency exchange loss	315	4
Other expenses	32	40
<b>Other Operating Expenses</b>	<b>708</b>	266

The increase in professional fees of approximately S\$131,000 to S\$187,000 for the three months ended 31 March 2018 was related to the post-Listing fees incurred for audit, legal adviser, compliance adviser, financial printer and other professional fees.

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.

## **Finance costs**

The Group did not have any bank borrowings, new finance lease liabilities, or new interest-bearing liabilities for the three months ended 31 March 2018. The Group settled the remaining obligations under finance leases for the medical equipment in September 2017 thus leading to decrease in finance costs of approximately S\$2,000.

## **Income tax expense**

Income tax expense was approximately S\$95,000 for the three months ended 31 March 2018 and S\$43,000 for the three months ended 31 March 2017. The increase was primarily attributable to the increase in profit before tax.

## **Listing expenses**

During the three months ended 31 March 2017, the Group recognised non-recurring listing expenses of S\$493,000 as expenses in connection with the Listing.

## **Profit for the period**

Our profit after tax increased by approximately S\$99,000 from approximately S\$194,000 for the three months ended 31 March 2017 to approximately S\$293,000 for the three months ended 31 March 2018. The increase was mainly attributable to the cumulative effects of the reasons aforesaid.

# **CORPORATE GOVERNANCE AND OTHER INFORMATION**

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

As at 31 March 2018, 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, will be as follows:

Name of Director	Capacity/ nature of interest	Number of shares interested	Percentage of interest in our Company
Dr. Loh	Interest in controlled corporation <sup>(Note)</sup>	405,000,000 (long position)	67.5%
Dr. Ee	Interest in controlled corporation <sup>(Note)</sup>	405,000,000 (long position)	67.5%
Dr. Kwah	Interest in controlled corporation <sup>(Note)</sup>	405,000,000 (long position)	67.5%

Note:

The 405,000,000 shares are held by Brisk Success. As Brisk Success is beneficially owned by Dr. Loh, Dr. Ee and Dr. Kwah as to 33.33%, respectively and they are acting in concert as to approximately 33.33%, respectively, therefore they are deemed to be interested in the Shares held by Brisk Success under the SFO.

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

As at 31 March 2018, the following person, 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,

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 <sup>(Note 1)</sup>	405,000,000	67.5%
Ms. Fung Yuen Yee	Interest of spouse <sup>(Note 2)</sup>	405,000,000	67.5%
Ms. Chou Mei	Interest of spouse <sup>(Note 3)</sup>	405,000,000	67.5%
Ms. Grace Lim Wen Li	Interest of spouse <sup>(Note 4)</sup>	405,000,000	67.5%
Magic Wave Holdings Limited	Beneficial Owner	45,000,000	7.5%
Dr. Wong Chun Yu <sup>(Note 5)</sup>	Interested in controlled corporation	45,000,000	7.5%
Ms. Wong Oi Yee Amy <sup>(Note 5)</sup>	Interest of spouse	45,000,000	7.5%

Notes:

1. The entire issued share capital of Brisk Success is legally and beneficially owned as to approximately 33.33% by Dr. Loh, Dr. Ee and Dr. Kwah, respectively. Accordingly, Dr. Loh, Dr. Ee and Dr. Kwah are deemed to be interested in 405,000,000 Shares held by Brisk Success by virtue of the SFO. Dr. Loh, Dr. Ee and Dr. Kwah are executive Directors and are persons acting in concert and accordingly each of them is deemed to be interested in the Shares held by the others.
2. Ms. Fung Yuen Yee, being the spouse of Dr. Loh, is deemed to be interested in all the Shares in which Dr. Loh is interested pursuant to the SFO.
3. Ms. Chou Mei, being the spouse of Dr. Ee, is deemed to be interested in all the Shares in which Dr. Ee is interested in pursuant to the SFO.
4. Ms. Grace Lim Wen Li, being the spouse of Dr. Kwah, is deemed to be interested in all the Shares in which Dr. Kwah is interested in pursuant to the SFO.
5. Magic Wave Holdings Limited is wholly-owned by Dr. Wong Chun Yu and he is therefore deemed to be interested in the Shares held by Magic Wave Holdings Limited. Ms. Wong Oi Yee Amy, being the spouse of Dr. Wong Chun Yu, is deemed to be interested in all the Shares that Dr. Wong Chun Yu is interested in pursuant to the SFO.



## **CORPORATE GOVERNANCE CODE**

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 adopted the code provisions on the Corporate Governance Code (the "CG Code") contained in Appendix 15 to the GEM Listing Rules as its own code of corporate governance and the Board is satisfied that the Company had complied with the CG Code during the three months ended 31 March 2018. Save as disclosed in the section headed "Audit Committee" in this report, the Company had complied with all the applicable code provisions of the CG Code during the period under review.

## **SHARE OPTION SCHEME**

The Company has adopted a share option scheme, which was approved by written resolutions passed by all the then shareholders of the Company on 22 September 2017 (the "Share Option Scheme"). During the period from 22 September 2017 to the date of this report, no share options were granted by the Company.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period under review.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

At no time during three months ended 31 March 2018 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouses or children under 18 years of age, or were any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

## **COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS**

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

## **COMPLIANCE OF NON-COMPETITION UNDERTAKING**

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

The independent non-executive Directors have reviewed the implementation of the deed of non-competition and are of the view that the Controlling Shareholders had complied with their undertakings given under the deed of non-competition for the three months ended 31 March 2018.

## **COMPETING INTERESTS**

The Directors confirm that none of the Controlling Shareholders or the Directors and their respective close associates (as defined in the GEM Listing Rules) is interested in any business apart from the business operated by our Group which competes or is likely to compete, directly or indirectly, with our Group's business during the reporting period and up to the date of this report.

## INTEREST OF THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Red Solar Capital Limited, as at 31 March 2018, 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 associates had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

## DIVIDENDS

The Directors do not recommend the payment of a dividend for the three months ended 31 March 2018.

## AUDIT COMMITTEE

The Group established an 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 (the "Audit Committee"). As at the date of this report, the audit committee consists of two independent non-executive Directors, namely Mr. Ong Kian Guan and Mr. Cheung Kiu Cho, Vincent. Mr. Ong Kian Guan, our independent non-executive Director with the appropriate professional qualifications, serves as the chairman of the Audit Committee. Following the pass away of Mr. Wong Siu Ki, the number of members of the Audit Committee was reduced to two which is below the minimum number prescribed under Rule 5.28 of the GEM Listing Rules. The Company is endeavoring to identify a suitable candidate to fill up the vacancy as soon as practicable in accordance with the GEM Listing Rules and will make further announcement(s) as and when appropriate.

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 unaudited condensed consolidated results of the Group for the three months ended 31 March 2018 and has provided advice and comments thereon.

By Order of the Board  
**RMH Holdings Limited**  
**Dr. Loh Teck Hiong**  
*Chairman and executive Director*

Hong Kong, 14 May 2018

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