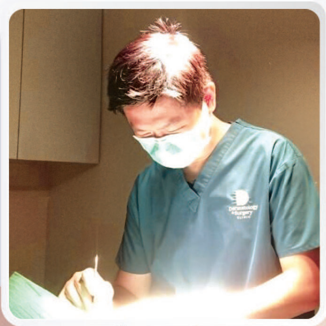
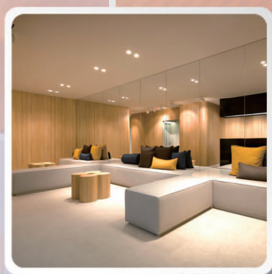
RMH HOLDINGS LIMITED
德斯控股有限公司

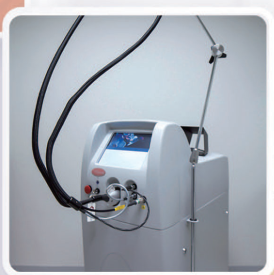
(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8437

Interim Report 2018







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

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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 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$3,711,000 for the six months ended 30 June 2018, representing an increase of approximately S$377,000 or 11.3% as compared with the six months ended 30 June 2017.

- The unaudited profit for period of the Group was approximately S$1,130,000 for the six months ended 30 June 2018, representing an increase of approximately S$1,215,000 as compared with the loss of approximately S$85,000 for the six months ended 30 June 2017. The increase was mainly due to the one-off Listing expenses for the six months ended 30 June 2017, which was approximately S$1,339,000. Excluding the one-off Listing expenses, the unaudited profit attributable to the shareholders of the Company for the six months ended 30 June 2017 would be approximately S$1,254,000. The decrease of approximately S$124,000 or 9.9% in unaudited profit without the effect of the one-off Listing expenses for the six months ended 30 June 2017 was due to costs incurred for post-Listing fees and other professional fees incurred by the Group for the six months ended 30 June 2018.

- Basic earnings per share was 0.22 Singapore cents for the six months ended 30 June 2018 compared to basic loss per share was 0.02 Singapore cents for the six months ended 30 June 2017.

- The Board does not recommend the payment of a dividend for the six months ended 30 June 2018.

UNAUDITED INTERIM 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 six months ended 30 June 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 and six months ended 30 June 2018

		Three months ended 30 June		Six months ended 30 June	
		2018	2017	**2018**	2017
	Notes	***S$'000***	*S$'000*	***S$'000***	*S$'000*
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue	*4*	**1,886**	1,725	**3,711**	3,334
Other operating income		**27**	3	**44**	22
Consumables and medical supplies used		**(267)**	(220)	**(547)**	(476)
Other direct costs		**(24)**	(35)	**(64)**	(56)
Employee benefits expense		**(369)**	(298)	**(759)**	(595)
Depreciation of plant and equipment		**(37)**	(55)	**(73)**	(111)
Other operating expenses		**(284)**	(508)	**(992)**	(774)
Finance costs		**–**	(2)	**–**	(4)
Listing expenses		**–**	(846)	**–**	(1,339)
Profit (loss) before tax	*5*	**932**	(236)	**1,320**	1
Income tax expense	*6*	**(95)**	(43)	**(190)**	(86)
Profit (loss) and total comprehensive income (expenses) for the period attributable to owners of the Company		**837**	(279)	**1,130**	(85)
Earnings (Loss) per share attributable to owners of the Company					
Basic earnings (loss) per share (Singapore cents)	*7*	**0.16**	(0.06)	**0.22**	(0.02)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	**30 June 2018 S$'000 (Unaudited)**	31 December 2017 S$'000 (Audited)
NON-CURRENT ASSETS			
Plant and equipment	9	**169**	229
Rental deposits		**72**	64
		241	293
CURRENT ASSETS			
Inventories		**234**	201
Trade and other receivables	10	**891**	740
Bank balances and cash		**13,343**	12,553
		14,468	13,494
CURRENT LIABILITIES			
Trade and other payables	11	**394**	601
Income tax payables		**396**	397
		790	998
NET CURRENT ASSETS		**13,678**	12,496
TOTAL ASSETS LESS CURRENT LIABILITIES		**13,919**	12,789
NON-CURRENT LIABILITY			
Deferred tax liability		**34**	34
NET ASSETS		**13,885**	12,755
CAPITAL AND RESERVES			
Share capital	12	**1,037**	1,037
Reserves		**12,848**	11,718
		13,885	12,755

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Share capital *S$'000*	Share premium *S$'000*	Other reserve *S$'000*	Retained earnings (Accumulated loss) *S$'000*	Total *S$'000*
At 1 January 2018 (audited)	**1,037**	**9,589**	**2,165**	**(36)**	**12,755**
Profit and total comprehensive income for the period	**–**	**–**	**–**	**1,130**	**1,130**
At 30 June 2018 (unaudited)	**1,037**	**9,589**	**2,165**	**1,094**	**13,885**
At 1 January 2017 (audited)	2	–	–	434	436
Loss and total comprehensive expense for the period	–	–	–	(85)	(85)
Transaction with owners, recognised directly in equity:					
Transfer upon the Group Reorganisation	(1)	–	1	–	–
Issue of shares of Unified Front Limited ("Unified Front")	(1)	–	2,164	–	2,163
At 30 June 2017 (unaudited)	–	–	2,165	349	2,514

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Six months ended 30 June 2018 S$'000 (Unaudited)	2017 S$'000 (Unaudited)
OPERATING ACTIVITIES		
Profit before tax	**1,320**	1
Adjustment for:		
Finance costs	**–**	4
Depreciation of plant and equipment	**73**	111
Interest income	**(8)**	–
Operating cash flows before working capital changes	**1,385**	116
Movement in working capital:		
Increase in inventories	**(33)**	(68)
Increase in trade and other receivables and rental deposits	**(160)**	(122)
(Decrease) increase in trade and other payables	**(207)**	325
Cash generated from operations	**985**	251
Interest received	**8**	–
Income tax paid	**(191)**	(268)
Cash from (used in) operating activities	**802**	(17)
INVESTING ACTIVITY		
Purchase of plant and equipment	**(12)**	–
Cash used in investing activity	**(12)**	–
FINANCING ACTIVITIES		
Issue of shares of Unified Front Limited	**–**	2,163
Proceeds from issue of shares	**–**	1,338
Direct transaction costs paid	**–**	(1,339)
Finance costs paid	**–**	(4)
Repayments of obligations under finance leases	**–**	(56)
Cash from financing activities	**–**	2,102
Net increase in cash and cash equivalents	**790**	2,085
Cash and cash equivalents at beginning of the period	**12,553**	478
Cash and cash equivalents at end of the period, represented by bank balances and cash	**13,343**	2,563

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 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 has been successfully listed on GEM of the Stock Exchange (the "Listing") on 13 October 2017 by way of share offer (the "Share Offer").

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 six months ended 30 June 2018, our revenue, operating expenses, assets and liabilities were mainly derived from the Group's operations in Singapore.

As at 30 June 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:

	Six months ended 30 June	
	2018	2017
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Revenue		
Consultation Services	**969**	868
Prescription and Dispensing Services	**1,094**	909
Treatment Services	**1,395**	1,321
Other services	**253**	236
	3,711	3,334

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

5. PROFIT BEFORE TAX

	Six months ended 30 June	
	2018	2017
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Profit before tax has been arrived at after charging:		
Auditor's remuneration	**75**	173
Operating lease expenses	**217**	197
Net foreign currency exchange loss	**84**	–
Employee benefits expense		
Directors' remunerations	**410**	289
Other staff costs		
— salaries, bonus and other benefits	**304**	264
— contributions to retirement benefits scheme	**45**	42
	759	595
Depreciation of plant and equipment	**73**	111

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.

	Six months ended 30 June	
	2018	2017
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Income tax expense comprises:		
Singapore corporate income tax		
— Current tax	**190**	86
	190	86

7. EARNINGS (LOSS) PER SHARE

	Six months ended 30 June	
	2018	2017
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Profit (Loss) attributable to the owners of the Company (S$'000)	**1,130**	(85)
Weighted average number of ordinary shares in issue ('000)	**520,000**	444,000
Basic earnings (loss) per share (Singapore cents)	**0.22**	(0.02)

The number of ordinary shares of the Company 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 six months ended 30 June 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 six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

9. PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired plant and equipment of approximately S$12,000 (30 June 2017: S$ Nil).

10. TRADE AND OTHER RECEIVABLES

	As at 30 June 2018 S$'000 (Unaudited)	As at 31 December 2017 S$'000 (Audited)
Trade receivables	**735**	652
Deposits	**43**	26
Prepayments	**95**	46
Other receivables	**18**	16
	891	740

The patients of the Group usually settle their payments by cash, Network for Electronic Transfers ("NETS"), credit cards and claiming from insurance companies. For credit cards and NETS, the bank will deposit the money in the following day after the date of invoice. For payment claiming from insurance companies, the Group allowed a credit period ranging from 45 to 90 days to insurance companies and it would generally grant payment terms of 90 days if payment terms are not specified in the contracts.

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 insurance companies at the end of each reporting period:

	As at 30 June 2018 S$'000 (Unaudited)	As at 31 December 2017 S$'000 (Audited)
0–30 days	**224**	159
31–60 days	**184**	143
61–90 days	**178**	102
Over 90 days	**149**	248
	735	652

As at 30 June 2018 and 31 December 2017, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately S$149,000 and approximately S$248,000 respectively which were past due but not impaired. The trade receivables which were past due but not impaired were amounts due from the insurance companies which have strong financial backgrounds and continuous settlements and these insurance companies do not have historical default of payments. In the opinion of the directors of the Company, these amounts are still considered recoverable. The Group does not hold any collateral over these balances.

The following is an ageing analysis of trade receivables which are past due but not impaired:

	As at 30 June 2018 *S$'000* **(Unaudited)**	As at 31 December 2017 *S$'000* (Audited)
Overdue by:		
0–30 days	**107**	48
Over 30 days	**42**	200
Total	**149**	248

The Group's remaining trade receivables were not past due nor impaired at the end of each reporting period and were due from debtors who do not have historical default of payments.

In determining the recoverability of a trade receivable, the Group considers any change in credit quality of the trade receivables from the date credit was initially granted up to the end of each reporting period. The Directors believe that no credit provision is required.

11. TRADE AND OTHER PAYABLES

	As at 30 June 2018 ***S$'000*** **(Unaudited)**	As at 31 December 2017 *S$'000* (Audited)
Trade payables	**120**	34
Accrued staff costs	**22**	36
Accrued operating expenses	**201**	229
Other tax payables	**51**	45
Other payables	**–**	257
	394	601

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:

	As at 30 June 2018 ***S$'000*** **(Unaudited)**	As at 31 December 2017 *S$'000* (Audited)
0–30 days	**118**	32
31–60 days	**–**	1
61–90 days	**2**	–
over 90 days	**–**	1
	120	34

12. SHARE CAPITAL

For the purpose of presenting the share capital of the Group prior to the Group Reorganisation in the consolidated statement of financial position, the balance as at 1 January 2017 and 30 June 2017 represented the share capital of the Singapore subsidiaries.

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:			
As at date of incorporation on 22 March 2017 *(Note a)*	38,000,000	0.01	380
Increase on 22 September 2017 *(Note b)*	962,000,000	0.01	9,620
As at 30 June 2018 and 31 December 2017	1,000,000,000	0.01	10,000

	Number of shares	Share capital
		S$'000
Issued and fully paid shares of the Company:		
At date of incorporation on 22 March 2017 *(Note a)*	1	–
Issue of shares pursuant to the Group Reorganisation *(Note c)*	99	–
Issue of shares under the capitalisation issue *(Note d)*	449,999,900	777
Issue of shares under the Share Offer *(Note e)*	150,000,000	260
As at 30 June 2018 and 31 December 2017	600,000,000	1,037

Notes:

(a) The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands with an authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each. On 22 March 2017, one initial nil-paid subscriber share was allotted and issued to its initial subscriber. On the same date, the initial subscriber transferred the Initial Share to Brisk Success.

(b) Pursuant to the written resolutions passed by the shareholders on 22 September 2017, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 ordinary shares to HK$10,000,000 divided into 1,000,000,000 ordinary shares by the creation of additional 962,000,000 new ordinary shares which shall, when issued, rank pari passu in all respects with the existing issued ordinary shares.

(c) On 11 May 2017, Brisk Success and the Pre- IPO Investor transferred their respective equity interests in Unified Front, representing the entire issued share capital of Unified Front, to the Company in consideration of which, (a) the Company allotted and issued 89 and 10 shares to Brisk Success and the Pre-IPO Investor respectively, all credited as fully paid, and (b) the Initial Share held by Brisk Success was credited as fully paid.

(d) Pursuant to the written resolutions passed by the shareholders of the Company on 22 September 2017, after the share premium account of the Company being credited as a result of the placing of the Company's shares, the directors of the Company were authorised to capitalise the amount of HK$4,499,999 (equivalent to approximately S$777,000) from the share premium account of the Company and to apply such amount as to pay up in full at par a total 449,999,900 ordinary shares of HK$0.01 each for allotment and issue to the then existing shareholders of the Company.

(e) On 13 October 2017, the Company placed 135,000,000 ordinary shares and public offer of 15,000,000 new shares at HK$0.48 per share for a total gross proceeds of approximately HK$72,000,000 (equivalent to approximately S$12,434,000).

13. RELATED PARTY TRANSACTIONS

The remuneration of directors of the Company and other members of key management personnel during the reporting period was as follows:

Compensation of key management personnel

	Six months ended 30 June	
	2018	2017
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Salaries, performance bonus and other benefits	**391**	270
Contributions to retirement benefits scheme	**19**	19
	410	289

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$377,000 or 11.3%, to approximately S$3,711,000 for the six months ended 30 June 2018, compared to the six months ended 30 June 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.

In second half of year 2018, the Group will open 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 of the Company dated 29 September 2017 (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.

In addition, we would like to expand our Raffles Place Clinic in order to enjoy a scalability of its operations and focus on treatments for more complex dermatological conditions and intricate medical aesthetic treatments (such as addressing more resistant facial pigmentation and detailed facial contouring with filler and Botulinum Toxin injections) which will be carried out by our resident Doctors (who are registered dermatology specialists with the MOH) or by trained therapists under supervision of our resident Doctors.

We further intend to recruit one qualified General Practitioners and a female resident dermatologist with our Group's expansion to Holland Village Clinic and Raffles Place Clinic.

FINANCIAL REVIEW

Revenue

The Group's overall revenue amounted to approximately S$3,711,000 for the six months ended 30 June 2018, representing an increase of approximately S$377,000 or 11.3% as compared with the revenue of approximately S$3,334,000 for the six months ended 30 June 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 six months ended 30 June 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:

	Six months ended 30 June			
	2018		2017	
	S$'000	%	*S$'000*	%
	(Unaudited)		(Unaudited)	
Revenue				
Consultation Services	**969**	**26.1%**	868	26.0%
Prescription and Dispensing Services	**1,094**	**29.5%**	909	27.3%
Treatment Services	**1,395**	**37.6%**	1,321	39.6%
Other services	**253**	**6.8%**	236	7.1%
	3,711	**100.0%**	3,334	100.0%

Revenue generated from Consultation Services increased by approximately S$101,000 from approximately S$868,000 to approximately S$969,000 for the six months ended 30 June 2017 and 2018, respectively. With an increase in the total number of patient visits from 8,654 to 9,369 for the six months ended 30 June 2017 and 2018, respectively, the Group recorded a 8.3% growth in the total number of patient visits for the six months ended 30 June 2018 as compared with the six months ended 30 June 2017.

Revenue generated from Prescription and Dispensing Services also increased by approximately S$185,000 from approximately S$909,000 to approximately S$1,094,000 for the six months ended 30 June 2017 and 2018, respectively. The increase was in line with the increase in the total number of patient visits in the same period.

Revenue generated from Treatment Services increased by approximately S$74,000 from approximately S$1,321,000 to approximately S$1,395,000 for the six months ended 30 June 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 six months ended 30 June 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 reporting period ended, fixed deposit interest income and other miscellaneous income.

Consumables and medical supplies used

Our consumables and medical supplies used amounted to approximately S$476,000 and approximately S$547,000 for the six months ended 30 June in 2017 and 2018, respectively. The increase was 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

	Six months ended 30 June	
	2018	2017
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Directors' remuneration	**410**	289
Staff salaries and related expense	**349**	306
Employee benefits expense	**759**	595

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.

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

	Six months ended 30 June	
	2018	2017
Total staff count	**22**	18

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 six months ended 30 June 2018 increased by approximately S$218,000 from approximately S$774,000 for the six months ended 30 June 2017 to approximately S$992,000.

	Six months ended 30 June	
	2018	2017
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Rental and property upkeep	**213**	193
Administrative fees	**154**	160
Professional fees	**438**	273
Net foreign currency exchange loss	**84**	26
Other expenses	**103**	122
Other Operating Expenses	**992**	774

The increase in professional fees from approximately S$273,000 to approximately S$438,000 for the six months ended 30 June 2018 was due 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 six months ended 30 June 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$4,000.

Listing expenses

During the six months ended 30 June 2017, the Group recognised one-off Listing expenses of approximately S$1,339,000 in connection with the Listing.

Income tax expense

Income tax expense was approximately S$190,000 for the six months ended 30 June 2018 and approximately S$86,000 for the six months ended 30 June 2017. The increase was mainly attributable to the combined effect of (i) an increase in profit before tax from approximately S$1,000 to approximately S$1,320,000; (ii) non-deductible listing expenses of approximately S$1,339,000 incurred for the six months ended 30 June 2018; and (iii) the Group was no longer eligible for Singapore new start-up companies tax exemption scheme during the six months ended 30 June 2018.

Profit (loss) for the period

Due to the combined effect of the aforesaid factors, we recorded the unaudited profit of approximately S$1,130,000 for the six months ended 30 June 2018, representing an increase of approximately S$1,215,000 as compared with the unaudited loss of approximately S$85,000 for the six months ended 30 June 2017. The increase was mainly due to one-off Listing expenses of approximately S$1,339,000 incurred during the six months ended 30 June 2017. Excluding which, profit for the six months ended 30 June 2017 would be approximately S$1,254,000.

INTERIM DIVIDENDS

The Directors do not recommend the payment of a dividend for the six months ended 30 June 2018.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The capital of the Group only comprises ordinary shares.

As at 30 June 2018, the total equity of the Group was approximately S$13,885,000 (31 December 2017: approximately S$12,755,000). The Group generally financed its operation with internally generated cash flows. The Group had bank balances and cash of approximately S$13,343,000 as at 30 June 2018 (31 December 2017: approximately S$12,553,000). As at 30 June 2018, the Group had net current assets of approximately S$13,678,000 (31 December 2017: approximately S$12,496,000).

Net cash from operating activities for the six months ended 30 June 2018 was approximately S$800,000 (six months ended 30 June 2017: net cash used in operations was approximately S$17,000). 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.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

During the six months ended 30 June 2018, the Group did not have any significant investment, material acquisitions nor disposal of subsidiaries and affiliated companies.

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 an unrealised foreign exchange loss of approximately S$84,000 for the six months ended 30 June 2018 as Hong Kong dollars weakened against Singapore dollars.

COMMITMENTS

The contractual commitments of the Group were primarily related to the leases of our office premise and clinics. As at 30 June 2018, our Group's operating lease commitments amounted to approximately S$989,000 (31 December 2017: approximately S$951,000).

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.

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 30 June 2018, the Group did not have material contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2018, excluding our doctors and including part time staff, our Group had a total of 22 employees (31 December 2017: 18). Staff costs, including Directors' remuneration, of our Group were approximately S$759,000 for the six months ended 30 June 2018 (30 June 2017: approximately S$595,000). 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 30 June 2018 and 31 December 2017, 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 30 June 2018 were used as follows:

	Planned use of proceeds as shown in the Prospectus (adjusted on a prorata basis based on the actual net proceeds) *HK$ million*	Planned use of proceeds as shown in the Prospectus from the date of the Listing to 30 June 2018 (adjusted on a prorata basis based on the actual net proceeds) *HK$ million*	Actual use of proceeds from the date of the Listing to 30 June 2018 *HK$ million*	Unutilised amount as 30 June 2018 *(Note a)* *HK$ million*	Notes
Strategically expand and strengthen our network of clinics in Singapore	14.1	6.8	(0.1)	14.0	*b*
Enhance the quality and variety of our Services at our existing Clinics and establish new medical aesthetic clinics	13.6	5.1	–	13.6	*c*
Purchase additional new devices and broaden the variety of treatments and products offered	9.6	5.0	(0.1)	9.5	*c*
Establish a logistics centre for centralised operations	2.3	2.3	–	2.3	*c*
Improve our information technology infrastructure and systems	2.4	1.8	(0.1)	2.3	*d*
General working capital	2.7	1.6	(1.6)	1.1	
	44.7	22.6	(1.9)	42.8	

Notes:

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

(b) The Listing proceeds of approximately HK$6.7 million have not been utilised as at 30 June 2018, as we have delayed the opening of two new "family and skin" clinics in Holland Village and Jurong due to difficulty in securing leases in a popular area. We have only recently entered in to a tenancy agreement on 27 February 2018 at Holland Village and expect to open the clinic in second half of year 2018. Jurong Clinic is expected to be opened in the first quarter of year 2019 as we are recruiting experienced General Practitioners with dermatological expertise.

(c) We delayed our plan on Orchard clinic expansion plan and 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. Besides, we are looking for qualified compounding pharmacist for customised compounded medication and skincare products.

(d) We delayed our spending on information technology infrastructure and systems as we are still in the process of identifying the system that would best fit for our clinic uses.

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

As at 30 June 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, were 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 (Note)	395,000,000 (long position)	65.83%
Dr. Ee	Interest in controlled corporation (Note)	395,000,000 (long position)	65.83%
Dr. Kwah	Interest in controlled corporation (Note)	395,000,000 (long position)	65.83%

Note:

The 395,000,000 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 30 June 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 *(Note 1)*	395,000,000	65.83%
Ms. Fung Yuen Yee	Interest of spouse *(Note 2)*	395,000,000	65.83%
Ms. Chou Mei	Interest of spouse *(Note 3)*	395,000,000	65.83%
Ms. Grace Lim Wen Li	Interest of spouse *(Note 4)*	395,000,000	65.83%

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 395,000,000 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.

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. Following the pass away of Mr. Wong on 7 March 2018, the Board comprises five members with three executive Directors and two independent non-executive Directors. As a result, the number of independent non-executive Directors of the Board is below the minimum number prescribed under Rule 5.05 of the GEM Listing Rules. The number of members of the audit committee of the Company is reduced to two which is below the minimum number prescribed under Rule 5.28 of the GEM Listing Rules. The number of members of the remuneration committee of the Company is reduced to two which is below the minimum number prescribed under Rule 5.34 of the GEM Listing Rules. In order to comply with Rules 5.05, 5.28 and 5.34 of the GEM Listing Rules, the Company has appointed Mr. Wang as an independent non-executive Director, a member of Audit Committee and the chairman of Remuneration Committee of the Company with effect from 1 June 2018. Upon the appointment of Mr. Wang, the Company is in compliance with Rules 5.05, 5.28 and 5.34 of the GEM Listing Rules. Save as disclosed above, 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 the six months ended 30 June 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 six months ended 30 June 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 30 June 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.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR PURSUANT TO RULE 5.05, RULE 5.28 AND RULE 5.34 OF THE GEM LISTING RULES

Pursuant to Rule 5.05 of the GEM Listing Rules, every board of directors of an issuer must include at least three independent non-executive directors and pursuant to Rule 5.05(A) of the GEM Listing Rules, an issuer must appoint independent non-executive directors representing at least one-third of the board of directors. The audit committee of an issuer must comprise a minimum of three members comprising non-executive directors only under Rule 5.28 of the GEM Listing Rules and an issuer must establish a remuneration committee chaired by an independent non-executive director and comprising a majority of independent non-executive directors under Rule 5.34 of the GEM Listing Rules.

The nomination committee and the remuneration committee of the Company recommended an appointment of Mr. Wang Ning ("Mr. Wang") as an independent non-executive director of the Company, a member of audit committee of the Company and the chairman of remuneration committee of the Company, and being entitled to Director's fee of HK$120,000 per annum, with effect from 1 June 2018. The remuneration to Mr. Wang has been approved by the Board.

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 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 unaudited condensed consolidated results of the Group for the six months ended 30 June 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 August 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, Mr. Cheung Kiu Cho Vincent and Mr. Wang Ning.