RMH Holdings Limited
德斯控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8437

2018
Annual Report

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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.

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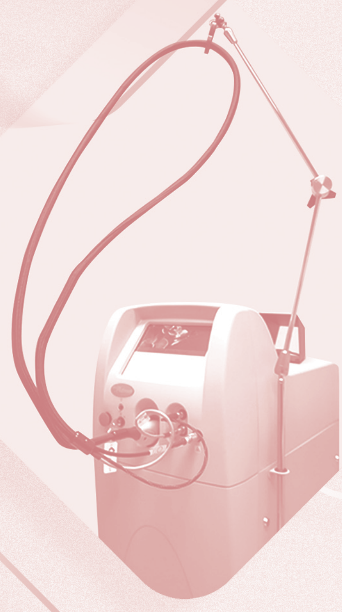

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. Loh Teck Hiong
Dr. Ee Hock Leong
Dr. Kwah Yung Chien, Raymond

Independent Non-Executive Directors

Mr. Cheung Kiu Cho Vincent
Mr. Ong Kian Guan
Mr. Wang Ning

BOARD COMMITTEES

Audit Committee

Mr. Ong Kian Guan *(Chairman)*
Mr. Cheung Kiu Cho Vincent
Mr. Wang Ning

Remuneration Committee

Mr. Wang Ning *(Chairman)*
Mr. Ong Kian Guan
Dr. Kwah Yung Chien Raymond

Nomination committee

Dr. Loh Teck Hiong *(Chairman)*
Mr. Cheung Kiu Cho Vincent
Mr. Ong Kian Guan

COMPLIANCE OFFICER

Dr. Loh Teck Hiong

COMPANY SECRETARY

Mr. Man Yun Wah

AUTHORISED REPRESENTATIVES

Dr. Loh Teck Hiong
Dr. Ee Hock Leong

AUDITOR

Deloitte & Touche LLP
Public Accountants and Chartered Accountants
6 Shenton Way
OUE Downtown 2 #33-00
Singapore 068809

PRINCIPAL BANKER

DBS Bank (Hong Kong) Limited
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18 Westlands Road
Island East
Hong Kong

REGISTERED OFFICE

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P. O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

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290 Orchard Road
Singapore 238859

PRINCIPAL PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART 16 OF THE COMPANIES ORDINANCE

Room 5705, 57th Floor, The Center
99 Queen's Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
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Grand Cayman, KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54 Hopewell Centre
183 Queen's Road East
Hong Kong

LEGAL ADVISER

Robertsons
57 Floor, The Centre
99 Queen's Road Central
Hong Kong

COMPLIANCE ADVISER

Red Solar Capital Limited
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Sheung Wan, Hong Kong

COMPANY WEBSITE

https://rmhholdings.com.sg

GEM STOCK CODE

8437

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of Directors, it is my pleasure to present to you the annual report of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2018.

REVIEW

For the year ended 31 December 2018, revenue of the Group decreased slightly to approximately S$6,987,000 as compared to approximately S$7,054,000 for the year ended 31 December 2017, representing a decrease of approximately 0.9%. The Group offers a wide range of services, namely the consultation services (the "Consultation Services"), the prescription and dispensing services (the "Prescription and Dispensing Services"), the treatment services (the "Treatment Services") and other services.

The Company was successfully listed on the GEM of the Stock Exchange (the "Listing") on 13 October 2017 (the "Listing Date") by way of share offer (the "Share Offer") which offers the Group great opportunity to embark on next stage of growth. The Group is more competitive and boasts promising development potential in the private dermatology practice.

The Group recorded a profit of approximately S$1,851,000 for the year ended 31 December 2018, representing an increase of approximately S$2,321,000 as compared to a loss of approximately S$470,000 for the year ended 31 December 2017. Excluding the one-off Listing expenses incurred in the year ended 31 December 2017 of approximately S$2,933,000, the Group would have recorded a profit for the year ended 31 December 2017 of approximately S$2,463,000, representing a decrease of approximately S$612,000 or 24.9% as compared to the corresponding period of 2017. This was due to increased costs incurred for employee benefits expense, post-Listing professional fees, including compliance advisory charges, audit fees, retainer fees for legal adviser and printer charges as well as other professional fees incurred by the Group for the year ended 31 December 2018.

OUTLOOK

Looking forward, the Group expects the business environment to continue to be challenging and competitive. We will constantly review our business strategy to seek opportunities to extend our reach and expand our customer base. We will also continue to manage the Group's expenditure, particularly staff costs through upgrading and equipping our employees with multiple skill sets and through leveraging on technology to reduce labour intensity.

We believe that we have built up our reputation in the field of dermatology in Singapore. Combining our Doctors' sub-specialties in dermatology, we are able to tap into each others customer network, and put ourselves in a better position to offer comprehensive professional services and an all-round treatment solution to our patients resulting in customer satisfaction and growth.

Recently we have also strategically expanded our business by entering into lease agreements to expand Orchard Clinic and Raffles Place Clinic as well as open a new medical aesthetic clinic at the proximity of Orchard Clinic. With the upcoming opening of Clinics, the Group will optimise its operations and increase overall efficiency of the business operations. Hence, we believe the expansion will strengthen the Group's competitive advantage and attract more potential customers.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to our shareholders, customers and business partners for their continuous support to the Group. My heartfelt appreciation also goes to our management and professional colleagues for their dedication and valuable contribution to the Group in the past year.

Dr. Loh Teck Hiong
Chairman and Executive Director

Hong Kong, 22 March 2019

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

The revenue of the Group decreased slightly by approximately S$67,000, or 0.9%, to approximately S$6,987,000, when compared to the year ended 31 December 2017. The revenue of Consultation Services, Prescription and Dispensing Services, Treatment Services and other services amounted to approximately S$1,837,000, S$2,065,000, S$2,648,000 and S$437,000 which accounted for approximately 26.3%, 29.6%, 37.9% and 6.2% of the total revenue of the Group for the year ended 31 December 2018 respectively, which is generally in line with the distribution as compared to the year ended 31 December 2017. The decrease in revenue was preliminary attributable to the decrease in Treatment Services rendered. The number of patient visits dropped slightly by 0.1% to 21,344 for the year ended 31 December 2018 from 21,368 for the year ended 31 December 2017. The decrease in revenue was due to stretching of resources for expansion of Orchard Clinic and Raffles Place Clinic simultaneously in the fourth quarter of 2018, thus service capacity dropped temporarily. However, the Group is optimistic that the clinics expansion and new doctor joining will achieve higher operational efficiency and maximised profitability in long term.

BUSINESS OUTLOOK

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

With the change of aesthetic perception, people in Singapore become more interested in medical dermatology services. In addition, more people in Singapore will tend to pay more attention to their appearance and receive medical aesthetic services to preserve their youth, which may promote the development of medical aesthetic service market. To this end, we intend to grow our medical aesthetic practice by establishing new medical aesthetic clinics in close proximity to each of our three existing Clinics. As our existing Clinics provide a myriad of treatments comprising both medical/surgical treatments, as well as aesthetics treatments, we believe that the establishment of dedicated clinics to provide medical aesthetic services will enable us to gain market penetration into the medical aesthetics field and increase our Group's profitability.

As part of our expansion plan for our medical aesthetics clinics, the Group has secured the same premise of existing Orchard Clinic for establishment of new medical aesthetic clinic by entering into a letter of offer dated on 25 October 2018 and a tenancy agreement dated 11 February 2019 and commenced operation in February 2019. This not only provides us with an opportunity to grow our medical aesthetic practice, it also allows for the expansion of operations at our existing Orchard Clinic to optimise the time and skills of our resident Doctors by focusing on treatments of more complex dermatological conditions. In addition, we have recruited one female resident dermatologist to further strengthen our professional team. We train our trained therapists to become more involved in various aspects of patients' experience at our Clinics from aesthetic and skincare product counselling to certain non-invasive treatments under supervision of our resident Doctors.

On the other hand, the Group has decided to move Raffles Place Clinic to a larger premise and entered into a tenancy agreement on 10 December 2018. The Raffles Place Clinic has been moved and commenced operation in end of February 2019. We continue to attract and retain talent pool of specialist doctors and staff for the expansion of Raffles Place Clinic and Orchard Clinic. We believe that the expansion will help to boost the Group's market penetration in the long run.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's overall revenue amounted to approximately S$6,987,000 for the year ended 31 December 2018, representing a slight decrease of approximately S$67,000 or 0.9% as compared with the revenue of S$7,054,000 for the year ended 31 December 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 slight decrease in revenue for the year ended 31 December 2018 was mainly attributable to decrease in Treatment Services rendered. The following table sets forth a breakdown of our revenue for the periods indicated:

	2018		2017	
	S$'000	**%**	S$'000	%
Revenue				
Consultation Services	**1,837**	**26.3**	1,794	25.4
Prescription and Dispensing Services	**2,065**	**29.6**	1,956	27.7
Treatment Services	**2,648**	**37.9**	2,821	40.0
Other services	**437**	**6.2**	483	6.9
	6,987	**100.0**	7,054	100.0

Revenue generated from Consultation Services increased by S$43,000 from S$1,794,000 to S$1,837,000 for the year ended 31 December in 2017 and 2018 respectively. With an increase in the number of patient visits for Consultations Services from 17,760 to 17,979 for the year ended 31 December in 2017 and 2018 respectively, the Group recorded a 1.2% growth in the total number of patient visits for the year ended 31 December 2018.

Revenue generated from Prescription and Dispensing Services also increased by S$109,000 from S$1,956,000 to S$2,065,000 for the year ended 31 December 2017 and 2018 respectively. The increase is in line with the increase in patient visits from Consultation Services in the same period.

Revenue generated from Treatment Services decreased by S$173,000 from S$2,821,000 to S$2,648,000 for the year ended 31 December 2017 and 2018 respectively. Revenue from Treatment Services are predominantly decreased from botox, radio frequency and skin tests.

Other operating income

Other operating income for the year ended 31 December 2018 and 2017 represented primarily fixed deposit interest income, 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 financial year ended and other miscellaneous income. The amount remained immaterial during the year ended 31 December 2018 and 2017.

Consumables and medical supplies used

Our consumables and medical supplies used amounted to S$1,022,000 and S$1,088,000 for the year ended 31 December in 2017 and 2018 respectively. The increase is in line with the increase in revenue generated from Prescription and Dispensing Services. These comprised costs of treatment consumables, skincare products and medications necessary for the provision of our services at our clinics.

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

Other direct costs

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

We generally outsource medical tests such as blood testing, urine testing, and other testing services where we believe that there is insufficient demand to warrant the necessary investment for the development of the expertise and the in-house infrastructure. Therefore, we have subcontracted such testing services to external service providers and incurred laboratory charges for the provision of such testing services. The amount remained immaterial during the year ended 31 December 2018 and 2017.

Employee benefits expense

	2018 **S$'000**	2017 S$'000
Directors' remunerations	**1,005**	641
Other staff costs:		
— Salaries, bonus and other benefits	**701**	607
— Contributions to retirement benefits scheme	**106**	102
Employee benefits expense	**1,812**	1,350

Employee benefits expense relate to Directors' remuneration, salaries, bonus and other benefits for other professional staff such as trained therapists, clinic executives and other administrative staff, contributions to retirement benefits scheme. The increase is largely due to increase of Directors' remuneration as stated in the Prospectus of the Company dated 29 September 2017 (the "Prospectus"), and accrued 3 months bonuses to executive Directors.

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

	2018	2017
Total staff count	**20**	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. The amount remained immaterial during the year ended 31 December 2018 and 2017.

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 for the year ended 31 December 2018 increased by approximately S$348,000 or 22.5% from approximately S$1,546,000 for the year ended 31 December 2017 to approximately S$1,894,000 for the year ended 31 December 2018.

	2018 **S$'000**	2017 S$'000
Rental and property upkeep	**446**	395
Administrative fees	**318**	321
Professional and consulting fees	**714**	289
Audit fees	**150**	145
Net foreign currency exchange loss	**84**	41
Other expenses	**182**	355
Other operating expenses	**1,894**	1,546

The increase in professional and consulting fees for approximately S$425,000 was related to the post-Listing professional fees incurred for 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. The decrease of other expenses was mainly due to non-recurring out of pocket expenses for Listing incurred during the year ended 31 December 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance costs

The Group did not have any bank borrowings, finance lease liabilities, or interest-bearing liabilities for the year ended 31 December 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$16,000.

Listing expenses

During the year ended 31 December 2017, the Group recognised one-off Listing expenses of approximately S$2,933,000 in connection with the Listing. No Listing expense was incurred for the year ended 31 December 2018.

Income tax expense

Income tax expense was approximately S$280,000 for the year ended 31 December 2018 and approximately S$380,000 for the year ended 31 December 2017. The decrease was mainly attributable to the combined effect of non-deductible Listing expenses of approximately S$2,933,000 incurred for the year ended 31 December 2017 and the increase in profit before tax of approximately S$2,221,000.

Profit for the year

Due to the combined effect of the aforesaid factors, we recorded the profit of approximately S$1,851,000 for the year ended 31 December 2018, representing an increase of approximately S$2,321,000 as compared with the loss of approximately S$470,000 for the year ended 31 December 2017. The increase was mainly due to one-off Listing expenses of approximately S$2,933,000 incurred during the year ended 31 December 2017. Excluding which, profit for the year ended 31 December 2017 would be approximately S$2,463,000.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2018 (31 December 2017: Nil).

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The capital of the Group only comprises ordinary shares.

As at 31 December 2018, the total equity of the Group was approximately S$14,606,000 (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$14,128,000 as at 31 December 2018 (2017: approximately S$12,553,000. As at 31 December 2018, the Group had net current assets of approximately S$13,802,000 (2017: approximately S$12,496,000).

No gearing ratio of the Group as at 31 December 2017 and 2018, calculated based on total debt divided by total equity as at the end of the year. As at 31 December 2018, the Group had no outstanding debt (as at 31 December 2017, the Group has fully repaid finance leases in September 2017).

Net cash generated from operating activities for the year ended 31 December 2018 was approximately S$2,045,000 (2017: net cash used in operations approximately S$390,000). 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.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2018, the capital structure of the Group consisted of equity attributable to owners of the Company of approximately S$14.6 million. The share capital of the Group only comprises ordinary shares. The Shares were listed on GEM of the Stock Exchange on the Listing Date. There has been no change in the capital structure of the Group since then.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2018, the Group did not have any significant investment, material acquisitions nor disposal of subsidiaries and affiliated companies save for those reorganisation activities done for the purpose of Listing as set out in the paragraph headed "History, Reorganisation and Development — Reorganisation" in the Prospectus.

FOREIGN EXCHANGE EXPOSURE

The Group operates in Singapore and transacts mainly in Singapore dollars, which is the functional currency of the majority of the Group's operating subsidiaries. However, the Group retained certain amount of the proceeds from the Share Offer in Hong Kong dollars which contributed to an unrealised foreign exchange loss of approximately S$84,000 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 31 December 2018, our Group's operating lease commitments amounted to approximately S$1,799,000 (2017: approximately S$951,000).

The Group has entered into a tenancy agreement on 10 December 2018 for the purpose of expansion of Raffles Place Clinic and secured a letter of offer dated 25 October 2018 and a tenancy agreement on 11 February 2019 for opening of a new aesthetic clinic and expansion of Orchard Clinic 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 31 December 2018, the Group did not have material contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2018, our Group had a total of 20 employees (including part time staffs), excluding our doctors (2017: 18). Staff costs, including Directors' remuneration, of our Group were approximately S$1,812,000 for the year ended 31 December 2018 (2017: approximately S$1,350,000). Remuneration is determined with reference to factors such as comparable market salaries and work performance, time commitment and responsibilities of each individual. Employees are provided with relevant inhouse and/or external training from time to time. In addition to a basic salary, year-end discretionary bonuses are offered to employees who performed outstandingly to attract and retain eligible employees to contribute to our Group.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2018 and 2017, there were no charges on the Group's assets.

MANAGEMENT DISCUSSION AND ANALYSIS

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's business. The following are the key risks and uncertainties identified by the Group.

BUSINESS RISK

The Group business is dependent on our ability to attract and retain skilled and competent professional staff. Our ability to provide our services is reliant on the services provided by these professionals. The ability to attract and retain them is dependent on several factors such as our continued reputation, financial remuneration and job satisfaction. As we engage in a service related industry, in the event that we are unable to find suitable and timely replacements should a significant number of our skilled professional staff resign, our financial position and results, business operations as well as future growth and prospects may be adversely affected. The number of doctors with necessary experience and qualifications is limited in the market and we are competing for suitable candidates with other dermatological and surgical service providers. We cannot assure that we will be able to attract and retain sufficient doctors with similar expertise, experience or network to enter into or maintain employment agreements with our Group to keep pace with our growth while maintaining consistent service quality across our clinics. Our business, financial condition and results of operations could accordingly be materially and adversely affected.

INDUSTRY RISK

The dermatological services care industry is sensitive to negative media reports or allegations, which may affect consumer confidence, reputation and market perception of the industry. The industry is also subject to rapidly changing market trends and intense competition amongst other market players. This may materially and adversely affect the Group's business performance. To maintain competitiveness, our doctors seek to keep abreast of the latest and most suitable treatment products and technology available.

REPUTATION RISK

The Group's success depends to a significant extent on the recognition of our brand and reputation in the industry as a reliable dermatological service provider. Any litigation, claims or complaints from our customers in relation to the quality of services or products provided by our Clinics may adversely affect the reputation and image of our Group, and may in turn, materially and adversely affect the demand for our Services.

REGULATORY RISK

The Group recognises the importance of compliance with regulatory requirements and the risks of non-compliance with the applicable laws and regulations. During the year ended 31 December 2018 and up to the date of this report, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. There was no material breach or non-compliance with the applicable laws and regulations by the Group during the period from the Listing date to 31 December 2018 and up to the date of this report.

KEY STAKEHOLDER RISK

The Group's clinics are currently on the panel of preferred healthcare providers of various insurance companies and medical corporations. Our business and results of business operations may be materially and adversely affected in the event that the relevant clinics are removed from such panels of preferred healthcare providers of insurance companies and medical corporations. Many of our patients rely on public insurance and healthcare schemes. If there are any changes to these schemes that affect the amount of subsidies to patients, they may then choose to go to public clinics or hospitals instead. We cannot assure that our financial condition and results of operations of our Group would not be affected as a result of any such changes to the policies and laws relating to the healthcare system.

USE OF PROCEEDS

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

The net proceeds from the Share Offer as at 31 December 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 31 December 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 31 December 2018 HK$ million	Unutilised amount as at 31 December 2018 *(Note a)* HK$ million	*Notes*
Strategically expand and strengthen our network of clinics in Singapore	14.1	10.9	–	14.1	*b*
Enhance the quality and variety of our Services at our existing Clinics and establish new medical aesthetic clinics	13.6	10.4	3.1	10.5	*c*
Purchase additional new devices and broaden the variety of treatments and products offered	9.6	9.6	2.0	7.6	*c*
Establish a logistics centre for centralised operations	2.3	2.3	–	2.3	*d*
Improve our information technology infrastructure and systems	2.4	2.4	0.2	2.2	*e*
General working capital	2.7	2.7	2.7	–	
	44.7	38.3	8.0	36.7	

Notes:

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

(b) The Listing proceeds of approximately HK$10.9 million have not been utilised as at 31 December 2018, as we delayed our plan to open new "family and skin" clinics due to the availability of leasing space in a large scale shopping complex located in one of the most popular area in neighbourhoods in Singapore in areas with residential, commercial and corporate concentration. We have delayed the opening of new "family and skin" clinics as we intend to establish our new medical aesthetics clinics in close proximity to our existing Clinics, allows us to tap into a pool of patients visiting our existing Clinics who may be considering certain medical aesthetics treatment. Hence, the Group can strengthen its competitiveness and better seize opportunities brought about by the increasing demand for its services. The expanded network of clinics can also offer greater flexibility to customers in picking where to use our services, which is crucial to retaining customers in the long run.

(c) We delayed in refurbishment and upgrading of the East Coast Clinic and opening of medical aesthetic clinic at Raffles Place due to difficulty in securing lease at popular area and will continue to look for suitable location. The Group has entered tenancy agreement on 10 December 2018 and decided to move Raffles Place Clinic to a larger premise. Besides, the Group has successfully secured a letter of offer dated 25 October 2018 and a tenancy agreement on 11 February 2019 at the same premise of existing Orchard Clinic for establishment of new medical aesthetic clinic and expansion of operation at existing Orchard Clinic. Both clinics have commenced operation in February 2019.

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

(e) We 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 and consistent with Ministry of Health upcoming new policy.

REPORT OF THE DIRECTORS

The Directors are pleased to present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2018.

CORPORATE INFORMATION

The Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability under Cayman Companies Law on 22 March 2017. The shares of the Company (the "Shares") have been listed on the GEM of Stock Exchange with effect from 13 October 2017.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in note 24 to the financial statements. 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. There were no significant changes in the nature of the Group's principal activities during the year.

Details of the business review for the year ended 31 December 2018, including a fair review of the Group's business, principal risks and uncertainties faced by the Group and an indication of likely future developments in the Group's business are set out in the Chairman's statement and Management Discussion and Analysis on pages 3 to 11.

DIVIDEND POLICY

The Dividend Distribution Policy of the Company establishes the principles to ascertain amounts that can be distributed to its shareholders as dividend by the Company. Subject to the applicable law and its Articles of Association, the Company's dividend payout will be determined based on available financial resources, investment requirements and taking into account optimal shareholders return.

While determining the nature and quantum of dividend payout, the Board would take into account the following factors, inter alia:

- Cash flow position of the Company
- Earnings stability
- Long term investments
- Future cash requirements for development
- Economic environment
- Industry outlook for the future years
- Changes in the Government policies, industry specific rulings & regulatory provisions

RESULTS AND DIVIDENDS

The financial performance of the Group for the year ended 31 December 2018 and the financial position of the Group as at that date are set out in the consolidated financial statements on pages 45 to 46.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2018.

REPORT OF THE DIRECTORS

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to the long-term sustainability of the environment and communities in which it engages. The Group strives to improve the efficient use of the natural resources, including electricity, water and paper. The Group aims to develop energy saving culture. The Group has complied with all relevant laws and regulations regarding environmental protection, health and safety, workplace conditions and employment.

Details regarding to the Group's environmental, social and governance report can be found in the Environmental, Social and Governance Report set out on pages 33 to 40 of this annual report.

COMPLIANCE WITH THE LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements and the risks of non-compliance with the applicable laws and regulations. During the year ended 31 December 2018 and up to the date of this report, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. There was no material breach or non-compliance with the applicable laws and regulations by the Group for the year ended 31 December 2018 and up to the date of this report.

RELATIONSHIP WITH EMPLOYEES, CLIENTS, SUPPLIERS AND OTHER STAKEHOLDERS

The Group understands the success of the Group's business depends on the support from its key stakeholders, including employees, clients, suppliers, banks, regulators and shareholders of the Company (the "Shareholders"). During the year ended 31 December 2018, there were no material and significant disputes between the Group and its key stakeholders. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the last four years is set out on page 84 in this report. The summary does not form part of the audited financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of profit or loss and other comprehensive income on page 45 of this annual report.

SHARE CAPITAL

Details of the share capital of the Company for the year ended 31 December 2018 are set out in Note 20 to the consolidated financial statements for the year ended 31 December 2018.

DISTRIBUTABLE RESERVES

As at 31 December 2018, in the opinion of the Directors, the reserves of the Company available for distribution to shareholders under the Companies Law of the Cayman Islands amounted to S$5,856,000.

BANK LOANS AND OTHER BORROWINGS

As at 31 December 2018, the Group did not have bank loans or other borrowings.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles of association of the Company (the "Articles of Association") or the laws of the Cayman Islands that would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

REPORT OF THE DIRECTORS

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the year ended 31 December 2018.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended 31 December 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.

MAJOR CLIENTS AND SUPPLIERS

In the year under review, the percentage of revenue derived from our five largest customers in aggregate accounted for 29.0% of total revenue (2017: 27.2%). Our largest customer accounted for 13.9% of total revenue (2017: 15.5%).

For the year ended 31 December 2018, our largest supplier accounted for approximately 57.8% (2017: 47.4%) of our total purchases. For the year ended 31 December 2018, our five largest suppliers in aggregate accounted for approximately 77.3% (2017: 70.7%) of our total purchases.

None of the Directors or any of their close associates (as defined in the GEM Listing Rules) or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers during the year ended 31 December 2018.

DIRECTORS

The Directors during the year ended 31 December 2018 and up to the date of this report were as follows:

Executive Directors
Dr. Loh Teck Hiong *(Chairman)*
Dr. Ee Hock Leong
Dr. Kwah Yung Chien, Raymond

Independent Non-Executive Directors
Mr. Cheung Kiu Cho Vincent
Mr. Ong Kian Guan
Mr. Wong Siu Ki (deceased on 7 March 2018)
Mr. Wang Ning (appointed on 1 June 2018)

Pursuant to the Articles of Association, Dr. Loh Teck Hiong and Mr. Wang Ning will retire and, being eligible, offer themselves for re-election at the AGM.

CONFIRMATION OF INDEPENDENCE

Each independent non-executive Director has given the Company an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that all the independent non-executive Directors are independent and meet the independent guidelines of Rules 5.09 of the GEM Listing Rules.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three (3) years commencing from the date of the Listing and continuing thereafter until terminated by either party by giving not less than three months' notice in writing to the other.

Each of the independent non-executive Directors has entered into a letter of appointment with our Company on 22 September 2017. Each letter of appointment is for an initial term of one (1) year commencing from the Listing Date unless terminated by either party giving at least one month's notice in writing.

None of the Directors proposed for re-election at the AGM has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The Directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group.

We have established a remuneration committee (the "Remuneration Committee") in compliance with the GEM Listing Rules. The primary duties of the Remuneration Committee are to review and make recommendations to the Board on the remuneration policy and other remuneration related matters, including benefits in kind and other compensation payable to the Directors and senior management, after consultation with the chairman and/or chief executive officer.

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in note 7 to the consolidated financial statements.

DIRECTORS' INTERESTS IN CONTRACTS

There were no transactions, arrangements or contracts of significance to the business of the Group to which the Company, its holding Company, or any of its subsidiaries was a party and in which a director of the Company or his connected entities had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole and any part of the Company's business were entered into or existed during the year ended 31 December 2018.

RETIREMENT BENEFIT SCHEMES

Other than payments to the Central Provident Fund in Singapore, the Group has not operated any other retirement benefit schemes for its employees. Particulars of the retirement benefit schemes are set out in note 21 to the consolidated financial statements.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force during the year ended 31 December 2018. The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities.

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

As 31 December 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 Teck Hiong ("Dr. Loh")	Interest in controlled corporation *(Note)*	358,000,000 (Long position)	59.66%
Dr. Ee Hock Leong ("Dr. Ee")	Interest in controlled corporation *(Note)*	358,000,000 (Long position)	59.66%
Dr. Kwah Yung Chien, Raymond ("Dr. Kwah")	Interest in controlled corporation *(Note)*	358,000,000 (Long position)	59.66%

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

Save as disclosed above, as at 31 December 2018, 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 31 December 2018, 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 (the "Substantial Shareholders' Register"), or, who is interested, directly or indirectly, in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group:

Name of Shareholder	Capacity/ nature of interest	Number of shares interested	Percentage of interest in our Company
Brisk Success	Beneficial owner (Note 1)	358,000,000 (Long position)	59.66%
Ms. Fung Yuen Yee	Interest of spouse (Note 2)	358,000,000 (Long position)	59.66%
Ms. Chou Mei	Interest of spouse (Note 3)	358,000,000 (Long position)	59.66%
Ms. Grace Lim Wen Li	Interest of spouse (Note 4)	358,000,000 (Long position)	59.66%
Victory Spring Ventures Limited	Beneficial owner (Note 5)	35,560,000 (Long position)	5.93%
Ye Zhichun	Interest in controlled corporation (Note 5)	35,560,000 (Long position)	5.93%

Notes:

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

(2) Ms. Fung Yuen Yee, being the spouse of Dr. Loh, is deemed to be interested in all the Shares in which Dr. Loh is interested pursuant to the SFO.

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

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

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

Save as disclosed above, as at 31 December 2018, 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.

COMPETING INTERESTS

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

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Share Option Scheme") on 22 September 2017 (the "Adoption Date"). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The following is a summary of the principal terms of the Share Option Scheme:

(a) Purpose of the share option scheme

The purpose of the Share Option Scheme is to provide an incentive or a reward to eligible persons for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any entity in which the Group holds any equity interest ("Invested Entity").

(b) Participants of the share option scheme

The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, including, where required under the GEM Listing Rules, employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of our Group) from time to time on the basis of the participant's contribution or potential contribution to the development and growth of our Group.

(c) Total number of shares available for issue under the share option scheme

Under the Share Option Scheme, the total number of Shares which may be allotted and issued upon exercise of all share options to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 10% of all the Shares in issue as at the Listing Date unless the Company obtains a fresh approval from the Shareholders. Therefore, it is expected that our Company may grant options in respect of up to 60,000,000 Shares (or such numbers of Shares as shall result from a subdivision or a consolidation of such 60,000,000 Shares from time to time) to the participants under the Share Option Scheme.

As at the date of this annual report, a total of 60,000,000 shares, representing approximately 10% of the issued share capital of the Company are available for issue under the Share Option Scheme.

(d) Maximum entitlement of each participant under the share option scheme

The maximum number of shares issued and to be issued upon exercise of options granted under the Scheme and any other share option scheme of the Company to each participant in any 12-month period up to the date of grant shall not exceed 1% of the total shares of the Company in issue.

(e) The period within which the shares must be taken up under an option

The period during which an option may be exercised is determined by the Board at its discretion, save that such period shall not be longer than 10 years from the date of grant.

(f) The minimum period for which an option must be held before it can be exercised

As determined by the Board upon the grant of an option.

(g) **The amount payable on acceptance of an option and the period within which payments shall be made**

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to our Company on acceptance of the offer for the grant of an option is HK$1.00.

(h) **The basis of determining the exercise price**

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option, provided that in the event of fractional prices, the subscription price per Share shall be rounded upwards to the nearest whole cent.

(i) **The remaining life of the share option scheme**

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed 10 years from the date of grant subject to the provisions of early termination thereof.

During the period from 22 September 2017 to the date of this report, no share options were granted by the Company.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

A full corporate governance report is set out on pages 25 to 32 of this report.

INTEREST OF THE COMPLIANCE ADVISER

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

COMPLIANCE OF NON-COMPETITION UNDERTAKING

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

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

REPORT OF THE DIRECTORS

ANNUAL GENERAL MEETING

The first annual general meeting of the Company (the "AGM") will be held on Wednesday, 8 May 2019. A notice of which shall be sent to the shareholders of the Company in accordance with the Articles, the GEM Listing Rules and other applicable laws and regulations.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from Friday, 3 May 2019 to Wednesday, 8 May 2019, both dates inclusive, during which period no transfer of shares can be registered. In order to be eligible to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 2 May 2019.

EQUITY-LINKED AGREEMENT

No equity-linked agreements were entered into during the year ended 31 December 2018 or subsisted as at 31 December 2018.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the latest practicable date prior to the issue of this report.

CONNECTED TRANSACTIONS

During the year ended 31 December 2018, the Group had no transactions which need to be disclosed as connected transactions in accordance with the requirements of the GEM Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2018, the Group has moved the Raffles Place Clinic to a larger premise and entered into a tenancy agreement for the purpose of opening of a new medical aesthetic clinic and expansion of Orchard Clinic at existing Orchard Clinic premise in accordance with the future plans as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. Both clinics commenced operation in February 2019.

AUDITOR

The consolidated financial statements for the year ended 31 December 2018 have been audited by Deloitte & Touche LLP, who will retire and being eligible, offer itself for re-appointment at the forthcoming AGM.

On Behalf of the Board

RMH Holdings Limited
Dr. Loh Teck Hiong
Chairman and Executive Director

Hong Kong
22 March 2019

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Dr. Loh Teck Hiong, aged 49, is our executive Director, compliance officer, chairman of our Board and the chairman of the nomination committee. He is responsible for the overall management, branding, compliance and business development of our Group. Dr. Loh joined our Group in September 2013, was appointed as a Director on 22 March 2017 and was re-designated as an executive Director and appointed as the chairman on 18 May 2017.

Dr. Loh graduated from the University of Melbourne in Australia in December 1995 with a Bachelor of Medicine & Bachelor of Surgery and was admitted as a member of the Royal College of Physicians of the United Kingdom in 1998. He is currently a fellow of the Academy of Medicine in Dermatology in Singapore. Dr. Loh was the author of three published medical articles relating to urticarial vasculitis, unna thost palmar-plantar keratoderma and occupational dermatosis.

Dr. Loh has over 17 years medical practice specialising in dermatology and has extensive experience in medical, surgical and laser dermatology with special interest in atopic eczema, skin allergy, paediatric dermatology, moles or birthmarks and skin cancers. Prior to becoming a founder of our Group, from May 1996 to August 1996, Dr. Loh worked as a Pre-registration House Officer in the Department of Surgery at the Aberdeen Royal Infirmary, United Kingdom, where he was responsible for consultation and diagnostic of patients under supervision of a registrar and consultant. Between August 1996 and February 1997, Dr. Loh worked as a House Officer of General Medicine department at the Northampton General Hospital in United Kingdom. From February 1997 to February 1998, Dr. Loh worked as a senior house officer in General and Neonatal Paediatrics at St. Peter's Hospital in the United Kingdom. From February 1998 to February 1999, Dr. Loh worked as a senior house officer at Guy's Hospital in the United Kingdom. His main duties included caring for patients from neonatology, paediatric cardiology and paediatric nephrology departments under the guidance of registrar and consultant. From September 1999 to March 2000, Dr. Loh was a Registrar in the Department of Paediatric, National University Hospital, Singapore and from May 2000 to April 2003, a Registrar at the National Skin Center in Singapore conducting consultation and diagnostic services to patients. From May 2003 to July 2005, Dr. Loh was an associate consultant dermatologist at the NSC, an outpatient specialist dermatological center in Singapore, where he was responsible for consultation and diagnosing patients, prescription and conducting treatments. Dr. Loh then established Dermatology Associates Pte. Ltd. in Singapore in November 2004 where he provided dermatology consultation and treatment until June 2014.

Dr. Ee Hock Leong, aged 46, is our executive Director and is responsible for operations of our Group. Dr. Ee joined our Group in January 2014 and was appointed as a Director on 22 March 2017 and was re-designated as an executive Director on 18 May 2017.

Dr. Ee graduated from the University of Sheffield, United Kingdom in July 1998 with a Bachelor of Medicine and Bachelor of Surgery. Dr. Ee was admitted as a member of the Royal College of Physicians of the United Kingdom in 2001, awarded Fellowships of the Royal College of Physicians of Edinburgh in 2011. Dr. Ee has over 18 years medical practice specialising in dermatology focusing in aesthetic dermatology, skin cancers, Mohs surgery and laser surgery. Dr. Ee was the author of two published chapters relating to laser dermatology and skin diseases and has published over 16 medical articles.

Prior to joining our Group, from August 1998 to November 1998, Dr. Ee worked as a house officer at the Royal Hallamshire Hospital, United Kingdom where he was principally responsible for caring of patients with infectious diseases, internal medicine, general surgery and urology. From August 1999 to February 2000, Dr. Ee was a senior house officer at the University Hospital Aintree, Liverpool, United Kingdom in gastroenterology in general medicine. From February 2000 to February 2001, Dr. Ee worked as a senior house officer in general medicine in the departments of renal medicine, emergency room, care of the elderly and cardiology at Hammersmith Hospital. From February 2001 to July 2001, Dr. Ee was a senior house officer at St. Mary's Hospital, United Kingdom where he was responsible for caring of patients with solid malignancies. From 2003 to 2005, Dr. Ee was a registrar at the NSC, Singapore where he was responsible for consultation, diagnosing patients, dispensation of prescriptions and conducting treatments. From March 2006 to December 2006, Dr. Ee was appointed as Honorary Clinical Fellow in the department of Dermatology, Specialist Medicine at the Guy's and St. Thomas Hospital NHS Trust, United Kingdom where he received training for treating patients with skin cancer with the use of Mohs surgery and treatment of aesthetic patients with injectable and laser treatments. From February 2006 to May 2011, Dr. Ee worked at the NSC in Singapore as an associate consultant and was later promoted to a consultant dermatologist in 2008 where he was principally responsible for procuring and establishing the first Mohs surgery in Singapore. From April 2011 to April 2014, Dr. Ee was a consultant at Specialist Skin Clinic and Associates in Singapore. From January 2014 to March 2015 Dr. Ee was appointed as visiting senior consultant at the Department of Medicine of Jurong Health Services Pte. Ltd.

Dr. Kwah Yung Chien Raymond (柯永堅), aged 43, is our executive Director, chief executive officer and a member of the remuneration committee. He is responsible for the overall execution of our Group's strategic planning and management and supervision of operations. Dr. Kwah joined our Group in January 2014 and was appointed as a Director on 22 March 2017. He was redesignated as an executive Director and appointed as our chief executive officer on 18 May 2017.

Dr. Kwah graduated from the National University of Singapore in August 1999 with a Bachelor of Medicine & Bachelor of Surgery. Dr. Kwah was admitted as a Member of the Royal College of Physician of the United Kingdom in November 2002 and Royal College of Physicians and Surgeons of Glasgow in 2007, respectively. He was admitted as a Fellow in the Academy of Medicine, Singapore in July 2011 and the Royal College of Physicians (Edinburgh) in 2014, respectively. Furthermore, Dr. Kwah has been the author of several published medical articles relating to skin cancer and dermatology since 2005.

Dr. Kwah has over 17 years of medical practice, specialising in dermatology with a focus on skin cancer management including Mohs surgery, general dermatology, aesthetic dermatology, dermatology surgery and laser treatment. From May 2001 to October 2002, he was a medical officer at Tan Tock Seng (Respiratory Medicine Department) Medical Hospital responsible for respiratory care, National Heart Centre (Singapore General Hospital) responsible for cardiology and Alexandra Hospital, Singapore doing general medicine. From May 2004 to October 2007, Dr. Kwah was a part time registrar at the NSC, Singapore. From November 2007 to September 2009, Dr. Kwah had been a Registrar and an Associate Consultant at the NSC. Dr. Kwah then spent a year as a Mohs micrographic surgery/ dermatosurgery fellow at the Royal Victoria Infirmary, Newcastle upon Tyne, United Kingdom from October 2009 to September 2010, where he was responsible for performing various skin related medical treatment and conducting training on dermatological procedures for registrars. He was also a visiting consultant at National Skin Centre and Khoo Teck Puat Hospital in Singapore where he was principally responsible for training dermatology trainees in dermatological treatments and review of workflow and equipping of the dermatological outpatient clinics from November 2010 to July 2012. Dr. Kwah was then a visiting consultant at Singapore General Hospital from October 2012 to March 2014.

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheung Kiu Cho Vincent (張翹楚) ("Mr. Cheung"), aged 43, was appointed as our independent non-executive director on 22 September 2017. Mr. Cheung is a member of the audit committee and nomination committee.

Mr. Cheung graduated from the Hong Kong Polytechnic University in November 1997 with a bachelor's degree (Hons) in real estate. He further obtained a master of business administration in international management from the Royal Holloway and Bedford New College, University of London in December 2003. He was admitted as a member of the Hong Kong Institute of Surveyors in February 2002. Mr. Cheung further became a fellow member of the Royal Institution of Chartered Surveyors in August 2015. He has been a member of the Institute of Shopping Centre Management since May 2016. Mr. Cheung has also been a registered valuer of the Royal Institution of Chartered Surveyors since May 2013, a registered professional surveyor (general practice) under the Surveyors Registration Board in Hong Kong since July 2003 and a valuer on the ''List of Property Valuers for undertaking Valuations for incorporation or reference in Listing Particulars and Circulars and Valuations in connection with Takeovers and Mergers" of the Hong Kong Institute of Surveyors since April 2005, respectively. Mr. Cheung also admitted as a member of China Institute of Real Estate Appraisers and Agents in January 2018 and; a member of Hong Kong Institute of Real Estate Administrators in July 2018. Mr. Cheung is currently a licensed estate agent in Hong Kong; a registered real estate appraiser and a registered real estate agent of The People's Republic of China.

Mr. Cheung has over 21 years of experience in the real estate industry and assets valuations sector. Prior to joining our Group, Mr. Cheung was a manager at Francis Lau & Co (Surveyors) Limited which he was responsible for carrying out general practice surveying from July 1997 to January 2000. Mr. Cheung then joined DTZ Debenham Tie Leung Limited as valuer in February 2001 and was promoted to senior valuer in the valuation & advisory services department where he was responsible for handling land matters and statutory valuations. Mr. Cheung joined Sallmanns (Far East) Limited in March 2003 and left as a senior manager in 2005. Mr. Cheung was also an Associate Director of RHL Appraisal Limited from June 2005 to July 2006, responsible for corporate valuation and advisory in Hong Kong and China. Mr. Cheung joined Cushman & Wakefield Valuation Advisory Services (HK) Limited in 2006 and was promoted as the head of valuation, Greater China in 2009. Mr. Cheung joined Colliers International (Hong Kong) Limited in January 2016 and has been promoted as the deputy managing director of valuation and advisory services, Asia, responsible for providing valuation and corporate advisory services across Asia. Mr. Cheung has been appointed as an independent non-executive director of Lisi Group (Holdings) Limited, (a company listed on the Main Board of the Stock Exchange, stock code: 526, whose principal business involved manufacturing and trading of household products, operation of department stores and supermarkets, wholesale of wine and beverages and electrical appliances and investments holdings) since June 2006. Mr. Cheung has been an independent non-executive director of MECOM Power and Construction Limited (stock code: 1183), a renowned integrated construction engineering contractor and power substations constructor in Macau since February 2018.

Mr. Ong Kian Guan (王建源) ("Mr. Ong"), aged 51, was appointed as our independent non-executive Director on 22 September 2017 and is responsible for providing our Group with independent judgment on strategy, policy, performance, internal control, accountability and corporate governance. Mr. Ong is the chairman of the audit committee and a member of the nomination committee and remuneration committee.

Mr. Ong graduated from the Nanyang Technological University, Singapore in May 1992 with a bachelor degree in accountancy. He has been practising as a public accountant in Singapore since May 2005 and was awarded as a fellow member of the Institute of Certified Public Accountants of Singapore in January 2010.

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

He has been an audit partner of Baker Tilly TFW LLP since 2005, where he heads the Assurance services. He is a practising member and a fellow of the Institute of Singapore Chartered Accountants (the "ISCA"). He has more than 25 years of professional experiences in financial audits of multinational corporations and public listed companies from diverse industries. His experiences also includes consultancy, particularly initial public offerings of companies, financial due diligence and outsourced internal audit assignments. He is currently an independent director and the audit committee chairman of several Singapore and Hong Kong listed companies namely Alliance Mineral Assets Limited, China XLX Fertiliser Ltd. and IAG Holdings Limited.

Save as disclosed above, none of the Directors was a director in any listed companies in the last 3 years.

Mr. Wang Ning (王寧) ("Mr. Wang"), aged 41, graduated from Fudan University with Executive Master of Business Administration of Real Estate Industry in 2006 and graduated from Anhui Normal University with Bachelor Degree of Hotel Management in 2001. He has extensive experience in asset management and business development. Mr. Wang held the position of chief executive officer of Shenzhen Huasheng Laimeng Fund Management Limited from 2010 to 2013. Mr. Wang is currently acting as a vice president of Youth Committee of Shenzhen Chamber of International Commerce and as the president of Shenzhen Youth Entrepreneur Promotion Association. He has also been a chairman of Prosperity Investment Company since 2014.

SENIOR MANAGEMENT

Ms. Ang Shally (洪雪倪) ("Ms. Ang"), aged 29, is our chief financial officer. She is responsible for overseeing the daily accounting and financial management of our Group. Ms. Ang joined the Company in September 2017. Ms. Ang graduated from Victoria University, Australia in October 2012 with a Bachelor of Business (Accounting). She was admitted as a member of CPA Australia in May 2016 and qualified as a Chartered Accountant of Singapore or CA (Singapore) in March 2018. She has extensive experience in accounting and finance management.

Ms. Ang Yiam Bee (洪嫣鎂) ("Ms. Ang"), aged 54, is our purchasing manager. She is responsible for our formulation and implementation of purchasing strategies. Ms. Ang joined our Group in May 2014.

Ms. Ang completed the General Certificate of Education 'O' level in December 1982. Prior to joining our Group, Ms. Ang joined the Post Office Savings Bank in Singapore as a bank assistant from August 1983 to February 1989 and worked for Cathay Pacific Airways Limited in the capacity of cabin attendant from July 1989 to March 1999 and was a clinic assistant of Leong Dental Surgeons, Singapore from March 2007 to December 2009, responsible for the assisting the daily operation of the dentist. She then worked in Dermatology Associates, a skin and laser specialist group in Singapore, as a clinic assistant of the treatment department from April 2013 to April 2014, responsible for assisting the doctors for treatments and surgical treatments.

Ms. Swee Yang Lin (Sun Yangling) (孫揚淩) ("Ms. Swee"), aged 41, is our operations manager and is responsible for our operations and alignment of business processes. Ms. Swee joined our Group in May 2014.

Prior to joining our Group, Ms. Swee joined Dermatology Associates, a skin and laser specialist group in Singapore from April 2011 to April 2014, responsible for attending to reception, dispensing and administrative works.

CORPORATE GOVERNANCE REPORT

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. Following the pass away of Mr. Wong Siu Ki, our former independent non-executive Director, on 7 March 2018, the Board comprised 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 was 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 (the Audit Committee") was reduced to two which was below the minimum number prescribed under Rule 5.28 of the GEM Listing Rules, as well as the number of members of the remuneration committee of the Company (the "Remuneration Committee") was reduced to two which was below the minimum number prescribed under Rule 5.34 of the GEM Listing Rules. The Company has appointed Mr. Wang Ning as an independent non-executive Director, a member of the Audit Committee and the chairman of the Remuneration Committee with effect from 1 June 2018. Upon the appointment of Mr. Wang Ning, the Company has been in compliance with Rule 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 year ended 31 December 2018.

COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all the Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the year ended 31 December 2018.

BOARD OF DIRECTORS

Board Composition

As at the date of this report, the Board comprised of six Directors of which three are executive Directors and three are independent non-executive Directors. The composition of the Board during the period from the Listing date to 31 December 2018 and up to the date of this report was:

Executive Directors
Dr. Loh Teck Hiong *(Chairman)*
Dr. Kwah Yung Chien, Raymond *(Chief Executive Officer)*
Dr. Ee Hock Leong

Independent non-executive Directors
Mr. Ong Kian Guan
Mr. Cheung Kiu Cho, Vincent
Mr. Wong Siu Ki *(deceased on 7 March 2018)*
Mr. Wang Ning *(appointed on 1 June 2018)*

During the year ended 31 December 2018, save as disclosed under the section headed "Corporate Governance Practices" above, the Board had complied with the requirements of the GEM Listing Rules to have at least three independent non-executive Directors who represent more than one-third of the Board and with at least one of whom possesses appropriate professional qualifications or accounting or related financial management expertise pursuant to Rule 5.05 of the GEM Listing Rules.

ROLES AND RESPONSIBILITIES OF THE BOARD

The Board is responsible for the overall management of the Group by providing leadership and manage control of the resource allocation and is collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board focuses on formulating the Group's overall strategies, authorising the development plan and budget; monitoring financial and operating performance; reviewing the effectiveness of the internal control system; supervising and managing management's performance of the Group; and setting the Group's values and standards.

The management team is delegated with the authority and responsibility by the Board for the daily management of the Group. The delegated functions and work tasks are periodically reviewed. Major corporate matters that are specifically delegated by the Board to the management include (1) the preparation of quarterly, interim and annual reports and announcements for the Board's approval before publishing; (2) implementation of adequate systems of internal controls and risk management procedures; and (3) compliance with relevant statutory and regulatory requirements and rules and regulations.

The independent non-executive Directors bring a wide range of business and financial expertise, experience and independent judgement to the Board, on issues of strategic direction, policies, development, performance and risk management. Through active participation in Board meetings, taking the lead in managing issues involving potential conflict of interests and serving on Board committees, they scrutinise the Company's performance in achieving corporate goals and objectives and monitor performance reporting. By doing so, they are able to contribute positively to the Company's strategy and policies through independent, constructive and informed comments at Board and committee meetings.

The Company has arranged appropriate insurance cover for Directors' liabilities in respect of legal actions against them for corporate activities.

BOARD/BOARD COMMITTEE MEETINGS

The Board regularly meets in person or through other electronic means of communication to discuss amongst other matters, the direction and strategy of the Group, financial and operating performance and to review and approve the Group's quarterly, interim and annual results.

In respect of regular board meetings, and so far as practicable in all other cases, an agenda and accompanying board papers are sent in full to all Directors at least 3 days before the intended date of a board or board committee meeting to enable the Directors to make informed decisions. The Board and each Director have separate and independent access to the senior management whenever necessary. Upon reasonable request, the Directors are allowed to seek independent professional advice in appropriate circumstances, at the Company's expense, to assist the Director to discharge his/her duties to the Company.

The company secretary takes detailed minutes of the meetings and keeps records of matters discussed and decisions resolved at the meetings, including any concerns raised or dissenting views expressed by Directors, and the voting results of Board meetings fairly reflect Board consensus. Both draft and final versions of the minutes are sent to all Directors for their comments and records respectively, within a reasonable time after each meeting, and such minutes are open for inspection with reasonable advance notice by any Director. Directors are entitled to have access to board papers and related materials, and any queries will be responded to fully.

Directors must abstain from voting and not be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

	Attendance/Number of Meetings held				
	Board Meeting	Audit Committee	Nomination Committee	Remuneration Committee	Annual General Meeting
Executive Directors					
Dr. Loh Teck Hiong	4/4	–	1/1	–	1/1
Dr. Kwah Yung Chien, Raymond	4/4	–	–	1/1	1/1
Dr. Ee Hock Leong	4/4	–	–	–	1/1
Independent Non-Executive Directors					
Mr. Cheung Kiu Cho, Vincent	4/4	4/4	1/1	–	1/1
Mr. Ong Kian Guan	4/4	4/4	1/1	1/1	1/1
Mr. Wong Siu Ki *(deceased on 7 March 2018)*	N/A	N/A	–	N/A	N/A
Mr. Wang Ning *(appointed on 1 June 2018)*	2/2	2/2	–	–	–

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The executive Directors have entered into service contracts with the Company for an initial term of three (3) years commencing from the date of Listing and continuing thereafter until terminated by either party with a not less than three months' notice in writing.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company. Each appointment is for the term of one (1) year commencing from 22 September 2017 subject to subject to termination in certain circumstances as stipulated in the relevant letters of appointment.

In compliance with the code provision A.4.2 of the CG Code, pursuant to the Articles of Association of the Company, at each annual general meeting one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. A retiring Director shall be eligible for re-election.

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

Directors are aware of code provision A.6.5 of the CG Code regarding continuing professional development programme for Directors. The Company would arrange and/or introduce suitable training and information for the Directors to ensure they are fully aware of their responsibilities under statute and common law, the GEM Listing Rules and other applicable legal and regulatory requirements. During the year ended 31 December 2018, the Company had arranged a seminar on the GEM Listing Rules, the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong, the "Companies Ordinance") and the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) for the Directors. All Directors attended the seminar.

The training record of each Director as at 31 December 2018 is set out as below

	Attending seminar or briefings/perusal of materials in relation to business or Directors' duties
Executive Directors	
Dr. Loh Teck Hiong	Yes
Dr. Kwah Yung Chien, Raymond	Yes
Dr. Ee Hock Leong	Yes
Independent non-executive Directors	
Mr. Cheung Kiu Cho, Vincent	Yes
Mr. Ong Kian Guan	Yes
Mr. Wong Siu Ki *(deceased on 7 March 2018)*	N/A
Mr. Wang Ning *(appointed on 1 June 2018)*	Yes

Directors' and Officers' Liabilities

The Company has in place appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage is reviewed on an annual basis by the Company.

BOARD COMMITTEES

The board is supported by three Board committees to oversee specific aspects of the Company's affairs. The audit committee, the remuneration committee and the nomination committee each has its defined scope of duties and terms of reference. The Board committees are provided sufficient resources and are empowered to make decisions/recommendations within their respective terms of reference to the Board.

AUDIT COMMITTEE

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

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

During the year ended 31 December 2018, the Audit Committee held four meetings and the attendance of meetings is set out under the section headed "Board/Board Committees Meetings" on page 27 in this report.

The Audit Committee performed the following work during the year ended 31 December 2018:

a. reviewed the Group's audited consolidated financial statements for the year ended 31 December 2018, the unaudited condensed consolidated first quarterly financial results for the three months ended 31 March 2018, the unaudited condensed consolidated interim financial results for the six months ended 30 June 2018 and the unaudited condensed consolidated third quarterly financial results for the nine months ended 30 September 2018 including the accounting principles and practices adopted by the Group;

b. reviewed the changes in accounting standards and assessed their potential impacts on the Group's financial statements;

c. reviewed the Group's internal control system and related matters; and

d. considered and made recommendations on the re-appointment of the independent auditor of the Group, and the terms of engagement.

REMUNERATION COMMITTEE

Our Company established a remuneration committee on 22 September 2017 with written terms of reference in compliance with code provision B.1.2 of the CG Code. The primary duties of the remuneration committee are to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group; review performance based remuneration; and ensure none of our Directors determine their own remuneration. As at the date of this report, the remuneration committee consists of three members who are Dr. Kwah Yung Chien Raymond, Mr. Ong Kian Guan and Mr. Wang Ning. Mr. Wang Ning is the chairman of the Remuneration Committee.

During the year ended 31 December 2018, the remuneration of Directors was determined by their experience, responsibility, workload and the time devoted to the Group. Executive Directors and employees also participate in bonus arrangements determined in accordance with the performance of the Group and the individual's performance. Details of the Directors' remuneration are set out in note 7 to the consolidated financial statements for the year ended 31 December 2018. The attendance of Remuneration Committee meeting is set out under the section headed "Board/Board Committees Meetings" on page 27 in this report.

NOMINATION COMMITTEE

Our Company established a nomination committee on 22 September 2017 with written terms of reference in compliance with code provision A.5.2 of the CG Code. The primary duties of the nomination committee are to review the structure, size and composition of the Board on regular basis; identify individuals suitably qualified to become Board members; access the independence of independent non-executive Directors; and make recommendations to the Board on relevant matters relating to the appointment or reappointment of Director. As at the date of this report, the nomination committee consists of three members who are Dr. Loh Teck Hiong, Mr. Ong Kian Guan and Mr. Cheung Kiu Cho Vincent. Dr. Loh Teck Hiong is the chairperson of the nomination committee. During the year ended 31 December 2018, the Nomination Committee convened one committee meeting. It had assessed the independence of independent non-executive Directors, considered the re-appointment of retired Directors and discussed matters relating to procedure of nomination of director candidate by shareholders, Directors' evaluation and succession plan etc. The attendance of Nomination Committee meeting is set out under the section headed "Board/Board Committees Meetings" on page 27 in this report.

The Company is aware of the benefits of having a diverse Board as an essential element to improving governance and performance, and to creating a competitive advantage. In structuring of the Board composition, by taking into account the Group's board diversity policy board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will ultimately be based on merit and the contribution that the selected candidates will bring to the Board which the Board as a whole requires to be effective.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibilities for overseeing the preparation of consolidated financial statements of the Group on an on-going concern basis, with supporting assumptions or qualifications as necessary, for each financial period with a view to ensure that such financial statement gives a true and fair view of the state of affairs of the Group, and of the results and cash flows for the financial year.

The responsibility of the Company's auditor, Deloitte & Touche LLP, is set out in the section headed "Independent Auditor's Report".

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the risk management and internal control systems of the Group and for reviewing their effectiveness. We have established an Audit Committee to review and supervise the effectiveness of the financial reporting process and internal control and risk management system, and overseeing the audit process.

The risk management and internal control systems of the Company are designed to manage rather than eliminate the risk of failures in operational systems and achievement of the Group's objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. Our Board will regularly review the administration and the adequacy of our internal system and develop and revise our internal control system to later for our expansion.

The Group does not have an internal audit function and is currently of the view that there is no immediate need to set up an internal audit function considering the current business structure size, nature and complexity. It was decided that the Board would be directly responsible for internal control of the Group and for reviewing its effectiveness during the year. The Group has engaged an internal control consultant, an independent third party, to undertake a review of the internal control system of the Group under rotation basis.

Accordingly, the Board is of the view that the systems of internal control and risk management are effective and there are no irregularities, improprieties, fraud or other deficiencies that suggest material deficiency in the effectiveness of the Group's internal control system.

AUDITOR'S REMUNERATION

Deloitte & Touche LLP was appointed by the Board as the auditor of the Company. The remuneration paid or payable to Deloitte & Touche LLP and its member firms for services rendered for the year ended 31 December 2018 were as follows:

	S$'000
Audit services	150
Other assurance services	15

The amount of fee incurred for other assurance services mainly included S$15,000 of the service fee paid to Deloitte Touche Enterprise Risk Services Pte Ltd as the environmental, social and governance report. The Audit Committee was satisfied that other assurance services for the year ended 31 December 2018 did not affect the independence of the auditors.

COMPLIANCE OFFICER

Dr. Loh Teck Hiong has been appointed as the compliance officer of our Company. His biographical details are set out in section headed "Biographical Details of Directors and Senior Management" in this report.

COMPANY SECRETARY

Mr. Man Yun Wah ("Mr. Man"), aged 36, was appointed as our company secretary on 18 May 2018.

Mr. Man is an associate member of The Hong Kong Institute of Chartered Secretaries. He graduated from the University of Huddersfield in England with a Bachelor of Arts in business administration and management in March 2010. He further obtained a degree of Master of Corporate Governance from the Open University of Hong Kong in November 2014.

The primary duties of the company secretary include, but are not limited to, the following: (a) to ensure the Board procedures are followed and that the activities of the Board are carried out efficiently and effectively; (b) to assist the chairman to prepare agendas and Board papers for meetings and disseminate such documents to the Directors and Board committees in a timely manner; (c) to timely disseminate announcements and information relating to the Group; and (d) to maintain formal minutes of the Board meetings and other Board committee meetings.

Mr. Man has confirmed that he had received no less than 15 hours of relevant professional training for the year ended 31 December 2018, in compliance with Rule 5.15 of the GEM Listing Rules.

COMMUNICATION WITH SHAREHOLDERS

The Company communicates with the Shareholders and potential investors of the Company via the following:

(i) the timely public announcements and publications of quarterly, half yearly and annual reports and/or circulars as required under the GEM Listing rules and/or press releases of the Company providing updated information on the Group; and

(ii) the holding of annual general meetings and general meetings of the Company, if any, which may convened for specific purpose and provide an avenue for the Shareholders to engage actively with the Board.

SHAREHOLDERS' RIGHTS

Right to convene extraordinary general meeting

Pursuant to the Company's articles of association, the Board may whenever it thinks fit call extraordinary general meetings. Any one or more Members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Right to put forward proposals at General Meetings

There are no provisions allowing the Shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised). However, the Shareholders may follow the procedure set out in the section headed "Rights to convene an EGM" above for including a resolution at an EGM. The requirements and procedures are set out above.

CORPORATE GOVERNANCE REPORT

Right to Put Enquiries to the Board

Shareholders may send their enquiries and concerns, in written form, to the Board by addressing them to the company secretary at Unit 912, 9/F., Two Harbourfront, 22 Tak Fung Street, Hunghom, Kowloon, Hong Kong. Shareholders may also make enquiries to the Board at the general meeting of the Company. In addition, shareholders can contact Tricor Investor Services Limited, the branch share registrar of the Company in Hong Kong, if they have any enquiries about their shareholdings and entitlements to dividend.

INVESTOR RELATIONS

The Company believes that maintaining effective communication with the investment industry is crucial to having a deeper understanding of the Company's business and its development among investors. The Company has established a range of communication channels between itself and its Shareholders, investors and other stakeholders. These include the annual general meeting, the annual, interim and quarterly reports, notices, announcements and circulars and the Company's website at https://rmhholdings.com.sg.

CONSTITUTIONAL DOCUMENTS

During the period from the Listing date to 31 December 2018, there had been no significant change in the Company's constitutional documents.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION

ABOUT THIS REPORT

The inaugural Environmental, Social and Governance Report ("ESG Report") of RMH Holdings Limited ("RMH" or "We") has been prepared in accordance with the Environmental, Social and Governance Reporting Guide ("ESG Guide") set out in Appendix 20 of the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") made by The Stock Exchange of Hong Kong Limited (the "HKEX"). This report aims to provide an overview of environmental, social and governance ("ESG") performance of RMH's operations for the financial year ended 31 December 2018. It highlights relevant strategies and business initiatives, and demonstrates how RMH is a sustainable and responsible business with a positive impact on our stakeholders.

SUSTAINABILITY VISION AND MISSION

We believe that sustainability is integral to our business and is critical to achieve long-lasting value creation for all our stakeholders. We embarked on our sustainability journey to address material ESG issues in order to create a sustainable future for our organisation, our stakeholders and the society as a whole.

REPORTING PERIOD

All data and activities reported were for the period from 1 January to 31 December 2018, unless stated otherwise.

STAKEHOLDER ENGAGEMENT AND MATERIALITY

We recognise that stakeholders play a strategic role in maintaining company's long-term growth, as well as responsible business development in ESG aspects. Our business activities involve a diverse range of stakeholders, but we select our stakeholders based on influence, representation, responsibility, dependency, and proximity. We strive to improve our stakeholder engagement by continuously improving our communication channels, and embedding valuable stakeholder input into our strategy.

STAKEHOLDERS' FEEDBACK

We welcome stakeholders' feedback on our ESG approach and performance. For questions or to deliver feedback about this report, please share your views with us via email rmhhelpline@dermclinic.com.sg.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A: ENVIRONMENTAL

We are a leading specialist dermatological and surgical practice in Singapore that is accredited by the Ministry of Health ("MOH") in Singapore. Our main environmental impacts arising from our business practice includes: carbon emissions, waste generation, energy consumption and water consumption.

A1: Emissions

We recognise the importance of sustainability in our business operation. We put emphasis on complying with the relevant environmental law and regulations in Singapore. However, our business nature are service focused and posed insignificant impact to the environment when compared with other industries.

Greenhouse gas emissions: Our business is conducted locally in office premises. The emissions in our daily operations is primarily from energy consumption that is utilised to power our facilities and equipment. In 2018, the total carbon emissions was recorded to be 8,912 kg CO_2e. In line with our Group's objective to minimise Greenhouse Gas ("GHG") emissions, we have implemented energy saving practices at our clinics that are mentioned under the section of "Use of Resources".

Hazardous waste: We fully comply with responsible management of our medical waste, which is outlined in Singapore Environmental Public Health (Toxic Industrial Waste) Regulations. To dispose medical waste in a safe and reliable manner, we have entered into a service agreement with a government-licensed toxic industrial waste collector. The licensed service provider will collect the medical waste from our clinics at Orchard and Raffles Place and subsequently dispose the waste in any authorised incineration plant approved under the laws of Singapore. As for our clinic at East Coast, the hazardous waste is handled by an independent party engaged by the hospital, also with designated biological waste bin at the campus. In 2018, the total hazardous waste generated accounted to less than 70 litres.

Non-hazardous waste: We treat the disposal of non-hazardous waste as an equally important task since certain types of non-hazardous waste can be recycled. During our daily operations, waste paper and plastics are collected for delivery to recycling companies. Furthermore, we encourage our employees to use both sides of paper, set duplex printing as the default mode for our network printers and also, to use recycled paper so as to minimise the wastage of paper. We aim to implement a tracking system in future so as to better track the total amount of non-hazardous waste generated in RMH. This will enable us to reflect a more accurate figure of the non-hazardous waste generated in RMH in future reports.

A2: Use of Resources

As our business nature is service focused, the main resources used in our daily operation are electricity, water and papers. In line with our Group's policy, we encourage our employees to manage the resources used in an effective and efficient manner.

Energy consumption: With an emphasis on environmental protection and energy conservation, we have arranged all our electrical appliances and medical equipment to be set in energy saving mode. We also reduced excessive lighting and air-conditioning to minimise usage of cooling towers during low loading periods for air- conditioning. In 2018, the total energy consumption accounted to less than 18,500 kWh.

Water consumption: We encourage our employee to monitor the water usage in our East Coast Clinic, Orchard Clinic and Raffles Place Clinic ("Clinics") and back office on a monthly basis to identify sudden spikes in consumption as well as water leaking in the piping system. In 2018, the total water consumption accounted to less than 90 m^3.

Packaging material used: We are primarily involved with the dermatological and surgical practice, and the prescription of medication and skin-care products. These medication and skin-care products are manufactured, packed, and distributed by our suppliers. As our business nature is service focused, there was no significant of the amount of packaging material used in our daily operation. As such, we do not track the packaging material used for the products.

A3: The Environment and Natural Resources

Our business operations pose an insignificant impact toward environment and natural resources used. Based on our business nature, the natural resources which contributed to our daily operations are primarily from the usage of electricity, water and paper. In line with our Group's policies, we strive to minimise the impact to the environment by encouraging our employees to monitor and manage the consumption of these natural resources in a more efficient manner (mentioned under the section of "Use of Resources").

B: SOCIAL

B1: Employment

We emphasise the protection of labour rights, equal opportunity and non-discrimination in the workplace. We have a human resource policy that expresses our commitment to the ethical, professional and legal standards. In addition, our human resources policy and staff handbook were formulated in compliance with the relevant labour law of Singapore. Both documents contained the information related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. Furthermore, we are committed to provide a conducive working environment with strong emphasis on work-life balance. In 2018, we organised several team bonding activities such as company dinner, short retreat to Hong Kong as well as birthday celebrations for our employees. These activities have thus fostered a sense of belonging and loyalty amongst our employees.

B2: Health and Safety

Occupational health and safety is of utmost importance to the RMH's business operations. The RMH's Business Process Manual emphasises on safety procedures and awareness in handling medical devices during daily operations. Our in-house doctors are responsible for the provision of support and resources required to maintain safe and ideal working conditions within the Clinics. Furthermore, they are also responsible for the implementation and planning of proper administrative procedures, including adhering to an agreed reporting structure and investigation methodology in the event of an incident occurring within the workplace. In 2018, there were zero reported work-related injuries and RMH continuously strives to monitor and improve the safety standards of the workplace environment. Furthermore, there were no material breach with compliance with relevant laws and regulations that have a significant impact on us relating to providing a safe working environment and protecting employees from occupational hazards.

B3: Development and Training

Here at RMH, our employees are critical to the operations and function of our business and we emphasise heavily on continual training so as to enhance staff performance and upgrade their professional skillsets. Our doctors and staff are encouraged to attend industry conferences, seminars and workshops as well as sharing sessions organised by our suppliers to keep abreast of evolving healthcare industry trends and standards. All these activities were carried out to ensure that our employees remain updated with relevant developments and are aware of the laws and regulations that govern the healthcare industry.

The following in-house training programmes are provided to further develop our employees' competencies:

- Training is provided by medical device suppliers or senior clinic staff in relation to the use of a new product or with regard to service related knowledge and also safety precautions of medical equipment

- During on-boarding session for new hires, training is provided by our in-house doctors to familiarise these new hires on daily operations and equipment handling procedures

- On-the-job assessments is also conducted by our in-house doctors for all of our professional staff to maintain the highest quality and standard of services to be provided to our clients

B4: Labour Standards

We respect the provisions outlined by the Labour Law in Singapore and have adopted a range of measures to ensure positive labour relations between management and our employees. For instance, we perform a stringent screening process on qualified candidates to ensure that they have reached the required minimum working age. In addition, we provide written labour contracts specifying their rights with regard to compensation and dismissal, working hours, rest periods, and other issues related to preventing forced labour. In 2018, there were no material breach with relevant laws and regulations recorded pertaining to child and forced labour.

B5: Supply Chain Management

We work closely with our suppliers to ensure a high quality and safety standards. A thorough due diligence is conducted prior to establishing any long-term business relationship with potential suppliers. Due diligence is conducted to ensure suppliers' compliance to trade laws and regulations as well as with the requirements within the RMH's Purchasing and Procurement Policy.

B6: Product Responsibility

We have formulated quality standards and purchasing guidelines in selecting and sourcing of skincare products. An approval must be obtained from our in-house doctors prior to the acceptance of any new over-the-counter skincare products that our Clinics will be distributing. In line with the RMH's Purchasing and Procurement Policy, we have implemented the following quality control procedures to our DS brand skincare products:

- In-house doctors to perform review on the medical journals, reports, commentaries as well as the list of ingredients used for the new type of skincare products to ensure the products are safe for user

- Management to request for few rounds of sample testing on the new skincare products to observe the quality consistency and to assess for potential defects

- Sales and operation staff to perform inspection upon delivery of the new skincare products to ensure the following:
  - ✓ No physically damaged on the products
  - ✓ Products are not passed the expiry date
  - ✓ Private labels applied to containers are clear
  - ✓ Product specifications are tallied with agreed format
  - ✓ Quantity of products received are tallied with purchase order
- Sales and operation staff will perform the following inventory monitoring procedures:
  - ✓ Record the delivery and manufacturing date of products
  - ✓ Monitor and maintain the stock level for all the products in the inventory management system to ensure products do not exceed the expiry date
  - ✓ Perform regular check on the products to ensure products are in good condition
- Sales and operation staff to safeguard the privacy, confidentiality and security of customer data entrusted to RMH which is in line with the RMH's internal control manual.

In 2018, there were no material breach with relevant law and regulations relating to health and safety, advertising, labelling and privacy matters recorded pertaining to our products and services.

B7: Anti-Corruption

Within RMH, we have established our own internal Whistleblowing Policy to support the detection of fraud and corruption risks. Moreover, all of our employees have undergone an internal training to familiarise themselves with the RMH's internal Whistleblowing Policy and thus are required to comply. This is to prevent employees from obtaining personal interest from related parties who have connections with RMH through bribery, extortion and fraud. In 2018, RMH was in compliance with Prevention of Corruption Act in Singapore and we recorded zero material breaches with relevant law and regulations pertaining to bribery, extortion, fraud and money laundering.

B8: Community Investment

RMH has consistently been committed towards corporate social responsibility where it aims to promote and achieve a positive impact toward the community. We actively participate in medical conferences, seminars and workshops in Singapore and overseas. We encourage our in-house doctors and staff to attend these events as guest speakers or participants, thereby raising awareness of prevention and treatment of dermatological conditions toward the community. In addition, our executive Directors have also contributed articles to medical journals, which increases the industry awareness of our RMH and also contributed invaluably to consumers and professionals across the industry.

HKEX ESG REPORTING GUIDE INDEX

CONTENT INDEX

ASPECT A: ENVIRONMENTAL		
General Disclosures ("GD")/ Key Performance Indicators ("KPIs")	**Description**	**Chapter, Page Reference, and/or Explanation for Omissions**
A1: EMISSIONS		
GD A1	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	A1: Emissions
KPI A1.1	The types of emissions and respective emissions data.	A1: Emissions
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A1: Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A1: Emissions
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A1: Emissions
KPI A1.5	Description of measures to mitigate emissions and results achieved.	A1: Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	A1: Emissions

A2: USE OF RESOURCES		
GD A2	Policies on the efficient use of resources, including energy, water and other raw materials.	A2: Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	A2: Use of Resources
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	A2: Use of Resources
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	A2: Use of Resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	A2: Use of Resources
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	A2: Use of Resources
A3: THE ENVIRONMENT AND NATURAL RESOURCES		
GD A3	Policies on minimising the issuer's significant impact on the environment and natural resources.	A3: The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	A3: The Environment and Natural Resources
ASPECT B: SOCIAL		
GD/KPIs	**Description**	**Chapter, Page Reference, and/or Explanation for Omissions**
B1: EMPLOYMENT		
GD B1	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	B1: Employment

B2: HEALTH AND SAFETY		
GD B2	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	B2: Health and Safety
B3: DEVELOPMENT AND TRAINING		
GD B3	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	B3: Development and Training
B4: LABOUR STANDARDS		
GD B4	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	B4: Labour Standards
B5: SUPPLY CHAIN MANAGEMENT		
GD B5	Policies on managing environmental and social risks of the supply chain.	B5: Supply Chain Management
B6: PRODUCT RESPONSIBILITY		
GD B6	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	B6: Product Responsibility
B7: ANTI-CORRUPTION		
GD B7	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	B7: Anti-Corruption
B8: COMMUNITY INVESTMENT		
GD B8	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	B8: Community Investment

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of RMH HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS OPINION

We have audited the consolidated financial statements of RMH Holdings Limited (the "Company") and its subsidiaries (herein referred to as the "Group") set out on pages 45 to 83, which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance, consolidated changes in equity and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the *Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Valuation of trade receivables *(Note 16)*	
Refer to Note 4 for relevant accounting policy and Notes 16 and 27 for breakdown and credit risk of trade receivables respectively. As at 31 December 2018, trade receivables of S$481,000 (2017: S$652,000) accounted for 56.1% (2017: 69.3%) of total current assets (excluding bank balances and cash). The Group offers credit terms of 45 to 90 days from date of invoice to corporate customers comprised of mainly insurance companies. The Group determines the expected credit losses ("ECL") of trade receivables by making debtor-specific assessment of expected impairment loss for overdue trade receivables and using a provision matrix for remaining trade receivables that is based on its historical credit loss experience, debtors' ability to pay and forward-looking information specific to the debtors and economic environment. This assessment requires management to exercise significant judgement.	Our audit procedures included: • Evaluating design and implementation of the Group's relevant control over the credit and collection process; • Testing the reasonableness of management's assumptions and inputs used in the ECL model by comparing to historical credit loss rates, and reviewed data and information that management has used, including consideration of forward-looking information based on specific economic data; • Checking the arithmetic accuracy of management's computation of ECL; • Evaluating management's assessment to support the collectability of the receivables; • Reviewing the specific analysis of individual customers with long overdue balances, including the profile, background and financial standing of the customers; • Discussing with management on the recoverability of past due debts to assess the adequacy of allowance for trade receivables; and • Reviewing for subsequent collections from customers. We found management's estimate of allowance for doubtful debts to be reasonable.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

Management is responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THE DIRECTORS OF THE COMPANY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lee Boon Teck.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

22 March 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2018

	Notes	**2018 S$'000**	2017 S$'000
Revenue	*6*	**6,987**	7,054
Other operating income	*8*	**205**	23
Consumables and medical supplies used		**(1,088)**	(1,022)
Other direct costs		**(109)**	(108)
Employee benefits expense		**(1,812)**	(1,350)
Depreciation of plant and equipment		**(158)**	(192)
Other operating expenses		**(1,894)**	(1,546)
Finance costs	*9*	**–**	(16)
Listing expenses		**–**	(2,933)
Profit (loss) before taxation	*10*	**2,131**	(90)
Income tax expense	*11*	**(280)**	(380)
Profit (loss) and total comprehensive income(expense) for the year attributable to owners of the Company		**1,851**	(470)
Basic earnings (loss) per share (Singapore cents)	*13*	**0.31**	(0.10)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	2018 S$'000	2017 S$'000
ASSETS AND LIABILITIES			
Non-current assets			
Plant and equipment	14	**541**	229
Rental deposits		**287**	64
		828	293
Current assets			
Inventories	15	**198**	201
Trade and other receivables	16	**659**	740
Bank balances and cash	17	**14,128**	12,553
		14,985	13,494
Current liabilities			
Trade and other payables	18	**871**	601
Income tax payables		**312**	397
		1,183	998
Net current assets		**13,802**	12,496
Total assets less current liabilities		**14,630**	12,789
Non-current liabilities			
Deferred tax liability	19	**24**	34
		24	34
Net assets		**14,606**	12,755
EQUITY			
Capital and reserves			
Share capital	20	**1,037**	1,037
Reserves		**13,569**	11,718
Equity attributable to owners of the Company		**14,606**	12,755

The consolidated financial statements on pages 45 to 84 were approved and authorised for issue by the Board of Directors on 22 March 2019 and are signed on its behalf by:

Dr. Loh Teck Hiong
Chairman

Dr. Kwah Yung Chien Raymond
Chief executive officer

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2018

	Share capital S$'000	Share premium S$'000	Other reserve *(Note)* S$'000	Retained earnings (Accumulated loss) S$'000	Total S$'000
At 1 January 2017	2	–	–	434	436
Loss and total comprehensive expense for the year	–	–	–	(470)	(470)
Transactions with owners, recognised directly in equity:					
Transfer upon the reorganisation	(1)	–	1	–	–
Issue of shares of Unified Front Limited ("Unified Front")	(1)	–	2,164	–	2,163
Issue of shares under the capitalisation issue *(Note 20d)*	777	(777)	–	–	–
Issue of shares under the share offer *(Note 20e)*	260	12,174	–	–	12,434
Transaction costs directly attributable to issue of shares	–	(1,808)	–	–	(1,808)
At 31 December 2017	1,037	9,589	2,165	(36)	12,755
Profit and total comprehensive income for the year	–	–	–	1,851	1,851
At 31 December 2018	**1,037**	**9,589**	**2,165**	**1,815**	**14,606**

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

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2018

	2018 S$'000	2017 S$'000
Operating activities		
Profit/(loss) before taxation	**2,131**	(90)
Adjustments for:		
Finance costs	**–**	16
Depreciation of plant and equipment	**158**	192
Interest income	**(169)**	–
Operating cash flows before working capital changes	**2,120**	118
Movements in working capital:		
Decrease (increase) in inventories	**3**	(52)
Increase in trade and other receivables and rental deposits	**(142)**	(135)
Increase in trade and other payables	**270**	107
Cash generated from operations	**2,251**	38
Interest	**169**	–
Income tax paid	**(375)**	(428)
Cash from (used in) operating activities	**2,045**	(390)
Investing activity		
Purchase of plant and equipment	**(470)**	(27)
Cash used in investing activity	**(470)**	(27)
Financing activities		
Issue of shares of Unified Front to a Pre-IPO Investor	**–**	2,163
Proceeds from issue of shares *(Note 20e)*	**–**	12,434
Direct transaction costs paid	**–**	(1,808)
Finance costs paid	**–**	(16)
Repayments of obligations under finance leases	**–**	(281)
Cash from financing activities	**–**	12,492
Net increase in cash and cash equivalents	**1,575**	12,075
Cash and cash equivalents at beginning of the year	**12,553**	478
Cash and cash equivalents at end of the year, represented by bank balances and cash *(Note 17)*	**14,128**	12,553

See accompanying notes to consolidated financial statements.

1 GENERAL

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

The Company is an investment holding company and the principal activities of the subsidiaries are disclosed in Note 24.

2 BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cashflow of the Group for the year ended 31 December 2017 are prepared as if the current group structure had been in existence throughout the year ended 31 December 2017 or since the date of incorporate where there is a shorter period.

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

The consolidated financial statements for the year ended 31 December 2018 were authorised for issue by the Board.

3 ADOPTION OF NEW AND REVISED STANDARDS

All IFRSs effective for the accounting period commencing from 1 January 2018, together with the relevant transitional provisions, have been adopted by the Company and its subsidiaries (collectively referred to as the "Group") in preparation of these financial statements. The adoption of these new/revised IFRSs has no material effect on the amounts reported for the current or prior period.

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

Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The change in accounting policies have been noted in Note 4. There is no significant adjustments as the application of IFRS 9 impairment requirements has not resulted in any material adjustment to allowance.

Impact of application of IFRS 15 Revenue from Contracts with Customers

In the current year, the Group has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. The change in accounting policies have been noted in Note 4. There is no material impact on the Group's financial performance and positions for current and prior year but result in more extensive disclosures in these consolidated financial statements.

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these consolidated financial statements, the Group has not applied the following new Standards that have been issued but are not yet effective.

IFRS 16	Leases[1]

[1] Effective for annual periods beginning on or after 1 January 2019.

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the consolidated financial statements of the Group in future periods, except as noted below:

IFRS 16 Leases

General impact of application of IFRS 16 Leases

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related Interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019. The date of initial application of IFRS 16 for the Group will be 1 January 2019.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.

3 ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

IFRS 16 Leases (Continued)

Impact of the new definition of a lease

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

The change in definition of a lease mainly relates to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

— The right to obtain substantially all of the economic benefits from the use of an identified asset; and

— The right to direct the use of that asset.

The Group will apply the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Group has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not change significantly the scope of contracts that meet the definition of a lease for the Group.

Impact on Lessee Accounting

Operating leases

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

On initial application of IFRS 16, for all leases (except as noted below), the Group will:

(a) Recognise right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;

(b) Recognise depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;

(c) Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flow.

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

Under IFRS 16, right-of-use assets will be tested for impairment in accordance with IAS 36 Impairment of Assets.

This will replace the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group will opt to recognise a lease expense on a straight-line basis as permitted by IFRS 16.

3 ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

IFRS 16 Leases (Continued)

Impact on Lessee Accounting (Continued)

Operating leases (Continued)

As at 31 December 2018, the Group has non-cancellable operating lease commitments of approximately S$1,799,000 as disclosed in Note 22. Upon the adoption of IFRS 16, the directors of the Group expect that the operating lease commitments in the future in respect of the leased premises with the terms more than twelve months will be required to be recognised in the consolidated financial statements in the future as right-of-use assets and lease liabilities. The directors of the Company do not expect the adoption of IFRS 16 as compared with the current accounting policy of the Group would result in significant impact on the Group's result.

In addition, the Group currently considers refundable rental deposits paid of approximately S$287,000 as rights under leases to which IAS 17 applies. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets.

Furthermore, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above.

Except for the above, the directors of the Company anticipate that the application of the other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the future.

4 SIGNIFICANT ACCOUNTING POLICIES

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 "Share based payment", leasing transactions that are within the scope of IAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 "Inventories" or value in use in IAS 36 "Impairment of Assets".

In addition, for financial reporting purposes, fair value adjustments are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value adjustments are observable and the significance of the inputs to the fair value measurement in its entirety which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are observable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporates the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets (from 1 January 2018)

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.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; 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.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (from 1 January 2018) (Continued)

Classification of financial assets (Continued)

Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (from 1 January 2018) (Continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL.

Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "Foreign exchange loss, net" line item.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Impairment of financial assets

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

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

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Impairment of financial assets (Continued)

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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

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

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

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

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract or invoice and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables are each assessed as a separate group or individual basis.);
- Past-due status;
- Nature or industry of debtors; and
- External credit ratings where available.

The grouping is reviewed periodically by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12 months ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Financial assets (before 1 January 2018)

Financial assets are classified as "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe established by regulation or convention in the marketplace.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or significant delay in payments are objective evidence that these financial assets are impaired.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Plant and equipment

Plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and the estimated cost of asset retirement. The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodies within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of plant and equipment are recognised in the profit or loss as incurred.

Depreciation is recognised so as to write off the cost of items of plant and equipment, less their residual values over their estimated useful lives, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Leases

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

The Group as lessee

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

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

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency transactions

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group are presented in Singapore Dollars, which is the functional currency of the Company.

In preparing the financial statements of the individual group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Revenue recognition (upon application of IFRS 15 in accordance with transitions in Note 3)

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

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

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

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

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

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

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

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (upon application of IFRS 15 in accordance with transitions in Note 3) (Continued)

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

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

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

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

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

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

Revenue recognition under IAS 18 (prior to 1 January 2018)

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognised when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below:

Revenue from Consultation Services are recognised when services are provided.

Revenue from provision of medical skincare treatments of surgical and non-invasive/minimally invasive in nature ("Treatment Services") are recognised when services are provided.

Revenue from Prescription and Dispensing Services are recognised when the dispensing is made.

Other revenue are recognised when the services are provided.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss.

Retirement benefits costs

Payments to the Central Provident Fund in Singapore as defined contribution plan are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period that related services is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents in the Statement of Cash flows

Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

5 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the group's accounting policies

Management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimates, which are dealt with below).

Key sources of estimation uncertainty

The following is the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next twelve months.

Calculation of loss allowance

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

6 REVENUE AND SEGMENT INFORMATION

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

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

6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Revenue analysis

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

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

	2018 **S$'000**	2017 S$'000
Types of services:		
Consultation Services	**1,837**	1,794
Prescription and Dispensing Services	**2,065**	1,956
Treatment Services	**2,648**	2,821
Other services *(Note)*	**437**	483
	6,987	7,054
Timing of revenue recognition:		
At a point in time	**2,502**	2,439
Over time	**4,485**	4,615
	6,987	7,054

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

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

Geographical information

The Group's operations are located in Singapore. All of the Group's revenue from external customers based on the location of the Group's operations is from Singapore.

The geographical location of the Group's non-current assets is situated in Singapore based on physical location of assets.

Information about major customers

There was no revenue from patients individually contributing over 10% of the total revenue of the Group for the years ended 31 December 2018 and 2017.

An analysis of revenue from insurance companies which paid on behalf of aggregate number of patients and contributed over 10% of the Group's total revenue for the year is as follows:

	2018 **S$'000**	2017 S$'000
Insurance Company A	**974**	1,097

Other than Insurance Company A, there was no revenue from insurance companies which paid on behalf of aggregate number of patients individually contributing over 10% of the total revenue of the Group for the years ended 31 December 2018 and 2017.

7 DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Directors' and Chief Executive's emoluments

Dr. Loh, Dr. Ee and Dr. Kwah are appointed as directors of the Company on 22 March 2017. The emoluments paid or payable to the directors and chief executive of the Company (including emoluments for services as directors of the entities comprising the Group prior to becoming the directors of the Company) by the entities comprising the Group are as follows:

	Fee	Salaries and allowances	Contributions to retirement benefit scheme	Total
	S$'000	S$'000	S$'000	S$'000
For the year ended 31 December 2018				
Executive Directors *(Note c)*				
Loh Teck Hiong *(Note a)*	**–**	**300**	**12**	**312**
Ee Hock Leong	**–**	**300**	**12**	**312**
Kwah Yung Chien Raymond *(Note b)*	**–**	**300**	**12**	**312**
Independent Non-Executive Directors *(Note d)*				
Mr. Cheung Kiu Cho Vincent	**21**	**–**	**–**	**21**
Mr. Ong Kian Guan	**31**	**–**	**–**	**31**
Mr. Wong Siu Ki *(deceased on 7 March 2018)*	**5**	**–**	**–**	**5**
Mr. Wang Ning *(appointed on 1 June 2018)*	**12**	**–**	**–**	**12**
	69	**900**	**36**	**1,005**
For the year ended 31 December 2017				
Executive Directors *(Note c)*				
Loh Teck Hiong *(Note a)*	–	195	12	207
Ee Hock Leong	–	195	12	207
Kwah Yung Chien Raymond *(Note b)*	–	195	12	207
Independent Non-Executive Directors *(Note d)*				
Mr. Cheung Kiu Cho Vincent	6	–	–	6
Mr. Ong Kian Guan	8	–	–	8
Mr. Wong Siu Ki	6	–	–	6
	20	585	36	641

Notes:

(a) Dr. Loh was redesignated as the chairman of the Company with effect from 18 May 2017.

(b) Dr. Kwah was redesignated as the chief executive officer of the Company with effect from 18 May 2017.

(c) The executive directors' emoluments were for their services in connection with the management of the affairs of the Company and its subsidiaries undertaking.

(d) The independent non-executive directors' emoluments were for their services as directors of the Company.

None of the directors of the Company waived or agreed to waive any emoluments during the both reporting periods.

7 DIRECTORS' AND EMPLOYEES' EMOLUMENTS (CONTINUED)

Employees' emoluments

The five highest paid individuals included the three executive directors of the Company whose emoluments are included in the disclosures above. The emoluments of the remaining two (2017: two) individuals were as follows:

	2018 S$'000	2017 S$'000
Salaries, bonuses and other benefits	**133**	146
Contributions to retirement benefits scheme	**21**	20
	154	166

The five highest paid individuals including the directors of the Company whose remuneration were within the following bands:

	2018	2017
Nil to Hong Kong dollars ("HK$") 1,000,000	**2**	2
HK$1,000,001 to HK$1,500,000	**3**	3
	5	5

No emoluments were paid by the Group to the five highest paid individuals, including directors of the Company, as an inducement to join or upon joining the Group.

8 OTHER OPERATING INCOME

	2018 S$'000	2017 S$'000
Fixed deposit interest	**169**	–
Government grant *(Note)*	**36**	9
Sundry income	**–**	14
	205	23

Note: Government grant represents primarily government subsidies in form of cash payout from Inland Revenue Authority of Singapore under the Productivity and Innovation Credit Scheme which compensates the Group in relation to qualifying expenditure incurred.

9 FINANCE COSTS

	2018 S$'000	2017 S$'000
Interests on:		
Obligations under finance leases	–	16

10 PROFIT (LOSS) BEFORE TAXATION

Profit (loss) before tax has been arrived at after charging:

	2018 S$'000	2017 S$'000
Audit fees (included in other operating expenses)	150	145
Administrative fees (included in other operating expenses)	318	321
Net foreign currency exchange loss (included in other operating expenses)	84	41
Professional and consulting fees (included in other operating expenses)	714	289
Employee benefits expense:		
Directors' remunerations *(Note 7)*	1,005	641
Other staff costs		
— salaries, bonus and other benefits	701	607
— contributions to retirement benefits scheme	106	102

11 INCOME TAX EXPENSE

	2018 S$'000	2017 S$'000
Tax expense comprises:		
Singapore corporate income tax ("CIT")		
— Current tax	290	380
	290	380
Deferred tax expense *(Note 19)*	(10)	–
	280	380

Singapore CIT is calculated at 17% (2017: 17%) of the estimated assessable profit eligible for CIT rebate of 40%, capped at S$15,000 for the Year of Assessment 2018, and adjusted to 20%, capped at S$10,000 for the Year of Assessment 2019. Singapore incorporated companies can also enjoy 75% tax exemption on the first S$10,000 of normal chargeable income and a further 50% tax exemption on the next S$290,000 of normal chargeable income.

11 INCOME TAX EXPENSE (CONTINUED)

The income tax expense for the year can be reconciled to the profit (loss) before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2018 **S$'000**	2017 S$'000
Profit (loss) before taxation	**2,131**	(90)
Tax at applicable tax rate of 17% (2017: 17%)	**362**	(15)
Tax effect of expenses not deductible for tax purpose	**76**	3
Tax effect of income not taxable for tax purpose	**(54)**	(50)
Effect of tax concessions and tax exemptions	**(104)**	(123)
Effect of different tax rate on company operating in other jurisdictions	**–**	565
Income tax expense	**280**	380

12 DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2018 (2017: Nil).

13 EARNINGS (LOSS) PER SHARE

	2018	2017
Profit (loss) attributable to the owners of the Company (S$'000)	**1,851**	(470)
Weighted average number of ordinary shares in issue ('000)	**600,000**	480,000
Basic earnings (loss) per share (Singapore cents)	**0.31**	(0.10)

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 years ended 31 December 2018 and 2017, no separated diluted earnings per share information has been presented as there was no dilutive potential ordinary shares outstanding.

14 PLANT AND EQUIPMENT

	Medical equipment S$'000	Computer and office equipment S$'000	Leasehold improvements S$'000	Leasehold improvements in progress S$'000	Total S$'000
COST					
At 1 January 2017	704	60	185	–	949
Additions	16	11	–	–	27
At 31 December 2017	720	71	185	–	976
Additions	275	6	–	189	470
Written off	–	(1)	–	–	(1)
At 31 December 2018	995	76	185	189	1,445
ACCUMULATED DEPRECIATION					
At 1 January 2017	451	22	82	–	555
Provided for the year	140	15	37	–	192
At 31 December 2017	591	37	119	–	747
Provided for the year	105	17	36	–	158
Written off	–	(1)	–	–	(1)
At 31 December 2018	696	53	155	–	904
CARRYING VALUES					
At 31 December 2018	299	23	30	189	541
At 31 December 2017	129	34	66	–	229

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

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

15 INVENTORIES

	2018 S$'000	2017 S$'000
Consumables and medical supplies	**198**	201

16 TRADE AND OTHER RECEIVABLES

	2018 S$'000	2017 S$'000
Trade receivables	**481**	652
Deposits	**39**	26
Prepayment	**119**	46
Other receivables	**20**	16
	659	740

The patients of the Group usually settle their payments by cash, Network for Electronic Transfer ("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.

Loss allowance for trade receivables has been measured at an amount equal to lifetime ECL. The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

The following table details the risk profile of trade receivables from contracts with customers based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

16 TRADE AND OTHER RECEIVABLES (Continued)

	Trade receivables — days past due				
	Not past due	**91 to 120 days**	**121 to 150 days**	**> 150 days**	**Total 2018**
	S$'000	S$'000	S$'000	S$'000	S$'000
Expected credit loss rate	*	*	*	*	–
Estimated total gross carrying amount at default	392	86	–	3	481
Lifetime ECL	–	–	–	–	–
					481

* Denotes less than 1% and not significant.

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:

	2018	2017
	S$'000	S$'000
0–30 days	**114**	159
31–60 days	**156**	143
61–90 days	**122**	102
over 90 days	**89**	248
	481	652

For the year ended 31 December 2017:

In 2017, The policy for allowances for doubtful debts of the Group is based on the evaluation of collectability and aging analysis of trade receivables and on management's judgement. A considerable amount of judgement by management is required in assessing the ultimate realisation of these receivables, including the current creditworthiness, the past collection history of each customer and the ongoing business relationship with the customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Included in the Group's trade receivables balance were debtors with a carrying amount of $248,000 which were past due at the end of reporting period for which the Group had not provided as there had not been a significant change in credit quality and the amounts were still considered recoverable. The average age of these receivables were as follows:

	2017
	$'000
Overdue By:	
0–30 Days	48
Over 30 Days	200
Total	248

16 TRADE AND OTHER RECEIVABLES (Continued)

For the year ended 31 December 2017: (continued)

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 of the Company believe that no credit provision is required.

17 BANK BALANCES AND CASH

As at 31 December 2018, certain balances amounting to S$8,255,000 (2017: S$9,298,000) which carry interest at prevailing market rate of 1.32% (2017: 0.01%) per annum, the remaining balances do not carry interest.

18 TRADE AND OTHER PAYABLES

	2018 **S$'000**	2017 S$'000
Trade payables	**99**	34
Accrued staff cost	**241**	36
Accrued operating expenses	**345**	229
Other tax payables	**–**	45
Other payables	**186**	257
	871	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:

	2018 **S$'000**	2017 S$'000
0–30 days	**95**	32
31–60 days	**3**	1
61–90 days	**1**	–
Over 90 days	**–**	1
	99	34

19 DEFERRED TAXATION

	Accelerated tax depreciation S$'000
At 1 January 2017 and 31 December 2017	34
Credit to profit or loss *(Note 11)*	(10)
At 31 December 2018	24

20 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 31 December 2017 represented the share capital of the Singapore subsidiaries.

Details of the share capital are disclosed as follows:

	Number of shares	Par value HK$	Share capital HK$'000
Authorised share capital of the Company:			
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
At 31 December 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
At 31 December 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 a 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 a 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).

21 RETIREMENT BENEFITS SCHEME

As prescribed by the Central Provident Fund ("CPF") Board of Singapore, the Group's employees employed in Singapore who are Singapore Citizens or Permanent Residents are required to join the CPF scheme. From 1 January 2017 onwards, the Group's contribution rates of the eligible employees' salaries remain the same, with each employee's qualifying salary capped at S$6,000 per month.

The total cost of S$142,000 for the year ended 31 December 2018 (2017: S$138,000) charged to the consolidated statement of profit or loss and other comprehensive income represents contributions paid or payable to the CPF by the Group.

22 OPERATING LEASE COMMITMENTS

The Group as lessee

	2018 S$'000	2017 S$'000
Minimum lease payments paid under operating leases during the year in respect of rented clinics included in other operating expenses	**446**	395

At the end of the reporting periods, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2018 S$'000	2017 S$'000
Within one year	**835**	428
In the second to fifth year inclusive	**964**	523
	1,799	951

23 RELATED PARTY TRANSACTIONS

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

Compensation of key management personnel

	2018 S$'000	2017 S$'000
Salaries, performance bonus and other benefits	**1,069**	585
Contributions to retirement benefits scheme	**63**	36
	1,132	621

24 PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Name of company	Place of incorporation/ operation and date of incorporation	Attributable equity interests of the Group and the respective voting right held by the Group as at 31 December 2018	31 December 2017	Issued and fully paid share capital as at date of this report	Principal activities
Directly held					
Unified Front[1]	BVI/Singapore 8 December 2016	**100%**	100%	Ordinary shares of US$1,542,506 (equivalent to approximately S$2,164,000)	Investment holding
RMH (Hong Kong)[1] Holdings Limited[1]	Hong Kong/Hong Kong 2 October 2018	**100%**	–	Ordinary shares of HK$10,000,000 (equivalent to approximately S$1,752,000)	Provision of medical aesthetic services and sale of skin care products and was remained dormant during the year
Indirectly held					
D&S Clinic	Singapore/Singapore 5 September 2013	**100%**	100%	Ordinary shares of S$900	Provision of all-round dermatology treatment solutions, specialised in skin cancer, skin diseases and aesthetic procedures
D&S Clinic (Orchard)	Singapore/Singapore 20 January 2014	**100%**	100%	Ordinary shares of S$300	Provision of all-round dermatology treatment solutions, specialised in skin cancer, skin diseases and aesthetic procedures
D&S Clinic (Shenton)	Singapore/Singapore 6 February 2014	**100%**	100%	Ordinary shares of S$300	Provision of all-round dermatology treatment solutions, specialised in skin cancer, skin diseases and aesthetic procedures
RMH Family Clinic	Singapore/Singapore 6 March 2018	**100%**	–	Ordinary shares of S$300	Provision of community dermatological services for less complicated dermatological conditions and non-invasive medical aesthetic treatments

(1) Not required to be audited

24 PARTICULARS OF SUBSIDIARIES OF THE COMPANY (CONTINUED)

Unified Front is directly held by the Company. All other subsidiaries are indirectly held by the Company. All entities comprising the Group are limited liability companies and have adopted 31 December as their financial year end date.

None of the subsidiaries had issued any debt securities at the end of the year.

25 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2018 S$'000	2017 S$'000
ASSETS AND LIABILITIES		
Non-current asset		
Investment in subsidiaries	**5,105**	3,353
Current assets		
Amount due from a subsidiary	**816**	409
Other receivables	**67**	28
Bank balances and cash	**8,244**	9,298
	9,127	9,735
Current liabilities		
Amount due to subsidiaries	**3,917**	2,164
Other payables and accruals	**69**	269
	3,986	2,433
Net current assets	**5,141**	7,302
Net assets	**10,246**	10,655
EQUITY		
Capital and reserves		
Share capital	**1,037**	1,037
Reserves	**9,209**	9,618
Equity attributable to owners of the Company	**10,246**	10,655

25 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

The movement of the Company's capital and reserves is as follows:

	Share capital S$'000	Share premium S$'000	Other reserves S$'000	Accumulated loss S$'000	Total S$'000
At 22 March 2017 (date of incorporation)	–	–	–	–	–
Loss and total comprehensive expense for the year:	–	–	–	(3,324)	(3,324)
Transactions with owners, recognised directly in equity:					
Arising from the Group Reorganisation	–	–	3,353	–	3,353
Issue of shares under the capitalisation issue *(Note 20d)*	777	(777)	–	–	–
Issue of shares under the share offer *(Note 20e)*	260	12,174	–	–	12,434
Transaction costs directly attributable to issue of shares	–	(1,808)	–	–	(1,808)
At 31 December 2017	1,037	9,589	3,353	(3,324)	10,655
Loss and total comprehensive expense for the year	–	–	–	(409)	(409)
At 31 December 2018	1,037	9,589	3,353	(3,733)	(10,246)

26 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners of the Company through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged in 2018 and 2017.

The capital structure of the Group represents obligations under finance leases and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through payment of dividends and return of capital to shareholders.

27 FINANCIAL INSTRUMENTS

Categories of financial instruments

	2018 S$'000	2017 S$'000
Financial assets		
— Amortised cost (2017: Loans and receivables)		
Trade receivables	**481**	652
Deposits	**39**	26
Other receivables	**20**	16
Bank balances and cash	**14,128**	12,553
Total	**14,668**	13,247
Financial liabilities		
— Amortised cost		
Trade and other payables *(Note)*	**871**	556
Total	**871**	556

Note: Excluding other tax payables for 2017.

Financial risk management objectives and policies

Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk and currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

The Group does not have any exposure interest rate risk.

The Group currently does not have any interest rate hedging policy. However, management of the Group closely monitors its exposure to interest rate risk as a result of change on market interest rate and will consider hedging changes in market interest rates should the need arise.

27 FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Currency risk

As at 31 December 2018, certain bank balances and other payables are denominated in HK$ which amounted to S$8,255,000 (2017: S$9,298,000).

Assuming that all other variables remain constant at year end, a 10% depreciation/appreciation of S$ against HK$ would result in an increase/decrease in the Group's profit (2017: loss) for the year of approximately S$826,000 (2017: S$929,000) for the year ended 31 December 2018 .

In the management's opinion, the sensitivity analysis above is unrepresentative for the currency risk as the exposure at the end of reporting period does not reflect the exposure during the year.

The Group monitors foreign currency exposure and will consider hedging significant currency exposure should the need arise.

Credit risk

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising ECL
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL — credit-impaired

The table below details the credit quality of the Group's financial assets as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
2018						
Trade receivables	*16*	[1]	Lifetime ECL (simplified approach)	481	–	481
Other receivables	*16*	Performing	12-month ECL	20	–	20

[1] The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The Group has adopted procedures in extending credit terms to customers and in monitoring its credit risk. The Group only grants credit to creditworthy counterparties. Cash is held with creditworthy institutions.

Top 3 corporate customers of the Group accounts for approximately 70% of the trade receivables for the year ended 31 December 2018 (2017: 76%). Management assesses and monitors credit risk and debt collection efforts on a regular basis. Allowance for potential credit losses is adjusted when necessary.

27 FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Liquidity risk

The Group's approach in managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management of the Group to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on hand to meet expected operational expenses; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disaster.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment dates. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of each reporting period.

Liquidity tables

	Weighted average effective interest rate %	1 to 3 months S$'000	3 months to 1 year S$'000	1 to 2 years S$'000	2 to 5 years S$'000	Total undiscounted cash flows S$'000	Carrying amount at the end of the reporting date S$'000
At 31 December 2018							
Non-derivative financial liabilities							
Trade and other payables	N/A	871	–	–	–	871	871
At 31 December 2017							
Non-derivative financial liabilities							
Trade and other payables	N/A	556	–	–	–	556	556

Fair value

Management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost approximate their fair values.

FINANCIAL SUMMARY

	For the year ended 31 December			
	2015 S$'000	2016 S$'000	2017 S$'000	**2018** **S$'000**
RESULTS				
Revenue	5,596	6,160	7,054	**6,987**
Profit (loss) before taxation	2,579	3,044	(90)	**2,131**
Income tax expenses	(328)	(363)	(380)	**(280)**
Profit (loss) and total comprehensive income (expense) for the year attributable to owners of the Company	2,251	2,681	(470)	**1,851**

	As at 31 December			
	2015 S$'000	2016 S$'000	2017 S$'000	**2018** **S$'000**
ASSETS AND LIABILITIES				
Total assets	1,943	1,690	13,787	**15,813**
Total liabilities	1,179	1,254	1,032	**1,207**
Total equity attributable to owners of the Company	764	436	12,755	**14,606**