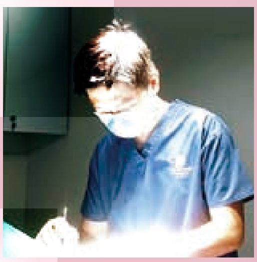
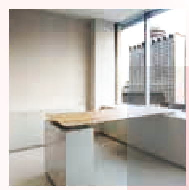
RMH HOLDINGS LIMITED
德斯控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8437






ANNUAL REPORT

2019

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This report, for which the directors (the "Directors") of RMH Holdings Limited (the "Company", together with its subsidiaries, the "Group") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this 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.

CONTENTS

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
Ground Floor, The Center
99 Queen's Road Central
Central, Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
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
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Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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P.O. Box 2681
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
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 2019.

REVIEW

We remain the leading specialist dermatological and surgical practice in Singapore by providing provides comprehensive, quality specialty care services for a variety of dermatological and aesthetic service. We continue to do well in the area of skin cancer management in particular Mohs Micrographic Surgery.

For the year 2019, we increased the pace of our expansion in aesthetic medicine with the opening of a new clinic at Paragon focusing more on aesthetic condition helmed by a newly recruited dermatologist with special interest in aesthetic medicine.

We also developed the concept of '"family and skin" clinic with the opening of a new clinic at Orchard Road offering a brand of a more specialized general practice with focus on occupational health, dermatology and aesthetic medicine. The clinic is currently run by three General Practitioners.

Since our listing in 2017, we also see increasing opportunity in Greater China especially the Big Bay area. We think Hong Kong is very well placed for medical tourism targeting patients from Big Bay area. We entered into a joint venture with reputable local Hong Kong partners in setting up a multi-specialist Centre at Central focusing on dermatology, aesthetic, preventive and regenerative medicine and obstetric & gynecological services.

We believe we laid an excellent foundation and developed extensive network in 2019 for the group to enter our next phase of elevated growth and development over the next few years. The increase expenditure in doing so led to a drop in the group profit in 2019.

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

OUTLOOK

The world-wide outbreak of Covid-19 virus brings both opportunity and risks to the group. While there is significant decrease in international travel and medical tourism, we also foresee there will be huge demand in good topical skin care products such as hand sanitizer and moisturiser. Our new clinic in Hong Kong allows us to care for patients from Greater China without the need to fly to Singapore.

The year of 2020 will be challenging with uncertainty but we believe the group is well placed to ride through it and benefit from pent up demand which will come when the outbreak is controlled.

CHAIRMAN'S STATEMENT

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, 24 March 2020

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a medical and surgical service provider for different customer groups in the field of dermatology. The Group provides an all-round treatment solution that is tailored to our patients' individual needs. Services are provided to our patients for the treatment of, among others, skin cancer, skin diseases such as eczema, psoriasis, acne, pigmentation, adverse drug reactions and warts. The Group also performs aesthetic treatments to enhance the overall appearance of patients.

The revenue of the Group increased slightly by approximately S$238,000, or 3.4%, to approximately S$7,225,000, when compared to the year ended 31 December 2018. The revenue of Consultation Services, Prescription and Dispensing Services, Treatment Services, Aesthetic Services and other services amounted to approximately S$1,843,000, S$2,110,000, S$2,499,000, S$124,000 and S$649,000 which accounted for approximately 25.5%, 29.2%, 34.6%, 1.7% and 9.0% of the total revenue of the Group for the year ended 31 December 2019 respectively, which is generally in line with the distribution as compared to the year ended 31 December 2018. The increase in revenue was preliminary attributable to the increase in other services rendered in relation to laboratory tests carried out during the treatment. The number of patients' visits growth by 11.2% to 23,727 for the year ended 31 December 2019 from 21,344 for the year ended 31 December 2018.

BUSINESS OUTLOOK

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's overall revenue amounted to approximately S$7,225,000 for the year ended 31 December 2019, representing an increase of approximately S$238,000 or 3.4% as compared with the revenue of S$6,987,000 for the year ended 31 December 2018.

The Group provides an all-round treatment solution that is tailored to the patients' individual needs in the field of dermatology. These are achieved through the provision of personalised services, including Consultation Services, Prescription and Dispensing Services, Aesthetic Services and Treatment Services. The increase in revenue for the year ended 31 December 2019 was mainly attributable to increase in other services in relation to laboratory tests carried out during the treatment. The following table sets forth a breakdown of our revenue for the periods indicated:

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

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

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

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

Other operating income

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

MANAGEMENT DISCUSSION AND ANALYSIS

Consumables and medical supplies used

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

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

Other direct costs

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

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

Employee benefits expense

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

Employee benefits expense relate to Directors' remuneration, salaries, bonus and other benefits for other professional staff such as trained therapists, clinic executives and other administrative staff, contributions to retirement benefits scheme. The increase was largely due to additional staff headcounts of aesthetic clinic and "Family and Skin" Clinic. We have recruited two General Practitioners in "Family and Skin" Clinic.

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

	2019	2018
Total staff count	**30**	20

Depreciation of plant and equipment

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. Our depreciation expenses primarily comprised:

(a) professional equipment, mainly our medical equipment such as dermatological laser equipment used at our Clinics;

(b) computer and office equipment at our various premises used for our operations; and

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

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

Depreciation of right-of-use assets

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The increase is mainly attributed by the adoption of new accounting standards.

Other operating expenses

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

Finance costs

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

Income tax expense

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

Profit for the year

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

DIVIDENDS

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

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The capital of the Group only comprises ordinary shares.

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

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

FOREIGN EXCHANGE EXPOSURE

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

CONTINGENT LIABILITIES

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

EMPLOYEES AND REMUNERATION POLICIES

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

CHARGES ON THE GROUP'S ASSETS

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

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 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 2019 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 2019 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 2019 were used as follows:

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

Notes:

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

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

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

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

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

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 2019.

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 25 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 2019, 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 12.

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 2019 and the financial position of the Group as at that date are set out in the consolidated financial statements on pages 47 to 48.

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

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 35 to 42 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 2019 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 2019 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 2019, 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 92 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 47 of this annual report.

SHARE CAPITAL

Details of the share capital of the Company for the year ended 31 December 2019 are set out in Note 22 to the consolidated financial statements for the year ended 31 December 2019.

DISTRIBUTABLE RESERVES

As at 31 December 2019, 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$5,367,000.

BANK LOANS AND OTHER BORROWINGS

As at 31 December 2019, 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 2019.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended 31 December 2019 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 23.1% of total revenue (2018: 29.0%). Our largest customer accounted for 12.4% of total revenue (2018: 13.9%).

For the year ended 31 December 2019, our largest supplier accounted for approximately 46.3% (2018: 57.8%) of our total purchases. For the year ended 31 December 2019, our five largest suppliers in aggregate accounted for approximately 73.1% (2018: 77.3%) of 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) has any beneficial interest in the Group's five largest customers or suppliers during the year ended 31 December 2019.

DIRECTORS

The Directors during the year ended 31 December 2019 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. Wang Ning

Pursuant to the Articles of Association, Mr. Cheung Kiu Cho Vincent and Mr. Ong Kian Guan 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.

REPORT OF THE DIRECTORS

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 of the Company (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 2019.

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 23 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 2019. 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 at 31 December 2019, 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 2019, none of the Directors and chief executive of the Company had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 31 December 2019, 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%
Mr. 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.

As disclosed above, as at 31 December 2019, 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 27 to 34 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 2019, save for the compliance adviser agreement with effect from 1 November 2017 entered into between the Company and Red Solar Capital Limited, neither Red Solar Capital Limited, its directors, employees and close associates had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

COMPLIANCE OF NON-COMPETITION UNDERTAKING

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

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

REPORT OF THE DIRECTORS

ANNUAL GENERAL MEETING

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

CLOSURE OF REGISTER OF MEMBERS

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

EQUITY-LINKED AGREEMENT

No equity-linked agreements were entered into during the year ended 31 December 2019 or subsisted as at 31 December 2019.

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 2019, 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

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

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

AUDITOR

The consolidated financial statements for the year ended 31 December 2019 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
24 March 2020

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Dr. Loh Teck Hiong, aged 50, 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 18 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 47, 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 44, 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 44, 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 22 years of experience in the real estate industry and assets valuations sector. Mr. Cheung is currently the founder and managing director of Vincorn Consulting and Appraisal Limited and the company is focusing on the provision of valuation and advisory services to the listed companies in Hong Kong and other multinational corporations in the region. Prior to the incorporation of his own practice, from 2016 to 2019, Mr. Cheung was the deputy managing director of valuation and advisory services, Asia of Colliers International (Hong Kong) Limited. 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 Sallmanns (Far East) Limited in March 2003 and left as a senior manager in 2005. Mr. Cheung was 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 was a valuer in DTZ Debenham Tie Leung Limited 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 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 has been appointed as an independent non-executive director of China Automobile New Retail (Holdings) Limited, a company listed on the Main Board of the Stock Exchange (stock code: 526), whose principal business involved in the trading of imported cars, manufacturing and trading of household products, operation of department stores and supermarkets, wholesale of wine and beverages and electrical appliances and investments 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. Cheung has entered into a letter of appointment with the Company for an initial term of one year commencing on the Listing Date and will continue thereafter until terminated in accordance with the terms of the letter of appointment and he is entitled to a salary of S$20,894 per annum. Such salary will be reviewed annually by the Board and the remuneration committee of the Company may recommend to the Board an which the Board may approve with reference to his performance and the operating results of the Group.

Save as disclosed herein, Mr. Cheung (i) has not held any other directorships in the last three years in any listed public company in Hong Kong or overseas; (ii) is not related to any Directors, senior management, substantial Shareholders or controlling Shareholders of the Company; and (iii) is not interested nor deemed to be interested in any Shares within the meaning of Part XV of the SFO.

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

Mr. Ong Kian Guan（王建源）("Mr. Ong"), aged 52, 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.

He has been an audit partner of Baker Tilly TFW LLP since 2005. 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 non-executive director of CHINA XLX FERTILISER LTD. (a company listed on the Main Board of the Stock Exchange, stock code: 1866) since 11 May 2007 and IAG Holdings Limited (a company listed on GEM of the Stock Exchange, stock code: 8513) since 19 December 2017. He was also the independent director and audit committee chairman of Serrano Limited, Weiye Holdings Limited and Alita Resources Limited up till August 2018, December 2018 and December 2019 respectively.

Mr. Ong has entered into a letter of appointment with the Company for an initial term of one year commencing on the Listing Date and will continue thereafter until terminated in accordance with the terms of the letter of appointment and he is entitled to a salary of S$31,339 per annum. Such salary will be reviewed annually by the Board and the remuneration committee of the Company may recommend to the Board an which the Board may approve with reference to his performance and the operating results of the Group.

Save as disclosed herein, Mr. Ong (i) has not held any other directorships in the last three years in any listed public company in Hong Kong or overseas; (ii) is not related to any Directors, senior management, substantial Shareholders or controlling Shareholders of the Company; and (iii) does not hold any other position in the Company and other members of the Group; and (iv) is not interested in any Shares within the meaning of Part XV of the SFO.

Mr. Wang Ning（王寧）("Mr. Wang"), aged 42, 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. He is currently an independent non-executive director of National Investments Fund Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1227) since 17 July 2019.

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

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Ms. Ang Shally（洪雪倪）("Ms. Ang"), aged 30, is our chief financial officer. She is responsible for overseeing the daily accounting and financial management of our Group. Ms. Shally Ang joined the Company in September 2017. Ms. Shally 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 55, 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 42, 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. The Company had complied with all the applicable code provisions of the CG Code during year ended 31 December 2019.

COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

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

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 2019 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. Wang Ning

During the year ended 31 December 2019, 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 managing 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 coverage 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. Wang Ning	4/4	4/4	–	1/1	1/1

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 2019, 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 2019 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. Wang Ning	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 of the Company (the "Audit Committee"), the Remuneration Committee and the nomination committee of the Company (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 2019, the Audit Committee held four meetings and the attendance of meetings is set out under the section headed "Board/Board Committees Meetings" on page 28 in this report.

The Audit Committee performed the following work during the year ended 31 December 2019:

a. reviewed the Group's audited consolidated financial statements for the year ended 31 December 2019, the unaudited condensed consolidated first quarterly financial results for the three months ended 31 March 2019, the unaudited condensed consolidated interim financial results for the six months ended 30 June 2019 and the unaudited condensed consolidated third quarterly financial results for the nine months ended 30 September 2019 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 2019, 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 2019. The attendance of Remuneration Committee meeting is set out under the section headed "Board/Board Committees Meetings" on page 28 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 Chairman of the Nomination Committee. During the year ended 31 December 2019, 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 28 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.

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 has engaged internal auditor, MS Risk Management Pte. Ltd., to undertake a review of the internal control system of the Group under rotation basis.

Accordingly, the internal auditor 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 2019 were as follows:

	S$'000
Audit services	152

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 37, was appointed as our company secretary on 18 May 2017.

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 2019, 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.

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 2019, 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 2019. 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 2019, 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.

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 2019, the total carbon emissions was recorded to be 8,912 kg CO2e. 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 2019, the total hazardous waste generated accounted to less than 170 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 2019, the total energy consumption accounted to less than 30,000 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 2019, the total water consumption accounted to less than 60 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 2019, we organised several team bonding activities such as company dinner, karaoke activity 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 2019, 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 2019, 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 2019, 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 2019, 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 MEMBERS 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 (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, as set out on pages 47 to 91.

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 2019, 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") issued by International Auditing and Assurance Standard Board (the "IAASB"). 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 these requirements and 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 17)*	
Refer to Note 4 for relevant accounting policy and Notes 17 and 28 for breakdown and credit risk of trade receivables respectively. As at 31 December 2019, trade receivables of S$532,000 (2018: S$481,000) accounted for 49.4% (2018: 56.1%) 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 healthcare solutions and 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 controls 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.

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 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' responsibilities include 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 the independent auditor's report is Lee Boon Teck.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

24 March 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2019

	Notes	**2019 S$'000**	2018 S$'000
Revenue	6	**7,225**	6,987
Other operating income	8	**304**	205
Consumables and medical supplies used		**(1,140)**	(1,088)
Other direct costs		**(172)**	(109)
Employee benefits expense		**(2,322)**	(1,812)
Depreciation of plant and equipment	14	**(329)**	(158)
Depreciation of right-of-use assets	15	**(1,056)**	–
Other operating expenses		**(2,066)**	(1,894)
Finance costs	9	**(65)**	–
Profit before taxation	10	**379**	2,131
Income tax expense	11	**(221)**	(280)
Profit for the year		**158**	1,851
Other comprehensive expense after tax:			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translation loss on consolidation		**(20)**	–
Other comprehensive expense for the year, net of tax		**(20)**	–
Total comprehensive income for the year		**138**	1,851
Basic and diluted earnings per share (Singapore cents)	13	**0.03**	0.31

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019 S$'000	2018 S$'000
ASSETS AND LIABILITIES			
Non-current assets			
Plant and equipment	14	**1,383**	541
Right-of-use assets	15	**9,853**	–
Rental deposits		**689**	287
		11,925	828
Current assets			
Inventories	16	**261**	198
Trade and other receivables	17	**817**	659
Bank balances and cash	18	**12,651**	14,128
		13,729	14,985
Current liabilities			
Trade and other payables	19	**656**	871
Lease liabilities	20	**2,235**	–
Income tax payables		**224**	312
		3,115	1,183
Net current assets		**10,614**	13,802
Total assets less current liabilities		**22,539**	14,630
Non-current liabilities			
Lease liabilities	20	**7,754**	–
Deferred tax liability	21	**41**	24
		7,795	24
Net assets		**14,744**	14,606
EQUITY			
Capital and reserves			
Share capital	22	**1,037**	1,037
Share premium		**9,589**	9,589
Reserves		**4,118**	3,980
Equity attributable to owners of the Company		**14,744**	14,606

The consolidated financial statements on pages 47 to 91 were approved and authorised for issue by the Board of Directors on 24 March 2020 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 2019

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

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

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2019

	2019 S$'000	2018 S$'000
Operating activities		
Profit before taxation	**379**	2,131
Adjustments for:		
Finance costs	**65**	–
Depreciation of plant and equipment	**329**	158
Depreciation of right-of-use assets	**1,056**	–
Interest income	**(281)**	(169)
Interest income arising from rental deposits	**(9)**	–
Plant and equipment written off	**1**	–
Operating cash flows before working capital changes	**1,540**	2,120
Movements in working capital:		
Inventories	**(63)**	3
Trade and other receivables and rental deposits	**(638)**	(142)
Trade and other payables	**(215)**	270
Cash generated from operations	**624**	2,251
Income tax paid	**(294)**	(375)
Cash from operating activities	**330**	1,876
Investing activities		
Purchase of plant and equipment	**(1,172)**	(470)
Interest received	**281**	169
Net cash used in investing activities	**(891)**	(301)
Financing activity		
Repayments of lease liabilities	**(896)**	–
Cash used in financing activity	**(896)**	–
Net (decrease)/increase in cash and cash equivalents	**(1,457)**	1,575
Cash and cash equivalents at beginning of the year	**14,128**	12,553
Exchange differences on translation of bank balances and cash	**(20)**	–
Cash and cash equivalents at end of the year, represented by bank balances and cash *(Note 18)*	**12,651**	14,128

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2019

Reconciliation of liabilities arising from financing activity

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Consolidated Statement of Cash Flows as cash flows from financing activities.

	31 December 2018 S$'000	Adoption of IFRS 16 S$'000	1 January 2019 S$'000	Financing cash flows S$'000	Non-cash changes New leases S$'000	Other Charges (i) S$'000	31 December 2019 S$'000
Lease liabilities	–	1,715	1,715	(896)	9,105	65	9,989

(i) Other changes include interest accruals.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

1 GENERAL

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

The Company is an investment holding company and the principal activities of the subsidiaries are disclosed in Note 25.

2 BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

3 ADOPTION OF NEW AND REVISED STANDARDS

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

Impact of initial application of IFRS 16 *Leases*

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

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

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

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

(a) Impact of the new definition of a lease

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

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

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

(b) Impact on Lessee Accounting

(i) Former operating leases

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

Applying IFRS 16, for all leases the Group:

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

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

3 ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

Impact of initial application of IFRS 16 *Leases* (Continued)

(b) Impact on Lessee Accounting (Continued)

(i) Former operating leases (Continued)

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

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

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

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

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

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

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

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

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

3 ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

Impact of initial application of IFRS 16 *Leases* (Continued)

(c) Financial impact of the initial application of IFRS 16

The weighted average lessees incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on 1 January 2019 is 2.66%.

The following table shows the operating lease commitments disclosed applying IAS 17 at 31 December 2018, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

	2019 S$'000
Operating lease commitments at 31 December 2018	**1,799**
Less: Short-term leases and leases of low value assets	**(13)**
Less: Effect of discounting the above amounts	**(71)**
Lease liabilities recognised at 1 January 2019	**1,715**

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application. Before the application of IFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which IAS 17 applied under other receivables. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, S$87,000 was adjusted to refundable rental deposits paid and right-of-use assets. Consequently, right-of-use assets of S$1.8 million were recognised on 1 January 2019.

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Rights-of-use assets S$'000
Right-of-use assets relating to operating leases recognised upon application of IFRS 16	**1,715**
Adjustments on rental deposits at 1 January 2019	**87**
	1,802

New and revised IFRS Standards in issue but not yet effective

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

4 SIGNIFICANT ACCOUNTING POLICIES

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

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

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 (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 (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.

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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (from 1 January 2019)

The Group has applied IFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under IAS 17. The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (from 1 January 2019) (Continued)

The Group as lessee (Continued)

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Plant and Equipment' policy.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (from 1 January 2019) (Continued)

The Group as lessee (Continued)

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other expenses' in profit or loss.

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

Leases (before 1 January 2019)

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

The Group as lessee

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

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

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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

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

The Group recognises revenue from the following major sources:

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

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

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

Revenue from provision of non-surgical/non-invasive medical skincare treatments ("Aesthetic Services") generally relate to contracts with patients in which our performance obligations are to provide the required services to the patients. Considerations are generally received upfront and recognised as deferred revenue.

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

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

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 Income Taxes requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

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.

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.

Revenue analysis

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

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

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

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

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

6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

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 and Hong Kong 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 2019 and 2018.

An analysis of revenue from healthcare solutions and 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:

	2019 **S$'000**	2018 S$'000
Healthcare Solutions Company A	**897**	974

Other than Healthcare Solutions Company A, there was no revenue from healthcare solutions and 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 2019 and 2018.

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 S$'000	Salaries and allowances S$'000	Contributions to retirement benefit scheme S$'000	Total S$'000
For the year ended 31 December 2019				
Executive Directors *(Note c)*				
Dr. Loh Teck Hiong *(Note a)*	**–**	**340**	**17**	**357**
Dr. Ee Hock Leong	**–**	**240**	**17**	**257**
Dr. Kwah Yung Chien Raymond *(Note b)*	**–**	**240**	**17**	**257**
Independent Non-Executive Directors *(Note d)*				
Mr. Cheung Kiu Cho Vincent	**22**	**–**	**–**	**22**
Mr. Ong Kian Guan	**31**	**–**	**–**	**31**
Mr. Wang Ning	**22**	**–**	**–**	**22**
	75	**820**	**51**	**946**
For the year ended 31 December 2018				
Executive Directors *(Note c)*				
Dr. Loh Teck Hiong *(Note a)*	–	300	12	312
Dr. Ee Hock Leong	–	300	12	312
Dr. 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

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 (2018: two) individuals were as follows:

	2019 **S$'000**	2018 S$'000
Salaries, bonuses and other benefits	**319**	133
Contributions to retirement benefits scheme	**10**	21
	329	154

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

	2019	2018
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

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

Note: Government grant represents primarily government subsidies in form of cash payout from Inland Revenue Authority of Singapore in relation to support business embarking on transformation efforts and encourage sharing of productivity gains with workers until year 2020.

9 FINANCE COSTS

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

10 PROFIT BEFORE TAXATION

Profit before tax has been arrived at after charging:

	2019 S$'000	2018 S$'000
Audit fees (included in other operating expenses)	**152**	150
Administrative fees (included in other operating expenses)	**296**	318
Net foreign currency exchange loss (included in other operating expenses)	**204**	84
Professional and consulting fees (included in other operating expenses)	**1,047**	714
Employee benefits expense:		
Directors' remunerations *(Note 7)*	**946**	1,005
Other staff costs		
— salaries, bonus and other benefits	**1,223**	701
— contributions to retirement benefits scheme	**153**	106

11 INCOME TAX EXPENSE

	2019 S$'000	2018 S$'000
Tax expense comprises:		
Singapore corporate income tax ("CIT")		
— Current tax	**204**	290
	204	290
Deferred tax expense *(Note 21)*	**17**	(10)
	221	280

11 INCOME TAX EXPENSE (CONTINUED)

Singapore CIT is calculated at 17% (2018: 17%) of the estimated assessable profit eligible for CIT rebate 20%, capped at S$10,000 for the Year of Assessment 2019 and adjusted to 25%, capped at S$15,000 for the Year of Assessment 2020. Singapore incorporated companies can enjoy 75% tax exemption on the first S$10,000 of normal chargeable income and a further 50% tax exemption on the next S$190,000 (2018: S$290,000). of normal chargeable income.

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

	2019 **S$'000**	2018 S$'000
Profit before taxation	**379**	2,131
Tax at applicable tax rate of 17% (2018: 17%)	**64**	362
Non-taxable items	**87**	22
Effect of unutilised tax losses not recognised	**161**	–
Effect of tax concessions and tax exemptions	**(91)**	(104)
Income tax expense	**221**	280

Subject to the agreement by the tax authority at the end of the reporting period, the Group has unutilised tax losses of approximately S$945,000 (2018: S$Nil) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

12 DIVIDENDS

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

13 EARNINGS PER SHARE

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

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

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

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

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

15 RIGHT-OF-USE ASSETS

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

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

16 INVENTORIES

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

17 TRADE AND OTHER RECEIVABLES

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

17 TRADE AND OTHER RECEIVABLES (CONTINUED)

The patients of the Group usually settle their payments by cash, Network for Electronic Transfer ("NETS"), credit cards and claiming from healthcare solutions and 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 healthcare solutions and insurance companies, the Group allowed a credit period ranging from 45 to 90 days to healthcare solutions and 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.

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

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

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

	2019 **S$'000**	2018 S$'000
Overdue by:		
0-30 days	**80**	86
Over 30 days	**–**	3
	80	89

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.

18 BANK BALANCES AND CASH

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

19 TRADE AND OTHER PAYABLES

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

Deferred revenue represents upfront receipt from customer.

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

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

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

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

20 LEASE LIABILITIES

Lease liabilities (Disclosure required by IFRS 16)

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

21 DEFERRED TAXATION

	Accelerated tax depreciation S$'000
At 1 January 2018	34
Credit to profit or loss *(Note 11)*	(10)
At 31 December 2018	24
Charge to profit or loss *(Note 11)*	17
At 31 December 2019	41

22 SHARE CAPITAL

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 1 January 2018, 31 December 2018 and 31 December 2019	10,000,000,000	0.01	100,000

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

23 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$204,000 for the year ended 31 December 2019 (2018: S$142,000) charged to the consolidated statement of profit or loss and other comprehensive income represents contributions paid or payable to the CPF by the Group.

24 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

	2019 S$'000	2018 S$'000
Salaries, performance bonus and other benefits	**1,067**	1,069
Contributions to retirement benefits scheme	**85**	63
	1,152	1,132

25 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		Issued and fully paid share capital as at date of this report	Principal activities
		31 December 2019	31 December 2018		
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) Holdings Limited[(1)]	Hong Kong/Hong Kong 2 October 2018	**100%**	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%**	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

25 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.

26 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:

	2019 S$'000	2018 S$'000
ASSETS AND LIABILITIES		
Non-current asset		
Investment in subsidiaries	**5,105**	5,105
Current assets		
Amount due from subsidiaries	**8,599**	816
Other receivables	**28**	67
Bank balances and cash	**82**	8,244
	8,709	9,127
Current liabilities		
Amount due to subsidiaries	**3,992**	3,917
Other payables and accruals	**65**	69
	4,057	3,986
Net current assets	**4,652**	5,141
Net assets	**9,757**	10,246
EQUITY		
Capital and reserves		
Share capital	**1,037**	1,037
Reserves	**8,720**	9,209
Equity attributable to owners of the Company	**9,757**	10,246

26 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 1 January 2018	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
Loss and total comprehensive expense for the year	–	–	–	(489)	(489)
At 31 December 2019	1,037	9,589	3,353	(4,222)	9,757

27 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 2019 and 2018.

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.

28 FINANCIAL INSTRUMENTS

Categories of financial instruments

	2019 S$'000	2018 S$'000
Financial assets		
— Amortised cost		
Trade receivables	**532**	481
Deposits	**11**	39
Other receivables	**29**	20
Bank balances and cash	**12,651**	14,128
Total	**13,223**	14,668
Financial liabilities		
— Amortised cost		
Trade and other payables (excluding deferred revenue)	**604**	871

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.

Currency risk

As at 31 December 2019, there are no significant balances denominated in other currencies.

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

For the year ended 31 December 2018, 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 loss for the year of approximately S$826,000.

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.

28 FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

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
2019						
Trade receivables	*17*	[(1)]	Lifetime ECL (simplified approach)	532	–	532
Other receivables	*17*	Performing	12-month ECL	29	–	29
2018						
Trade receivables	*17*	[(1)]	Lifetime ECL (simplified approach)	481	–	481
Other receivables	*17*	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 56.8% of the trade receivables for the year ended 31 December 2019 (2018: 70%). Management assesses and monitors credit risk and debt collection efforts on a regular basis. Allowance for potential credit losses is adjusted when necessary.

28 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 %	Within 1 year 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 2019					
Non-derivative financial liabilities					
Trade and other payables	N/A	604	–	604	604
Lease liabilities	2.66-3.00	2,495	8,176	10,671	9,989
At 31 December 2018					
Non-derivative financial liabilities					
Trade and other payables	N/A	871	–	871	871

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.

29 OPERATING LEASE COMMITMENTS

Disclosure required by IAS 17

The Group as lessee

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

At 31 December 2018, the company had outstanding commitments under non-cancellable operating leases, which fall due as follows:

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

30 SUBSEQUENT EVENTS

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

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

FINANCIAL SUMMARY

	For the year ended 31 December			
	2016	2017	2018	**2019**
	S$'000	S$'000	S$'000	**S$'000**
RESULTS				
Revenue	6,160	7,054	6,987	**7,225**
Profit (loss) before taxation	3,044	(90)	2,131	**379**
Income tax expenses	(363)	(380)	(280)	**(221)**
Profit (loss) for the year	2,681	(470)	1,851	**158**

	As at 31 December			
	2016	2017	2018	**2019**
	S$'000	S$'000	S$'000	**S$'000**
ASSETS AND LIABILITIES				
Total assets	1,690	13,787	15,813	**25,654**
Total liabilities	1,254	1,032	1,207	**10,910**
Total equity attributable to owners of the Company	436	12,755	14,606	**14,744**