

RMH HOLDINGS LIMITED 德斯控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8437

2020

First
Quarterly
Report



CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the “Directors”) of RMH Holdings Limited (the “Company”, 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.

HIGHLIGHTS

- The unaudited revenue of the Group amounted to approximately S\$1,900,000 for the three months ended 31 March 2020, representing a slight increase of approximately S\$138,000 or 7.8% as compared with the three months ended 31 March 2019.
- The unaudited loss of the Group was approximately S\$241,000 for the three months ended 31 March 2020, representing a decrease of approximately S\$539,000 or 180.9% as compared with the three months ended 31 March 2019.
- (Loss)/Earnings per share was (0.03) Singapore cents for the three months ended 31 March 2020 compared to 0.05 Singapore cents for three months ended 31 March 2019.
- The Board does not recommend the payment of any dividend for the three months ended 31 March 2020.

UNAUDITED FIRST QUARTERLY RESULTS

The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Group for the three months ended 31 March 2020, together with the comparative figures for the corresponding period in 2019, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2020

	Notes	Three months ended 31 March	
		2020 S\$'000 (Unaudited)	2019 S\$'000 (Unaudited)
Revenue	5	1,900	1,762
Other operating income	6	336	96
Consumables and medical supplies used		(318)	(286)
Other direct costs		(51)	(34)
Employee benefits expense		(478)	(402)
Depreciation of plant and equipment		(90)	(54)
Depreciation of right-of-use assets		(628)	(100)
Other operating expenses		(789)	(514)
Finance costs	7	(68)	(100)
(Loss)/Profit before taxation	8	(186)	368
Income tax expense	9	(55)	(70)
(Loss)/Profit and total comprehensive income/(expenses) for the period		(241)	298
Other comprehensive expenses after tax item that maybe unclassified subsequently to profit or loss			
Foreign currency translation loss on consolidation	10	70	–
Other comprehensive expense for the year, net of tax		70	–
Total comprehensive (expense)/income for the period		(171)	298
(Loss)/Earnings per share (Singapore cents)		(0.03)	0.05

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2020

	Share capital S\$'000	Foreign Currency Translation Reserve S\$'000	Share premium S\$'000	Other reserve (Note) S\$'000	Retained earnings (Accumulated loss) S\$'000	Total S\$'000
At 1 January 2020 (audited)	1,037	(20)	9,589	2,165	1,973	14,744
Loss and total comprehensive expense for the period	-	70	-	-	(241)	(171)
At 31 March 2020 (unaudited)	1,037	50	9,589	2,165	1,732	14,573
At 1 January 2019 (audited)	1,037	-	9,589	2,165	1,815	14,606
Profit and total comprehensive income for the period	-	-	-	-	298	298
At 31 March 2019 (unaudited)	1,037	-	9,589	2,165	2,113	14,904

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2020

1 GENERAL

RMH Holdings Limited 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 Unit 912, 9/F, Two Harbourfront, 22 Tak Fung Street, Hunghom, Kowloon, 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 GEM of the Stock Exchange with effect from 13 October 2017 (the "Listing") by way of share offer (the "Share Offer"). The immediate and ultimate holding company of the Company is Brisk Success Holdings Limited which is a company incorporated in the British Virgin Islands.

2 BASIS OF PREPARATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements 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 condensed 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 condensed consolidated financial statements for the three months ended 31 March 2020 were authorised for issue by the Board.

3 ADOPTION OF NEW AND REVISED STANDARDS

In the current financial period, the Group has adopted all the new and revised IFRSs that are relevant to its operations and effective for annual periods beginning on or after 1 January 2020. The adoption of these new and revised IFRSs does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of the condensed consolidated financial statements, certain IFRSs that are relevant to the company were issued but not effective.

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

4 SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Financial assets

Classification of financial assets

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (“ECL”) on 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.

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.

Leases

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.

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.

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.

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.

5 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.

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:

	Three months ended	
	31 March	
	2020	2019
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Types of services:		
Consultation Services	420	488
Prescription and Dispensing Services	586	495
Treatment Services	603	658
Aesthetic Services	25	12
Other Services (Note)	266	109
	1,900	1,762
Timing of revenue recognition:		
At a point in time	852	604
Over time	1,048	1,158
	1,900	1,762

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 OTHER OPERATING INCOME

	Three months ended	
	31 March	
	2020	2019
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Interest income	–	84
Interest income arising from rental deposit	5	–
Interest income arising from novate tenancy agreement	312	–
Government grant (Note)	19	12
	336	96

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.

7 FINANCE COSTS

	Three months ended 31 March	
	2020 S\$'000 (Unaudited)	2019 S\$'000 (Unaudited)
Interest expense on lease liabilities	68	100

8 (LOSS)/PROFIT BEFORE TAXATION

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

	Three months ended 31 March	
	2020 S\$'000 (Unaudited)	2019 S\$'000 (Unaudited)
Audit fees (included in other operating expenses)	38	38
Administrative fees (included in other operating expense)	71	59
Net foreign currency exchange (gain)/loss (included in other operating expense)	(407)	123
Professional and consulting fees (included in other operating expenses)	887	206
Employee benefits expense:		
Directors' remunerations	112	223
Other staff costs		
– salaries, bonus and other benefits	325	150
– contributions to retirement benefits scheme	41	29

9 INCOME TAX EXPENSE

	Three months ended 31 March	
	2020 S\$'000 (Unaudited)	2019 S\$'000 (Unaudited)
Tax expense comprises:		
Singapore corporate income tax ("CIT")		
– Current tax	55	70

Singapore CIT is calculated at 17% (2019: 17%) of the estimated assessable profit eligible for CIT rebate 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 (2019: S\$190,000) of normal chargeable income.

10 (LOSS)/EARNINGS PER SHARE

	Three months ended	
	31 March 2020 (Unaudited)	2019 (Unaudited)
(Loss)/Profit attributable to the owners of the Company (S\$'000)	(171)	298
Weighted average number of ordinary shares in issue ('000)	600,000	600,000
(Loss)/Earnings per share (Singapore cents)	(0.03)	0.05

For the three months ended 31 March 2020 and 2019, no separated diluted (loss)/earnings per share information has been presented as there was no dilutive potential ordinary shares outstanding.

11 DIVIDENDS

The Board does not recommend the payment of a dividend for the three months ended 31 March 2020 (three months ended 31 March 2019: Nil).

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 by approximately S\$138,000, or 7.8%, to approximately S\$1,900,000 for the three months ended 31 March 2020, when compared to the three months ended 31 March 2019. The revenue of Consultation Services, Prescription and Dispensing Services, Treatment Services, Aesthetic Services and other services amounted to approximately S\$420,000, S\$586,000, S\$603,000, S\$25,000 and S\$266,000 which accounted for approximately 22.0%, 31.0%, 32.0%, 1.0% and 14.0% of the total revenue of the Group for the three months ended 31 March 2020 respectively, which is generally in line with the distribution as compared to the three months ended 31 March 2020. The increase in revenue was preliminary attributable to the increase in prescription & dispensing services and other services rendered in relation to laboratory tests carried out during the treatment.

BUSINESS OUTLOOK

The world-wide outbreak of COVID-19 virus and the implementation of various social distancing measures in Singapore since January 2020 pose short term operational challenges for clinics under the group especially the aesthetic medicine. We expect the full impact to be reflected in second quarter of 2020 with improvement seen from third quarter onward. The impact will nevertheless be mitigated by our shift to sale and delivery of anti-COVID products such as hand sanitizers, face masks to the public directly and the launch of our telemedicine service with online consultation and delivery of medicine to patients' homes. We believe the Group will be able to minimize the impact of the COVID-19 Pandemic and in good position to benefit from pent up demand when it is over.

FINANCIAL REVIEW

Revenue

The Group's overall revenue amounted to approximately S\$1,900,000 for the three months ended 31 March 2020, representing an increase of approximately S\$138,000 or 7.8% as compared with the revenue of S\$1,762,000 for the three months ended 31 March 2019.

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 three months ended 31 March 2020 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:

	Three months ended 31 March			
	2020		2019	
	<i>S\$'000</i>	%	<i>S\$'000</i>	%
	(Unaudited)		(Unaudited)	
Revenue				
Consultation Services	420	22.0	488	27.7
Prescription and Dispensing Services	586	31.0	495	28.1
Treatment Services	603	32.0	658	37.3
Aesthetic Services	25	1.0	12	0.7
Other Services	266	14.0	109	6.2
	1,900	100.0	1,762	100.0

Revenue generated from Consultation Services decreased by S\$68,000 from S\$488,000 to S\$420,000 for the three months ended 31 March 2019 and 2020 respectively. The increase of patient visits was mainly attributable to "Family and Skin" clinic, which will be a gateway to access a larger pool of customers.

Revenue generated from Prescription and Dispensing Services increased by S\$91,000 from S\$495,000 for the three months ended 31 March 2019 to S\$586,000 for the three months ended 31 March 2020. The increase was a result of the marginal increase in the revenue from patients who purchased DS skin wellness skincare products, or prescription DS brand skincare products without doctor's consultation.

Revenue generated from Treatment Services decreased by S\$55,000 from S\$658,000 for the three months ended 31 March 2019 to S\$603,000 for the three months ended 31 March 2020. Revenue from Treatment Services was predominantly decreased from anesthesia, Laser and MOHS light.

Consumables and medical supplies used

Our consumables and medical supplies used amounted to S\$286,000 and S\$318,000 for the three months ended 31 March 2019 and 2020 respectively. The increase was in line with the increase in revenue generated from Prescription and Dispensing Services. These comprised costs of treatment consumables, skincare products and medications were necessary for the provision of our services at our clinics.

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

Other operating income

Other operating income for the three months ended 31 December 2020 and 2019 consisted of government grants, interest income and income arising from rental deposit and novate of tenancy agreement due to IFRS 16.

Other direct costs

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

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

Employee benefits expense

	Three months ended 31 March	
	2020 S\$'000 (Unaudited)	2019 S\$'000 (Unaudited)
Directors' remunerations	112	223
Other staff costs:		
– Salaries, bonus and other benefits	325	150
– Contributions to retirement benefits scheme	41	29
Employee benefits expense	478	402

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 three months ended 31 March of the respective financial period is as follow:

	Three months ended 31 March	
	2020	2019
Total staff count	33	23

Depreciation of plant and equipment

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

- (a) professional equipment, mainly our medical equipment such as dermatological laser equipment used at our Clinics;
- (b) computer and office equipment at our various premises used for our operations; and
- (c) leasehold improvements in relation to the leased premises for our operations.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate at the end of the reporting period. Our medical equipment and office equipment are generally depreciated over three to five years, which we considered as reasonable for the useful lives for assets of such nature.

Depreciation of right-of-use assets

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

Other operating expenses

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

The other operating expenses increased by approximately S\$275,000 or 53.5% from approximately S\$514,000 for the three months ended 31 March 2019 to approximately S\$789,000 for the three months ended 31 March 2020.

	Three months ended	
	31 March	
	2020	2019
	<i>S\$'000</i>	<i>S\$'000</i>
	(Unaudited)	(Unaudited)
Rental and property upkeep	5	1
Administrative fees	71	59
Professional and consulting fees	887	206
Audit fees	38	38
Net foreign currency exchange (gain)/loss	(407)	123
Other expenses	195	87
Other operating expenses	789	514

The increase in professional and consulting fees for approximately S\$681,000 was related to professional fee payable to medical practitioners.

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

The other expenses comprised primarily card charges, management service fee, clinic supplies, repairs and maintenance, insurance and other miscellaneous expenses. The increase of other expenses was mainly due to management service fee and entertainment.

Finance costs

The Group did not have any bank borrowings, finance lease liabilities, or interest-bearing liabilities for the three months ended 31 March 2019 and 2020. The finance costs were attributable to interest expense on lease liabilities under IFRS 16.

Income tax expense

Income tax expense was approximately S\$55,000 for the three months ended 31 March 2020 and approximately S\$70,000 for the three months ended 31 March 2019. The decrease was mainly attributable to the decrease in profit before tax of approximately S\$554,000.

(Loss)/Profit for the period

Due to the combined effect of the aforesaid factors, we recorded the loss of approximately S\$241,000 for the three months ended 31 March 2020, representing a decrease of approximately S\$539,000 as compared with the profit of approximately S\$298,000 for the three months ended 31 March 2019.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 31 March 2020, 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 of controlled corporation ^(Note 1)	310,000,000 (Long position)	51.66%
	Interest of concert parties ^(Note 2)	48,000,000 (Long position)	8.00%
Dr. Ee Hock Leong ("Dr. Ee")	Beneficial owner	24,000,000 (Long position)	4.00%
	Interest of concert parties ^(Note 2)	334,000,000 (Long position)	55.66%
Dr. Kwah Yung Chien Raymond ("Dr. Kwah")	Beneficial owner	24,000,000 (Long position)	4.00%
	Interest of concert parties ^(Note 2)	334,000,000 (Long position)	55.66%

Notes:

1. Brisk Success Holdings Limited ("Brisk Success") is legally and beneficially owned as to approximately 50% by Dr. Loh. Accordingly, Dr. Loh is deemed to be interested in 310,000,000 Shares held by Brisk Success by virtue of the SFO.
2. Dr. Loh, Dr. Ee and Dr. Kwah are the 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.

Save as disclosed above, as at 31 March 2020, none of the Directors and chief executive of the Company had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 31 March 2020, the following persons, not being a Director or chief executive of our Company, had an interest or short position in the Shares and underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO (the "Substantial Shareholders' Register"), or, who is interested, directly or indirectly, in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group:

Name of Shareholder	Capacity/ nature of interest	Number of shares interested	Percentage of interest in our Company
Brisk Success	Beneficial owner	310,000,000 (Long position)	51.66%
Ms. Fung Yuen Yee	Interest of spouse ^(Note 1)	358,000,000 (Long position)	59.66%
Ms. Chou Mei	Interest of spouse ^(Note 2)	358,000,000 (Long position)	59.66%
Ms. Grace Lim Wen Li	Interest of spouse ^(Note 3)	358,000,000 (Long position)	59.66%
VICTORY SPRING VENTURES LIMITED	Beneficial owner	35,560,000 (Long position)	5.93%
Mr. Ye Zhichun	Interest of controlled corporation ^(Note 4)	35,560,000 (Long position)	5.93%

Notes:

1. 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.
2. Ms. Chou Mei, being the spouse of Dr. Ee, is deemed to be interested in all the Shares in which Dr. Ee is interested pursuant to the SFO.
3. 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 pursuant to the SFO.
4. The entire share capital of VICTORY SPRING VENTURES LIMITED is legally and beneficially owned as to 100% by Mr. Ye Zhichun. Accordingly, Mr. Ye Zhichun is deemed to be interested in 35,560,000 Shares held by VICTORY SPRING VENTURES LIMITED by virtue of the SFO.

Save as disclosed above, as at 31 March 2020, the Directors were not aware of any persons who/entities which had any interest or short position in the Shares or underlying Shares that would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the Substantial Shareholders' Register required to be kept under section 336 of the SFO.

CORPORATE GOVERNANCE PRACTICES

The Board recognises the importance of achieving the highest standard of corporate governance consistent with the needs and requirements of its businesses and the best interest of all of its stakeholders and is fully committed to doing so. The board believes that high standards of corporate governance provide a framework and solid foundation for the Group to manage business risks, enhance transparency, achieve high standard of accountability and protect stakeholders' interests. Therefore, the Board has reviewed and will continue to review and improve the Company's corporate governance practices from time to time.

The Company has adopted the principles and the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 15 to the GEM Listing Rules as its own code of corporate governance. The Company had complied with all the applicable code provisions of the CG Code during three months ended 31 March 2020.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the “Share Option Scheme”) on 22 September 2017 (the “Adoption Date”). During the period from 22 September 2017 to the date of this report, no share option were granted by the Company.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s shares during the three months ended 31 March 2019.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the three months ended 31 March 2020 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouses or children under age 18, or were any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all the Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the three months ended 31 March 2020.

COMPLIANCE OF NON-COMPETITION UNDERTAKING

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

The independent non-executive Directors have reviewed the implementation of the deed of non-competition and are of the view that the Controlling Shareholders had complied with their undertakings given under the deed of non-competition for the three months ended 31 March 2020.

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.

INTEREST OF COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Red Solar Capital Limited, as at 31 March 2020, 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.

Subsequently, Red Solar Capital Limited resigned as the compliance adviser of the Company on 1 April 2020.

DIVIDENDS

The Board does not recommend the payment of a dividend for the three months ended 31 March 2020.

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 two independent non-executive Directors, namely Mr. Ong Kian Guan and Mr. Cheung Kiu Cho, Vincent. Mr. Ong Kian Guan, our independent non-executive Director with the appropriate professional qualifications, serves as the chairman of the Audit Committee.

Reference is made to the announcement of the Company dated 31 March 2020. Following the resignation of Mr. Wang Ning, the Board comprises five members with three executive Directors and two independent non-executive Directors. As a result, the number of independent non-executive Directors of the Board is below the minimum number prescribed under Rule 5.05 of the GEM Listing Rules. The number of members of the Audit Committee is reduced to two which is below the minimum number prescribed under Rule 5.28 of the GEM Listing Rules. The number of members of the Remuneration Committee is reduced to two which is below the minimum number prescribed under Rule 5.34 of the GEM Listing Rules. In order to comply with Rules 5.05, 5.28 and 5.34 of the GEM Listing Rules, the Company is endeavoring to identify a suitable candidate to fill up the abovementioned vacancies as soon as practicable and in any event within three months from 31 March 2020 as prescribed under Rules 5.33 and 5.36 of the GEM Listing Rules, and will make further announcement(s) as and when appropriate.

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

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the three months ended 31 March 2020 and has provided advise and comments thereon.

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

Hong Kong, 15 May 2020

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

This report will remain on the "Latest Company Report" page of the GEM website at www.hkgem.com for at least seven days from the day of its publication. This report will also be published on the Company's website at <https://www.rmholdings.com.sg>.