RMH HOLDINGS LIMITED
德斯控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8437

2020

Interim 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$3,334,000 for the six months ended 30 June 2020, representing a decrease of approximately S$137,000 or 3.9% as compared with the revenue of approximately S$3,471,000 for the six months ended 30 June 2019.

- The unaudited loss of the Group was approximately S$1,053,000 for the six months ended 30 June 2020, representing a decrease of approximately S$1,386,000 or 416.2% as compared with the profit of approximately S$333,000 for the six months ended 30 June 2019.

- Loss per share was (0.17) Singapore cents for the six months ended 30 June 2020 while the earnings per share was 0.06 Singapore cents for six months ended 30 June 2019.

- The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2020.

UNAUDITED INTERIM RESULTS

The board of Directors (the "Board") is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended 30 June 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 and six months ended 30 June 2020

	Notes	Three months ended 30 June 2020 S$'000 (Unaudited)	Three months ended 30 June 2019 S$'000 (Unaudited)	Six months ended 30 June 2020 S$'000 (Unaudited)	Six months ended 30 June 2019 S$'000 (Unaudited)
Revenue	5	**1,434**	1,709	**3,334**	3,471
Other operating income	6	**468**	130	**804**	226
Consumables and medical supplies used		**(183)**	(235)	**(501)**	(521)
Other direct costs		**(34)**	(42)	**(85)**	(76)
Employee benefits expense		**(483)**	(554)	**(961)**	(956)
Depreciation of plant and equipment		**(128)**	(6)	**(218)**	(160)
Depreciation of right-of-use assets		**(259)**	(445)	**(887)**	(445)
Other operating expenses		**(1,202)**	(425)	**(1,991)**	(1,039)
Finance costs	7	**(7)**	–	**(7)**	–
Finance costs – right-of-use assets	8	**(13)**	(27)	**(81)**	(27)
Share of loss of joint venture	16	**(349)**	–	**(349)**	–
(Loss)/profit before tax	9	**(756)**	105	**(942)**	473
Income tax expense	10	**(56)**	(70)	**(111)**	(140)
(Loss)/profit and total comprehensive (expense)/ income for the period attributable to owners of the Company		**(812)**	35	**(1,053)**	333
Other comprehensive expenses after tax:					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation loss on consolidation		**(29)**	–	**41**	–
Other comprehensive expenses for the period, net of tax		**(29)**	–	**41**	–
Total comprehensive (expenses)/income for the period		**(841)**	35	**(1,012)**	333
(Loss)/Earnings per share (Singapore cents)	11	**(0.14)**	0.01	**(0.17)**	0.06

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	30 June 2020 S$'000 (Unaudited)	31 December 2019 S$'000 (Audited)
NON-CURRENT ASSETS			
Plant and equipment	13	**3,734**	1,383
Software development	14	**60**	–
Right-of-use assets	15	**4,012**	9,853
Rental deposits		**1,066**	689
Investment in joint venture	16	**2,303**	–
		11,175	11,925
CURRENT ASSETS			
Inventories		**2,018**	261
Trade and other receivables	17	**2,430**	817
Bank balances and cash		**7,639**	12,651
		12,087	13,729
CURRENT LIABILITIES			
Trade and other payables	19	**1,933**	656
Lease liabilities	20	**1,812**	2,235
Term loan	21	**618**	–
Income tax payables		**333**	224
		4,696	3,115
NET CURRENT ASSETS		**7,391**	10,614
TOTAL ASSETS LESS CURRENT LIABILITIES		**18,566**	22,539
NON-CURRENT LIABILITIES			
Lease liabilities	20	**2,439**	7,754
Term loan	21	**2,335**	–
Deferred tax liability		**41**	41
		4,815	7,795
NET ASSETS		**13,751**	14,744
CAPITAL AND RESERVES			
Share capital	22	**1,037**	1,037
Share premium		**9,589**	9,589
Reserves		**3,125**	4,118
		13,751	14,744

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Share capital S$'000	Share premium S$'000	Foreign currency translation reserve S$'000	Other reserve S$'000	Retained earnings (Accumulated loss) S$'000	Total S$'000
At 1 January 2020 (audited)	**1,037**	**9,589**	**(20)**	**2,165**	**1,973**	**14,744**
Loss and total comprehensive income for the period	**–**	**–**	**60**	**–**	**(1,053)**	**(993)**
At 30 June 2020 (unaudited)	**1,037**	**9,589**	**40**	**2,165**	**920**	**13,751**
At 1 January 2019 (audited)	1,037	9,589	–	2,165	1,815	14,606
Profit and total comprehensive income for the period	–	–	–	–	333	333
At 30 June 2019 (unaudited)	1,037	9,589	–	2,165	2,148	14,939

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Six months ended 30 June 2020 S$'000 (Unaudited)	2019 S$'000 (Unaudited)
OPERATING ACTIVITIES		
(Loss)/Profit before taxation	**(942)**	473
Adjustment for:		
Share of loss of joint venture	**349**	–
Depreciation of plant and equipment	**218**	160
Depreciation of right-of-use assets	**887**	445
Interest income	**–**	(212)
Interest expense on lease liabilities	**81**	27
Interest expense on term loan	**7**	–
Operating cash flows before working capital changes	**600**	893
Movement in working capital:		
Increase in inventories	**(1,757)**	(93)
Increase in trade and other receivables and rental deposits	**(1,990)**	(176)
Increase in deferred revenue	**19**	72
Increase/(Decrease) in trade and other payables	**281**	(376)
Cash (used in)/generated from operations	**(2,847)**	320
Interest received	**–**	212
Interest expense on lease liabilities	**(81)**	(27)
Income tax paid	**–**	(146)
Cash (used in)/from operating activities	**(2,928)**	359
INVESTING ACTIVITY		
Purchase of plant and equipment	**(2,570)**	(1,090)
Development of software	**(60)**	–
Acquisition of joint venture	**(1,678)**	–
Cash from/(used in) investing activity	**(4,308)**	(1,090)
FINANCING ACTIVITY		
New bank loan raised	**3,000**	–
Repayment of borrowings	**(54)**	–
Repayment of lease liabilities	**(783)**	(423)
Cash from/(used in) financing activity	**2,163**	(423)
Net decrease in cash and cash equivalents	**(5,073)**	(1,154)
Cash and cash equivalents at beginning of the period	**12,651**	14,128
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	**61**	–
Cash and cash equivalents at end of the period, represented by bank balances and cash	**7,639**	12,974

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 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 was 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 of the Company 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 #17-01/02 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 ("Brisk Success") 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 six months ended 30 June 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 fair value through other comprehensive income. 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.

The Group as lessor

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies SFRS(I) 15 to allocate the consideration under the contract to each component.

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, Treatment Services and Aesthetic 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, directors of the Company, has 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:

	Six months ended 30 June	
	2020	2019
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Types of services:		
Consultation Services	**665**	926
Prescription and Dispensing Services	**1,352**	985
Treatment Services	**977**	1,286
Aesthetic Services	**–**	30
Other Services *(Note)*	**340**	244
	3,334	3,471
Timing of revenue recognition:		
At a point in time	**1,692**	1,229
Over time	**1,642**	2,242
	3,334	3,471

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

	Six months ended 30 June 2020 S$'000 (Unaudited)	2019 S$'000 (Unaudited)
Interest income	–	212
Interest income arising from novate tenancy agreement	**316**	–
Rental income from sub-leasing	**288**	–
Government grant *(Note)*	**200**	14
	804	226

Note: Government grant represents primarily government subsidies in form of cash payout from Inland Revenue Authority of Singapore in relation to support businesses embarking on transformation efforts and encourage sharing of productivity gains with workers until year 2020. Following with the outbreak of COVID-19, Singapore Government introduced Jobs Support Scheme (JSS) to help enterprises retain local employees during this period of economic uncertainty.

7 FINANCE COSTS

	Six months ended 30 June 2020 S$'000 (Unaudited)	2019 S$'000 (Unaudited)
Interest expense on term loan *(Note 21)*	**7**	–

8 FINANCE COSTS – RIGHT-OF-USE ASSETS

	Six months ended 30 June 2020 S$'000 (Unaudited)	2019 S$'000 (Unaudited)
Interest expense on lease liabilities	**81**	27

9 (LOSS)/PROFIT BEFORE TAXATION

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

	Six months ended 30 June 2020 S$'000 (Unaudited)	2019 S$'000 (Unaudited)
Audit fees (included in other operating expenses)	**76**	75
Administrative fees (included in other operating expense)	**137**	138
Net foreign currency exchange loss (included in other operating expense)	**(155)**	174
Professional and consulting fees (included in other operating expenses)	**1,630**	493
Employee benefits expense:		
Directors' remunerations	**266**	430
Other staff costs		
— salaries, bonus and other benefits	**619**	464
— contributions to retirement benefits scheme	**76**	62

10 INCOME TAX EXPENSE

	Six months ended 30 June	
	2020	2019
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Tax expense comprises:		
Singapore corporate income tax ("CIT")		
— Current tax	**111**	140

Singapore CIT is calculated at 17% (2019: 17%) of the estimated assessable profit eligible for CIT rebate of 25%, capped at S$15,000 for the Year of Assessment 2020, not eligible from Year of Assessment 2021 onwards. Singapore incorporated companies can also enjoy 75% tax exemption on the first S$10,000 (2019: 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.

11 (LOSS)/EARNINGS PER SHARE

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
(Loss)/Profit attributable to the owners of the Company (S$'000)	**(1,012)**	333
Weighted average number of ordinary shares in issue ('000)	**600,000**	600,000
(Loss)/Earnings per share (Singapore cents)	**(0.17)**	0.06

For the six months ended 30 June 2020 and 2019, no separated diluted (loss)/earnings per share information has been presented as there was no dilutive potential ordinary shares outstanding.

12 DIVIDENDS

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

13 PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group acquired plant and equipment of approximately S$2,570,000 (30 June 2019: S$1,090,000).

14 SOFTWARE DEVELOPMENT

We enter into agreement for development of the customer relationship management ("CRM") software on 10 January 2020 contract sum approximately S$79,000. The purpose is to automate and manages the customer life cycle of an organization. It is usually used by the sales team, clinics team, and call center representative to maintain contact with customers and quickly respond to their needs.

The CRM software is under the phase 1 development phase as at 30 June 2020.

15 RIGHT-OF-USE ASSETS

Right-of-use assets	Leasehold office and clinics S$'000
Group	
Cost	
At 1 January 2019	1,802
Additions	9,107
At 31 December 2019	10,909
Additions	3,080
Transfer of lease	(8,574)
At 30 June 2020	5,415
Accumulated depreciation	
At 1 January 2019	–
Depreciation	1,056
At 31 December 2019	1,056
Additions	887
Transfer of lease	(540)
At 30 June 2020	1,403
Carrying amount	
At 31 December 2019	9,853
At 30 June 2020	4,012

16 JOINT VENTURE

	2020 S$'000
Cost of investment in joint venture	**2,652**
Share of loss of joint venture	**(349)**
	2,303

Details of the joint venture at the end of the reporting period is as follows:

Name of joint venture	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the Group
Queen's Road Medical Company Limited	Specialties of Orthopaedic, ENT, Obstretic and Gynaecology, Gastrointestinal, Oncology, Dermatology, Aesthetic and Anti-Aging Medicine.	Hong Kong, Central	51%

17 TRADE AND OTHER RECEIVABLES

	As at 30 June 2020 S$'000 (Unaudited)	As at 31 December 2019 S$'000 (Audited)
Trade receivables	**954**	532
Deposits	**997**	11
Prepayment	**49**	193
Other tax receivable	**100**	52
Other receivables	**330**	29
	2,430	817

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

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

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

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

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

	Trade receivables — days past due				
	Not Past due	**91 to 120 days**	**121 to 150 days**	**>150 days**	**30 June 2020**
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Expected credit loss rate	*	*	*	*	–
Estimated total gross carrying amount at default	**772**	**54**	**13**	**115**	**954**
Lifetime ECL	*	*	*	*	–
					954

	Trade receivables — days past due				
	Not Past due	91 to 120 days	121 to 150 days	>150 days	31 December 2019
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Expected credit loss rate	*	*	*	*	–
Estimated total gross carrying amount at default	452	80	–	–	532
Lifetime ECL	*	*	*	*	–
					532

* Denotes less than 1% and not significant.

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

	As at 30 June 2020 *S$'000* (Unaudited)	As at 31 December 2019 *S$'000* (Audited)
0–30 days	**494**	138
31–60 days	**115**	185
61–90 days	**163**	129
Over 90 days	**182**	80
	954	532

18 DEFERRED REVENUE

Deferred revenue represents upfront receipt from customers.

	As at 30 June 2020 *S$'000* (Unaudited)	As at 31 December 2019 *S$'000* (Unaudited)
At the beginning of the period	**72**	–
Receipt from customers	**78**	176
Revenue recognised that was included in the contract liabilities balance at the beginning of the period	**(22)**	–
Revenue recognised during the period that was related to receipt from customers in the same period	**(37)**	(124)
At the end of the period	**91**	52

There were no significant changes in the nature of deferred revenue balances during the reporting period.

19 TRADE AND OTHER PAYABLES

	As at 30 June 2020 *S$'000* (Unaudited)	As at 31 December 2019 *S$'000* (Audited)
Trade payables	**539**	173
Accrued staff costs	**18**	93
Accrued operating expenses	**321**	305
Deferred revenue *(Note 18)*	**91**	52
Other payables	**964**	33
	1,933	656

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

	As at 30 June 2020 S$'000 (Unaudited)	As at 31 December 2019 S$'000 (Audited)
0–30 days	**479**	117
31–60 days	**24**	14
61–90 days	**14**	42
Over 90 days	**22**	–
	539	173

20 LEASE LIABILITIES

	As at 30 June 2020 S$'000 (Unaudited)	As at 31 December 2019 S$'000 (Audited)
Amounts due for settlement within 12 months (shown under current liabilities)	**1,812**	2,235
Amounts due for settlement after 12 months	**2,439**	7,754
	4,251	9,989

21 TERM LOAN

	2020 S$'000
Bank Loan	**2,953**
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(618)**
	2,335

The Group has one principal bank loan for working capital purposes. The loan of S$3 million and was raised on 24 April 2020. Repayments over 60 monthly instalments comprising principal and interest and commenced on 22 June 2020. The loan is secured by a corporate guarantee from RMH HOLDINGS LIMITED (the "Corporate Guarantor"). The loan carries interest at 3% per annum on monthly rests.

22 SHARE CAPITAL

Details of the share capital are disclosed as follows:

	Number of shares	Par value *HK$*	Share capital *HK$'000*
Authorized share capital of the Company:			
At 30 June 2020 and 31 December 2019	10,000,000,000	0.01	100,000

	Number of shares	Share capital *HK$'000*
Issued and fully paid shares of the Company:		
At 30 June 2020 and 31 December 2019	600,000,000	1,037

23 RELATED PARTY TRANSACTIONS

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

Compensation of key management personnel

	Six months ended 30 June	
	2020	2019
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Salaries, performance bonus and other benefits	**260**	396
Contributions to retirement benefits scheme	**6**	34
	266	430

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The Group went through a very difficult period of operating environment for the first sixth month of the year with COVID-19 Pandemic affecting Singapore, Hong Kong and worldwide. There was two-months Circuit Breaker Period in Singapore when social distancing rule required our Singapore clinics to function at a much reduced capacity. The opening of the new clinic in Hong Kong is delayed. Medical tourism to Singapore and Hong Kong reduced drastically with the stringent restriction on international travel.

The impacts from the above factors due to the COVID-19 Pandemic over the major reporting period resulted in a loss for the Group of approximately S$1,053,000 for the six months ended 30 June 2020, representing a decrease of approximately S$1,386,000 or 416.2%, when compared to the six months ended 30 June 2019. The impact was mitigated by the Group launching the sale of anti-COVID products such as hand sanitiser and face masks to patients and public and the launching of telemedicine to deliver our medical service through online consultation and delivery of medicine to patients' home. During the reporting period, the Group's performance was able to remain steady. The Group's revenue decreased approximately S$137,000 or 3.9% to S$3,334,000 for the six months ended 30 June 2020, when compared to the six months ended 30 June 2020. The Group launched DS Skin Clinic ALL-DAY HAND SANITISER which incorporated unique feature of immediate and sustained protection from the COVID virus, and this has contributed approximately 25.4% of the revenue of Prescription and Dispensing Services.

BUSINESS OUTLOOK

With the end of the Circuit Breaker Period and the reopening of Singapore economy, we expect the revenue and profits from our Singapore clinics to improve over the second half of 2020. The opening of the Specialist Centre, DS Skin Clinic in Hong Kong as well as launching of skin care and wellness supplements products from DS Regenerative Medicine are expected to contribute significantly to the Group's revenue and profit. With lesson from COVID-19 Pandemic experience as well as increasing demand from patients, we will continue to develop our online telemedicine capability and automation of our clinic operation through medical technology in both software and hardware. While focusing on our core business of being a service provider of medical, dermatological and aesthetic services, we will also expand the range and scale of non-prescriptive products in skin care and general wellness to our patients and public.

COVID-19 environment which induces and facilitates different business groups to co-operate in the form of partnership or merger/acquisition. The Group will also continue to proactively explore acquisition targets and partnership opportunities for further collaboration in Hong Kong, Greater Bay Area, Singapore and Association of Southeast Asian Nations (ASEAN).

FINANCIAL REVIEW

Revenue

The Group's overall revenue amounted to approximately S$3,334,000 for the six months ended 30 June 2020, representing a decrease of approximately S$137,000 or 3.9% as compared with the revenue of approximately S$3,471,000 for the six months ended 30 June 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 following table sets forth a breakdown of our revenue for the periods indicated:

	Six months ended 30 June			
	2020		2019	
	S$'000	*%*	*S$'000*	*%*
	(Unaudited)		(Unaudited)	
Revenue				
Consultation Services	**665**	**19.9**	926	26.7
Prescription and Dispensing Services	**1,352**	**40.6**	985	28.4
Treatment Services	**977**	**29.3**	1,286	37.0
Aesthetic Services	**–**	**–**	30	0.9
Other Services	**340**	**10.2**	244	7.0
	3,334	**100.0**	3,471	100.0

The outbreak of COVID-19 infection in Singapore and worldwide since January 2020 leading to the implementation of various travel restriction and social distancing measures in Singapore posing operational challenges for clinics under the Group during the six months ended 30 June 2020, the decrease of number of patient visits from 6,401 to 5,771 for the six months ended 30 June 2019 and 2020 respectively, the Group recorded a 9.8% decrease in the total number of patient visits for the six months ended 30 June 2020.

Consumables and medical supplies used

Our consumables and medical supplies used amounted to S$501,000 and S$521,000 for the six months ended 30 June 2020 and 2019 respectively.

Our cost of consumables and medical supplies 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 six months ended 30 June 2020 and 2019 represented primarily government grants which comprised cash pay-out from Inland Revenue Authority of Singapore ("IRAS") in relation to support businesses embarking on transformation efforts and encourage sharing of productivity gains with workers until year 2020. Following with the outbreak of COVID-19, Singapore Government introduced Jobs Support Scheme (JSS) to help enterprises retain local employees during this period of economic uncertainty.

Besides, rental income arising from sublease of our Hong Kong premise, Harbourside HQ with 25% markup under the same tenancy period with Head lease.

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

	Six months ended 30 June	
	2020	2019
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Directors' remunerations	**266**	430
Other staff costs:		
— Salaries, bonus and other benefits	**619**	464
— Contributions to retirement benefits scheme	**76**	62
Employee benefits expense	**961**	956

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.

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

	Six months ended 30 June	
	2020	2019
Total staff count	**32**	32

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;

(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.

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 increased by approximately S$952,000 or 91.6% from approximately S$1,039,000 for the six months ended 30 June 2019 to approximately S$1,991,000 for the six months ended 30 June 2020.

	Six months ended 30 June	
	2020	2019
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Rental and property upkeep	**7**	–
Administrative fees	**137**	138
Professional and consulting fees	**1,630**	493
Audit fees	**76**	75
Net foreign currency exchange (gain)/loss	**(155)**	174
Other expenses	**296**	159
Other operating expenses	**1,991**	1,039

The increase in professional and consulting fees of approximately S$1,137,000 was related to the professional fee payable to medical practitioners.

The decrease 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, clinic supplies, repairs and maintenance, insurance and other miscellaneous expenses. The increase of other expenses was mainly due to non-recurring travelling expenses incurred for Directors travelled to Hong Kong for setting up the multi-specialist centre at Central focusing on dermatology, aesthetic, preventive & regenerative medicine and obstetric & gynecological services.

Finance costs

The finance costs were attributable to interest expenses on term loan.

Finance costs – right-of-use assets

The finance costs were attributable to interest expense on lease liabilities under IFRS 16.

Income tax expense

Income tax expense was approximately S$111,000 for the six months ended 30 June 2020 and approximately S$140,000 for the six months ended 30 June 2019. The decrease was mainly attributable to the loss before taxation of approximately S$1,415,000.

(Loss)/Profit for the period

Due to the combined effect of the aforesaid factors, we recorded the loss of approximately S$1,053,000 for the six months ended 30 June 2020, representing a decrease of approximately S$1,386,000 or 416.2% as compared with the profit of approximately S$333,000 for the six months ended 30 June 2019.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The capital of the Group only comprises ordinary shares.

As at 30 June 2020, the total equity of the Group was approximately S$13,751,000 (31 December 2019: approximately S$14,744,000). The Group generally financed its operation with internally generated cash flows. The Group had bank balances and cash of approximately S$7,639,000 as at 30 June 2020 (31 December 2019: approximately S$12,651,000). As at 30 June 2020, the Group had net current assets of approximately S$7,391,000 (31 December 2019: approximately S$10,614,000).

Gearing ratio of the Group as at 30 June 2020 was approximately 21.5% (31 December 2019: No gearing ratio) calculated based on total debt divided by total equity as at the end of the period. As at 30 June 2020, the Group had one secured bank loan amounting to approximately S$3,000,000.

Net cash used in operating activities for the six months ended 30 June 2020 was approximately S$2,928,000 (30 June 2019: net cash generated from operating activities approximately S$359,000). With the healthy bank balances and cash on hand, the Group's liquidity position remained strong and it had sufficient financial resources to fund its future plans and to meet its working capital requirement.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

During the six months ended 30 June 2020, the Group did not have any significant investment, material acquisitions nor disposal of subsidiaries and affiliated companies.

FOREIGN EXCHANGE EXPOSURE

The Group operates in Singapore and transacts mainly in Singapore dollars, which is the functional currency of the majority of the Group's operating subsidiaries. However, the Group retained certain amount of the proceeds from the Share Offer in Hong Kong dollars which contributed to an unrealised foreign exchange gain of approximately S$155,000 during the six months ended 30 June 2020 as Hong Kong dollars strengthened against Singapore dollars.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group will continue to diversify our services and products offering to fulfill the medical, health, aesthetic wellness needs of individuals via mergers and acquisitions. We will continue proactively explore acquisition targets and targeting partnership opportunities for further collaboration in Hong Kong, Greater Bay Area, Singapore and Association of Southeast Asian Nations (ASEAN).

CONTINGENT LIABILITIES

As at 30 June 2020, the Group did not have material contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2020, our Group had a total of 32 employees (including part time staff and excluding our doctors) (31 December 2019: 30). Staff costs, including Directors' remuneration, of our Group were approximately S$961,000 for the six months ended 30 June 2020 (30 June 2019: approximately S$956,000). 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 in-house and/or external training from time to time. In addition to a basic salary, year-end discretionary bonuses are offered to employees who performed outstandingly to attract and retain eligible employees to contribute to our Group.

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2020 and 31 December 2019, there were no charges on the Group's assets.

USE OF PROCEEDS

The Board believes that Hong Kong is better positioned geographically with higher demand of patients from the People's Republic of China (the "PRC"), especially Greater Bay Area. The Board also believes that the Group would be benefited from the expansion in Hong Kong, which representing a step for possibly entering the PRC market in the future.

Therefore, the Group has made an announcement to reallocate the Unutilised Net Proceeds for the purpose of expansion of clinics outside Singapore on 5 August 2020. The reallocated use of the Unutilised Net Proceeds (the "Change of UOP") as follows:

The net proceeds from the Share Offer as at 30 June 2020 were used as follows:

Intended uses of the Net Proceeds	Planned use of the Net Proceeds since the Listing as stated in the Prospectus (adjusted on a prorate basis based on the actual net proceeds) *HK$ million*	Utilized Net Proceeds since the Listing up to 30 June 2020 *HK$ million*	Unutilized Net Proceeds since the Listing up to 30 June 2020 *HK$ million*	Revised allocation of the Net Proceeds as per announcement on 8 August 2020 *HK$ million*	*Notes*
Strategically expand and strengthen our network of clinics in Singapore	14.1	(3.2)	10.9	–	
Enhance the quality and variety of our Services at our existing Clinics and establish new medical aesthetic clinics	13.6	(9.7)	3.9	3.9	*b*
Purchase additional new devices and broaden the variety of treatments and products offered	9.6	(1.8)	7.8	7.8	*b*
Establish a logistics center for centralized operations	2.3	–	2.3	–	
Improve our information technology infrastructure and systems	2.4	(0.8)	1.6	1.6	*f*
General working capital	2.7	(2.7)	–	–	
Strategically expand and strengthen our network of clinics outside Singapore	–	–	–	5.0	*c*
Strategically invest in MedTech and digital healthcare to create synergy to our current businesses	–	–	–	4.2	*d*
Development of innovative products to create a new business that have synergy with our current business	–	–	–	4.0	*e*
	44.7	(18.2)	26.5	26.5	

Notes:

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

(b) The Group has successfully secured a letter of offer dated 15 January 2020 for larger premise at the same building of existing Orchard Clinic for extension of operation existing Orchard Clinic. With the larger space, enable us to offer more comprehensive services for skin cancer treatment that puts us in an advantageous position vis-a-vis other provider as we are equipped to handle the complete skin cancer treatment of our patients at our Clinics without referring them to other providers.

(c) Approximately HK$5.0 million was reallocated for exploring acquisition targets and targeting partnership opportunities to diversify our services and products offering to fulfill the medical, health, aesthetic wellness needs as well as for clinic premise's rental deposit, renovation and acquisition of medical equipment.

(d) Approximate HK$4.2 million was reallocated for investing in MedTech, digital healthcare, digital marketing and deployment of medical Artificial Intelligence ("AI") in both healthcare services and analysis of complex big data to create synergy on our current business.

(e) Approximately HK$4.0 million was reallocated to perform market research on products, skills and technology with potential for product development and formulation of our DS brand skincare products and supplements.

(f) We entered into agreement for development of customer relationship management ("CRM") software on 10 January 2020 at contract sum of S$79,000 to automate and manage customer life cycle.

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

As at 30 June 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 in controlled corporation *(Note)*	310,000,000 (Long position)	51.66%

Notes: The 358,000,000 shares are held by Brisk Success. Dr. Loh holds 50% equity interests in Brisk Success and under the SFO, Dr. Loh is deemed to be interested in the 310,000,000 Shares held by Brisk Success.

Save as disclosed above, as at 30 June 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 30 June 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)*	310,000,000 (Long position)	51.66%
Victory Spring Ventures Limited	Beneficial owner *(Note 2)*	35,560,000 (Long position)	5.93%
Ye Zhichun	Interest in controlled corporation *(Note 2)*	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) The entire issued shares of Victory Spring Ventures Limited is legally and beneficially owned by Mr. Ye Zhichun. Accordingly, Mr. Ye Zhichun is deemed to be interested in 35,560,000 Shares held by Victory Spring Ventures Limited by virtue of the SFO.

Save as disclosed above, as at 30 June 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. Following the resignation of Mr. Wang Ning as an independent non-executive Director with effect from 31 March 2020, the number of independent non-executive Directors was below the minimum number prescribed under Rule 5.05 of the GEM Listing Rules, the number of members of the audit committee of the Company was reduced to two which was below the minimum number prescribed under Rule 5.28 of the GEM Listing Rules, and the number of members of the remuneration committee of the Company was reduced to two which was below the minimum number prescribed under Rule 5.34 of the GEM Listing Rules. Thereafter, upon the appointment of Mr. Yang Zhangxin as an independent non-executive Director with effect from 8 June 2020, the Company remained in compliance with Rules 5.05, 5.28 and 5.34 of the GEM Listing Rules.

Save as disclosed above, the Company had complied with all the applicable code provisions of the CG Code during the six months ended 30 June 2020.

SHARE OPTION SCHEME

The Company has adopted a share option scheme on 22 September 2017. 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 LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2020.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the six months ended 30 June 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 18 years of age, or were any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all 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 six months ended 30 June 2020.

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 the then controlling Shareholders, namely, Dr. Loh Teck Hiong, Dr. Ee Hock Leong and Dr. Kwah Yung Chien Raymond (collectively referred to as the “Controlling Shareholders”), have undertaken to the Company (for itself and on behalf of its subsidiaries) that, amongst other things, each of them is not or will not, and will procure each of their respective close associates not to, directly or indirectly, carry on, participate in, be engaged, interested directly or indirectly, either for their own account or in conjunction with or on behalf of or for any other person in any business in competition with or similar to or is likely to be in competition with the business of the Group upon the Listing of the Company. Particulars of which are set out in the section headed “Relationship with Controlling Shareholders — Independence from Controlling Shareholders — Non-Competition Undertaking” of the Prospectus.

The independent non-executive Directors have reviewed the implementation of the deed of non-competition and are of the view that the Controlling Shareholders had complied with their undertakings given under the deed of non-competition for the six months ended 30 June 2020.

COMPETING INTERESTS

During the six months ended 30 June 2020, 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 THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Red Solar Capital Limited, during the six months ended 30 June 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.

Red Solar Capital Limited resigned as the compliance adviser of the Company with effect from 1 April 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 three independent non-executive Directors, namely Mr. Ong Kian Guan, Mr. Cheung Kiu Cho, Vincent and Mr. Yang Zhangxin. Mr. Ong Kian Guan, our independent non-executive Director with the appropriate professional qualifications as required by the GEM Listing Rules, serves as the chairman of the Audit Committee.

The primary duties of the Audit Committee are, among others, 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 six months ended 30 June 2020 and has provided advice and comments thereon.

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

Hong Kong, 12 August 2020

As at the date of this report, the executive Directors are Dr. Loh Teck Hiong, Mr. Liu Yang and Dr. Seow Swee How; and the independent non-executive Directors are Mr. Ong Kian Guan, Mr. Cheung Kiu Cho, Vincent and Mr. Yang Zhangxin.

This report will remain on the "Latest Listed Company Information" 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.rmhholdings.com.sg.