RMH HOLDINGS LIMITED
德斯控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8437)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

*This announcement, for which the directors (the "**Directors**") of RMH Holdings Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the 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 announcement 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 announcement misleading.*

The original announcement is prepared in the English language. This announcement is translated into Chinese. In the event of any inconsistencies between the Chinese and the English version, the latter shall prevail.

HIGHLIGHTS

- The revenue of the Company and its subsidiaries (collectively the "**Group**") amounted to approximately S$7,054,000 for the year ended 31 December 2017, representing an increase of approximately S$894,000 or 14.5% as compared with the year ended 31 December 2016.

- The loss for the year of the Group was approximately S$470,000 for the year ended 31 December 2017, representing a decrease of approximately S$3,151,000 as compared to the profit of approximately S$2,681,000 for the year ended 31 December 2016. The decrease was mainly due to the recognition of the one-off Listing expenses of approximately S$2,933,000 in connection with the listing of the shares of the Company (the "**Shares**") on the GEM of the Stock Exchange (the "**Listing**") by way of share offer at the offer price of HK$0.48 per share (the "**Share Offer**").

- Excluding the one-off Listing expenses, the profit attributable to the Group for the year ended 31 December 2017 would have been S$2,463,000, representing a decrease of S$218,000 or 8.1% as compared to the corresponding period of 2016. This was due to costs incurred for post-Listing fees, including compliance advisory charges, audit fees, retainer fees for legal advisor and printer charges as well as other professional fees incurred by the Group for the year ended 31 December 2017.

- Basic loss per share was 0.10 Singapore cents for the year ended 31 December 2017 compared to basic earnings per share of 0.60 Singapore cents for the year ended 31 December 2016.

- The Board does not recommend the payment of a final dividend for the year ended 31 December 2017.

ANNUAL RESULTS

The board of Directors (the "**Board**") of the Company is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2017, together with the comparative figures for the corresponding period in 2016, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	2017 S$'000	2016 S$'000
Revenue	5	**7,054**	6,160
Other operating income		**23**	168
Consumables and medical supplies used		**(1,022)**	(940)
Other direct costs		**(108)**	(100)
Employee benefits expense		**(1,350)**	(1,012)
Depreciation of plant and equipment		**(192)**	(221)
Other operating expenses		**(1,546)**	(1,003)
Finance costs		**(16)**	(8)
Listing expenses		**(2,933)**	–
(Loss) profit before taxation	6	**(90)**	3,044
Income tax expense	7	**(380)**	(363)
(Loss) profit and total comprehensive (expense) income for the year attributable to owners of the Company		**(470)**	2,681
Basic (loss) earnings per share *(S$ cents)*	8	**(0.10)**	0.60

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	2017 S$'000	2016 S$'000
NON-CURRENT ASSETS			
Plant and equipment		**229**	394
Rental deposits		**64**	57
		293	451
CURRENT ASSETS			
Inventories		**201**	149
Trade and other receivables	*10*	**740**	612
Bank balances and cash		**12,553**	478
		13,494	1,239
CURRENT LIABILITIES			
Trade and other payables	*11*	**601**	494
Income tax payables		**397**	445
Obligations under finance leases		**–**	111
		998	1,050
NET CURRENT ASSETS		**12,496**	189
TOTAL ASSETS LESS CURRENT LIABILITIES		**12,789**	640
NON-CURRENT LIABILITIES			
Obligations under finance leases		**–**	170
Deferred tax liability		**34**	34
		34	204
NET ASSETS		**12,755**	436
EQUITY			
CAPITAL AND RESERVES			
Share capital	*12*	**1,037**	2
Reserves		**11,718**	434
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**12,755**	436

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. GENERAL

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

The Company's immediate and ultimate holding company is Brisk Success Holdings Limited ("**Brisk Success**"), a company incorporated in the British Virgin Islands ("**BVI**"). Dr. Loh Teck Hiong ("**Dr. Loh**"), Dr. Ee Hock Leong ("**Dr. Ee**") and Dr. Kwah Yung Chien Raymond ("**Dr. Kwah**") jointly control Brisk Success and are the controlling shareholders of the Company) (together referred to as the "**Controlling Shareholders**").

The Company is an investment holding company. The Group primarily focuses on provision of specialty care services for a variety of dermatological conditions affecting skin, hair and nails by utilising medical, surgical, laser and aesthetic treatments, including:

- consultation services (the "**Consultation Services**")
- prescription and dispensing services (the "**Prescription and Dispensing Services**")
- treatments services (the "**Treatment Services**")
- other services

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

2. REORGANISATION AND BASIS OF PREPARATION

Immediately prior to and after the Reorganisation (as defined below), all the entities now comprising the Group were under the common control of the Controlling Shareholders. In preparation for the Listing, the entities now comprising the Group underwent a group reorganisation (the "**Reorganisation**") to enable the Company to become the holding company of the Group. Details of the Reorganisation are set out in the section headed "History, Reorganisation and Development" in the listing prospectus of the Company dated 29 September 2017 (the "**Prospectus**").

The Group resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements of the Group for the year ended 31 December 2017 have been prepared to include the results of the entities now comprising the Group as if the group structure upon the completion of the Reorganisation had been in existence throughout the period, or since the date when the subsidiaries first came under the common control of the Controlling Shareholders, or since their respective dates of incorporation, where this is a shorter period.

3 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

On 1 January 2017, the Group adopted all the new and revised IFRSs and Interpretations of IFRS ("**INT IFRS**") that are effective and relevant to its operations. The adoption of these new/revised IFRSs and INT IFRSs does not result in significant changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior periods.

At the date of authorisation of these consolidated financial statements, the Group has not applied the following new and revised IFRSs, that are relevant to the Group, that have been issued but are not yet effective:

IFRS 9	Financial instruments[1]
IFRS 15	Revenue from contracts with customers and the related clarifications[1]
IFRS 16	Leases[2]
IFRIC 22	Foreign currency transactions and advance consideration[1]
Amendments to IFRSs	Annual improvements to IFRS standards 2014–2016 cycle[1]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019

Except as described below, the management of the Group considers that the application of the other new and revised standards and amendments is unlikely to have a material impact on the Group's financial position and performance as well as disclosures.

IFRS 9 Financial instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version IFRS 9 was issued in July 2014 mainly to include a)impairment requirements for financial assets and b)limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of IFRS 9 which are relevant to the Group are:

- All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognised by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

In general, the Directors anticipate that the application of the expected credit loss model of IFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of IFRS 9 by the Group.

Based on the assessment by the Directors, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by Group as at 1 January 2018 would be increased as compared to the accumulated amount recognised under IAS 39 mainly attributable to expected credit losses provision on trade receivables, deposits and bank balances. Such further impairment recognised under expected credit loss model would increase the opening accumulated loss and increase the deferred tax assets at 1 January 2018.

IFRS 15 Revenue from contracts with customers

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 "Revenue", IAS 11 "Construction contracts" and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

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

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In April 2016, the IASB issued Clarification to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Directors anticipate that the application of IFRS 15 in future may result in more disclosures, however, the Directors do not anticipate that the application of IFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 "Leases" and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flow respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 December 2017, the Group has non-cancellable operating lease commitments of approximately S$951,000 (2016: S$1,200,000). Upon the adoption of IFRS 16, the Directors expect that the operating lease commitments in the future in respect of the leased premises with the terms more than twelve months will be required to be recognised in the consolidated financial statements in the future as right-of-use assets and lease liabilities. The Directors do not expect the adoption of IFRS 16 as compared with the current accounting policy of the Group would result in significant impact on the Group's result.

In addition, the Group currently considers refundable rental deposits paid of approximately S$64,000 as rights under leases to which IAS 17 applies. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets.

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

4 SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Group for the year ended 31 December 2017 have been prepared in accordance with the applicable disclosure requirements of the GEM Listing Rule, 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 Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

5. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the provision of specialty care services for a variety of dermatological conditions affecting skin, hair and nails by utilising medical, surgical, laser and aesthetic treatments in Singapore, through the provision of personalised services, including the Consultation Services, the Prescription and the Dispensing Services and the Treatment Services. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies same as those of the Group. Dr. Loh, Dr. Ee and Dr. Kwah, directors of the Company, have been identified as the chief operating decision makers ("**CODM**"). The CODM review the Group's revenue analysis by services and products in order to assess performance and allocate resources.

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

During the year ended 31 December 2017, revenue, operating expenses, assets and liabilities are mainly derived from the Group's operations in Singapore.

At the end of each reporting period, the Group's non-current assets were mainly located in Singapore.

The following is an analysis of the Group's revenue from its major business activities:

	2017	2016
	S$'000	*S$'000*
Revenue		
Consultation Services	**1,794**	1,557
Prescription and Dispensing Services	**1,956**	1,690
Treatment Services	**2,821**	2,492
Other services	**483**	421
	7,054	6,160

6. (LOSS) PROFIT BEFORE TAXATION

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

	2017	2016
	S$'000	*S$'000*
Audit fees (included in other operating expenses)	**145**	120
Administrative fees (included in other operating expenses)	**321**	240
Professional and consulting fees (included in other operating expenses)	**289**	97
Employee benefits expense:		
Directors' remunerations	**641**	576
Other staff costs		
— salaries, bonus and other benefits	**607**	373
— contributions to retirement benefits scheme	**102**	63
	1,350	1,012

7. INCOME TAX EXPENSE

Since the business operations of the Group are based in Singapore, the Group is liable to pay profits tax in accordance with the laws and regulations of Singapore. Singapore profits tax has been provided at the rate of 17% (2016: 17%) on the chargeable income arising in Singapore during the period after offsetting non-deductible expense and listing expense.

	2017	2016
	S$'000	*S$'000*
Income tax expense comprises:		
Singapore corporate income tax		
— Current tax	**380**	358
— Overprovision in prior years	**–**	(4)
	380	354
Deferred tax expense	**–**	9
	380	363

8. (LOSS) EARNINGS PER SHARE

	2017	2016
(Loss) profit attributable to the owners of the Company *(S$'000)*	**(470)**	2,681
Weighted average number of ordinary shares in issue *('000)*	**480,000**	450,000
Basic (loss) earnings per share *(S$ cents)*	**(0.10)**	0.60

The number of shares for the purpose of calculating basic (loss) earnings per share for the years ended 31 December 2017 and 2016 have been determined on the assumption that the Reorganisation and the capitalisation issue had been effective since 1 January 2016.

For the years ended 31 December 2017 and 2016, no separate diluted (loss) earnings per share information has been presented as there was no dilutive potential ordinary shares outstanding.

9. DIVIDENDS

During the year ended 31 December 2016, total dividends of approximately S$3,009,000 were declared and distributed by the three clinics now comprising the Group to their then shareholders.

No dividend was paid or proposed during the year ended 31 December 2017, nor has any dividend been proposed since the end of the reporting periods.

10. TRADE AND OTHER RECEIVABLES

	2017	2016
	S$'000	*S$'000*
Trade receivables	**652**	561
Deposits	**26**	23
Prepayments	**46**	28
Other receivables	**16**	–
	740	612

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:

	2017	2016
	S$'000	*S$'000*
0–30 days	**159**	141
31–60 days	**143**	206
61–90 days	**102**	133
over 90 days	**248**	81
	652	561

11. TRADE AND OTHER PAYABLES

	2017	2016
	S$'000	*S$'000*
Trade payables	**34**	60
Accrued staff cost	**36**	135
Accrued operating expenses	**229**	201
Other tax payables	**45**	66
Other payables	**257**	32
	601	494

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:

	2017	2016
	S$'000	*S$'000*
0–30 days	**32**	25
31–60 days	**1**	18
61–90 days	**–**	15
Over 90 days	**1**	2
	34	60

12. SHARE CAPITAL

For the purpose of presenting the share capital of the Group prior to the Reorganisation in the consolidated statement of financial position, the balance as at 1 January 2016 and 31 December 2016 represented the share capital of the subsidiaries of the Company.

	Number of ordinary shares	*HK$'000*
Authorised share capital of the Company:		
Ordinary shares of HK$0.01 each upon incorporation on 22 March 2017	38,000,000	380
Increase on 22 September 2017	9,962,000,000	99,620
At 31 December 2017	10,000,000,000	100,000

	Number of Ordinary Shares	*S$'000*
Issued and fully paid ordinary shares of the Company:		
At date of incorporation on 22 March 2017	1	–
Issue of shares pursuant to the Reorganisation	99	–
Issue of shares under the capitalisation issue	449,999,900	777
Issue of shares under the share offer	150,000,000	260
At 31 December 2017	600,000,000	1,037

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

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

The revenue of the Group grew by approximately S$894,000, or 14.5%, to approximately S$7,054,000, when compared to the year ended 31 December 2016. The revenue generated from Consultation Services, Prescription and Dispensing Services, Treatment Services and other services amounted to approximately S$1,794,000, S$1,956,000, S$2,821,000 and S$483,000 which accounted for approximately 25.4%, 27.7%, 40.0% and 6.9% of the total revenue of the Group for the year ended 31 December 2017 respectively, which is in line with the revenue distribution as compared to the year ended 31 December 2016. The number of patients of the Group grew from 8,293 to 9,833 during the year end 31 December 2017. Number of patient visits grew by 8.5% to 21,368 for the year ended 31 December 2017 from 19,694 for the year ended 31 December 2016.

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

FINANCIAL REVIEW

Revenue

The Group's overall revenue amounted to approximately S$7,054,000 for the year ended 31 December 2017, representing an increase of approximately S$894,000 or 14.5% as compared with the revenue of S$6,160,000 for the year ended 31 December 2016.

The Group provides an all-round treatment solution that is tailored to the patients' individual needs in the field of dermatology through the provision of personalised services, including Consultation Services, Prescription and Dispensing Services and Treatment Services. The increase in revenue for the year ended 31 December 2017 was mainly attributable to the resident doctor who joined the Group and started to render services in March 2017. The following table sets forth a breakdown of our revenue for the periods indicated:

	2017		2016	
	S$'000	*%*	*S$'000*	*%*
Revenue				
Consultation Services	**1,794**	**25.4**	1,557	25.3
Prescription and Dispensing Services	**1,956**	**27.7**	1,690	27.4
Treatment Services	**2,821**	**40.0**	2,492	40.5
Other services	**483**	**6.9**	421	6.8
	7,054	**100.0**	6,160	100.0

Revenue generated from Consultation Services increased by S$237,000 from S$1,557,000 to S$1,794,000 for the year ended 31 December in 2016 and 2017 respectively. With an increase in the number of patient visits for Consultations Services from 15,350 to 17,760 for the year ended 31 December in 2016 and 2017 respectively, the Group recorded a 15.7% growth in the total number of patient visits for the year ended 31 December 2017.

Revenue generated from Prescription and Dispensing Services also increased by S$266,000 from S$1,690,000 to S$1,956,000 for the year ended 31 December in 2016 and 2017 respectively. The increase is in line with the increase in patient visits for Consultation Services in the same period.

Revenue generated from Treatment Services increased by S$329,000 from S$2,492,000 to S$2,821,000 for the year ended 31 December in 2016 and 2017 respectively. Revenue generated from Treatment Services are predominantly generated from excision, cryosurgery and laser treatment.

Other operating income

Other operating income for the year ended 31 December in 2016 and 2017 represented primarily government grants and other income which comprised cash pay-out from Inland Revenue Authority of Singapore ("IRAS") in relation to qualifying expenditure incurred during the financial year and other miscellaneous income which had expired by the end of year 2017.

Consumables and medical supplies used

Our consumables and medical supplies used amounted to S$940,000 and S$1,022,000 for the year ended 31 December in 2016 and 2017 respectively. The increase is in line with the increase in revenue. These comprised costs of treatment consumables, skincare products and medications necessary for the provision of our services at our clinics.

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

Other direct costs

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

We generally outsource medical tests such as blood, urine, 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 services to external service providers and incurred laboratory charges for the provision of such services.

Employee benefits expense

	2017	2016
	S$'000	*S$'000*
Directors' remuneration	**641**	576
Other staff costs:		
— Salaries, bonus and other benefits	**607**	373
— Contributions to retirement benefits scheme	**102**	63
Employee benefits expense	**1,350**	1,012

Employee benefits expense relate to directors' remuneration, salaries for other professional staff such as trained therapists, clinic executives and other administrative staff working at the Clinics, CPF contributions and bonuses. The increase is largely due to higher headcounts in 2017, in particular, the Group recruited one additional resident doctor in March 2017 and the chief finance officer in October 2016.

Our total staff count for employees (including part time staff), excluding our doctors, as at the date indicated is as follow:

	31 December	
	2017	2016
Total staff count	**18**	14

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 lasers equipment used at our Clinics;

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

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

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

Other operating expenses

The Group's other operating expenses comprise rental and property upkeep, administrative fees, professional fees and other expenses.

The other operating expenses for the year ended 31 December 2017 increased by approximately S$543,000 or 54.1% from approximately S$1,003,000 for the year ended 31 December 2016 to approximately S$1,546,000 for the year ended 31 December 2017.

	2017	2016
	S$'000	*S$'000*
Rental and property upkeep	**395**	367
Administrative fees	**321**	240
Professional fees	**434**	217
Other expenses	**396**	179
Other operating expenses	**1,546**	1,003

The increase in administrative fees for the year ended 31 December 2017 of S$81,000 is in line with the increase in revenue.

The increase in professional fees for approximately S$217,000 was related to post-Listing fees incurred for audit, legal advisor, compliance advisor, financial printer and other professional fees.

The other expenses comprise primarily card charges, clinic supplies, repairs and maintenance, insurance, travelling and other miscellaneous expenses. The increase is mainly attributable to the increase of card charges and was in line with the increase in revenue and increase in travelling expenses.

Finance costs

Finance costs increased by approximately S$8,000 from approximately S$8,000 for the year ended 31 December 2016 to approximately S$16,000 for the year ended 31 December 2017, mainly as a result of the increase in interests paid under finance leases. The Group did not have any bank borrowings, new finance lease liabilities, or new interest-bearing liabilities for year ended 31 December 2017. The Group settled the remaining obligations under finance leases for the medical equipment in September 2017.

Income tax expense

Income tax expense was approximately S$380,000 for the year ended 31 December 2017 and S$363,000 for the year ended 31 December 2016. During the year ended 31 December 2017, the Group incurred one-off Listing expenses which are not deductible for taxation purpose.

Loss for the year

Due to the combined effect of the aforesaid factors, we recorded loss of approximately S$470,000 for the year ended 31 December 2017, representing a decrease of approximately S$3,151,000 as compared to the profit of approximately S$2,681,000 for the year ended 31 December 2016, largely due to the non-recurring Listing expenses of approximately S$2,933,000. Excluding which, profit for the year will be S$2,463,000, which decreased compared with the year ended 31 December 2016, largely due to post-Listing expenses.

DIVIDENDS

During the year ended 31 December 2016, total dividends of approximately S$3,009,000 were declared and distributed by the three clinics now comprising the Group to their then shareholders.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2017.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The capital of the Group only comprises ordinary shares.

As at 31 December 2017, the total equity of the Group was approximately S$12,755,000 (2016: approximately S$436,000). The Group generally financed its operation with internally generated cash flows. The Group had bank balances and cash of approximately S$12,553,000 as at 31 December 2017 (2016: approximately S$478,000). As at 31 December 2017, the Group had net current assets of approximately S$12,496,000 (2016: approximately S$189,000).

As at 31 December 2017, the gearing ratio of the Group was 0% (2016: approximately 64.4%), calculated based on total debt divided by total equity as at the end of the year. As at 31 December 2017, the Group had no outstanding debt (as at 31 December 2016, the Group had obligations under finance leases of approximately S$281,000 which was fully repaid in September 2017). The decrease in gearing ratio is mainly due to the net proceeds from the Share Offer and the repayment of obligations under finance leases during the year ended 31 December 2017.

Net cash used in operating activities for the year ended 31 December 2017 was approximately S$390,000 (2016: net cash generated from operating activities approximately S$2,838,000). 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.

For the year ended 31 December 2017, the capital structure of the Group consisted of equity attributable to owners of the Company of approximately S$12.8 million. The share capital of the Group only comprises ordinary shares. The Shares were listed on GEM of the Stock Exchange on the Listing Date. There has been no change in the capital structure of the Group since then.

FOREIGN EXCHANGE EXPOSURE

The Group operates in Singapore and transacts mainly in Singapore dollars, which is the functional currency of the majority of the Group's operating subsidiaries. However, the Group retained certain amount of the proceeds from the Share Offer in Hong Kong dollars which contributed to an unrealised foreign exchange loss of approximately S$41,000 as Hong Kong dollars weakened against Singapore dollars.

COMMITMENTS

The contractual commitments of the Group were primarily related to the leases of our office premise and clinics. As at 31 December 2017, our Group's operating lease commitments amounted to approximately S$951,000 (2016: approximately S$1,200,000).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

CONTINGENT LIABILITIES

As at 31 December 2017, the Group did not have material contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2017, our Group had a total of 18 employees (including part time staffs), excluding our doctors (2016: 14). Staff costs, including Directors' remuneration, of our Group were approximately S$1,350,000 for the year ended 31 December 2017 (2016: approximately S$1,012,000). Remuneration is determined with reference to factors such as comparable market salaries and work performance, time commitment and responsibilities of each individual. Employees are provided with relevant inhouse and/or external training from time to time. In addition to a basic salary, year-end discretionary bonuses are offered to employees who performed outstandingly to attract and retain eligible employees to contribute to our Group.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2017 and 2016, there was no charge on the assets of our Group.

USE OF PROCEEDS

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

The net proceeds from the Share Offer as at 31 December 2017 were used as follows:

	Planned use of proceeds as shown in the Prospectus (adjusted on a prorata basis based on the actual net proceeds) *HK$ million*	**Planned use of proceeds as shown in the Prospectus from the date of the Listing to 31 December 2017 (adjusted on a prorata basis based on the actual net proceeds)** *HK$ million*	**Actual use of proceeds from the date of the Listing to 31 December 2017** *HK$ million*	**Unutilised amount as at 31 December 2017** *(Note a)* *HK$ million*	*Notes*
Strategically expand and strengthen our network of clinics in Singapore	14.1	6.8	–	14.1	*b*
Enhance the quality and variety of our Services at our existing Clinics and establish new medical aesthetic clinics	13.6	1.4	–	13.6	*c*
Purchase additional new devices and broaden the variety of treatments and products offered	9.6	3.3	–	9.6	*c*
Establish a logistics centre for centralised operations	2.3	–	–	2.3	
Improve our information technology infrastructure and systems	2.4	0.6	0.1	2.3	*d*
General working capital	2.7	0.5	0.5	2.2	
	44.7	12.6	0.6	44.1	

Notes:

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

(b) The Listing proceeds of approximately HK$6.8 million have not been utilised as at 31 December 2017, as we delayed our plan to open a new "family and skin" clinic in Jurong from this year to mid 2018 due to the availability of leasing space in a large scale shopping complex located in one of the most popular area in the western part of Singapore. We have delayed the opening of a new "family and skin" clinic in Holland Village as we have only recently entered into a tenancy agreement on 27 February 2018.

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

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

ANNUAL GENERAL MEETING

The first annual general meeting ("**AGM**") of the Company will be held on Monday, 14 May 2018. A notice convening the meeting will be issued and sent to the shareholders of the Company (the "**Shareholders**") in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from Wednesday, 9 May 2018 to Monday, 14 May 2018, both dates inclusive, during which period no transfer of shares can be registered. In order to be eligible to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 8 May 2018.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2017, the Group did not have any significant investment, material acquisitions nor disposal of subsidiaries and affiliated companies save for those reorganisation activities done for the purpose of Listing as set out in the paragraph headed "History, Reorganisation and Development — Reorganisation" in the Prospectus.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares after the Listing and up to 31 December 2017.

CORPORATE GOVERNANCE CODE

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

The Company adopted the code provisions on the Corporate Governance Code (the "**CG Code**") contained in Appendix 15 to the GEM Listing Rules as its own code of corporate governance and the Board is satisfied that the Company had complied with the CG Code during the year ended 31 December 2017. During the period from the Listing date to 31 December 2017, the Company had complied with all the applicable code provisions of the CG Code.

SHARE OPTION SCHEME

The Company adopted a share option scheme, which was approved by written resolutions passed by the shareholders of the Company on 22 September 2017. During the period from 22 September 2017 to the date of this report, no share options were granted by the Company.

COMPETING INTERESTS

The Directors confirm that none of the Controlling Shareholders or the Directors and their respective close associates (as defined in the GEM Listing Rules) is interested in any business apart from the business operated by our Group which competes or is likely to compete, directly or indirectly, with our Group's business during the reporting period and up to the date of this announcement.

COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the period from the Listing date to 31 December 2017.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2017, the Group has entered into a tenancy agreement for the purpose of opening of a new "family and skin" clinic in Holland Village in accordance with the future plans as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

AUDIT COMMITTEE

The Group established an audit committee on 22 September 2017 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and code provision C.3 of the CG Code (the "**Audit Committee**"). As at the date of this report, the audit committee consists of two independent non-executive Directors, namely Mr. Ong Kian Guan and Mr. Cheung Kiu Cho, Vincent. Mr. Ong Kian Guan, our Director with the appropriate professional qualifications, serves as the chairman of the audit committee. Following the pass away of Mr. Wong Siu Ki, the number of members of the audit committee was reduced to two which is below the minimum number prescribed under Rule 5.28 of the GEM Listing Rules. The Company is endeavoring to identify a suitable candidate to fill up the vacancy as soon as practicable in accordance with 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 consolidated financial statements for the year ended 31 December 2017, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditor, Deloitte & Touche LLP.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is available for viewing on the website of Stock Exchange at www.hkexnews.hk and on the website of the Company at www.dermclinic.com.sg. The annual report of the Company for the year ended 31 December 2017 containing the information required by the GEM Listing Rules and the applicable law will be dispatched to the Shareholders in due course.

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

Hong Kong, 22 March 2018

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

This announcement 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 announcement will also be published on the Company's website at www.dermclinic.com.sg.