

MARY CHIA HOLDINGS LIMITED
(Company Registration No. 200907634N)
(Incorporated in the Republic of Singapore)

RECEIPT OF LETTER OF DEMAND AND FULL SETTLEMENT

INTRODUCTION

The Board of Directors (the "**Board**" or "**Directors**") of Mary Chia Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company's subsidiary, Mary Chia Beauty & Slimming Specialist Pte Ltd ("**MCBSS**") had received Letter(s) of Demand from BC Lim & Lau LLC, the appointed legal advisor representing a former employee (the "**Claimant**") pertaining to a claim for unpaid salaries totalling S\$27,432 in accordance with the terms outlined in the Claimant's letter of employment.

LETTER(S) OF DEMAND AND FULL SETTLEMENT

MCBSS received a Letter of Demand dated 8 February 2024 ("**First LOD**") from the appointed legal advisor representing the Claimant. The Company and Board refrained from making an immediate announcement via SGXNet upon receiving the First LOD for the following reasons:

- Upon the receipt of the First LOD, the Company had to ascertain the (i) legality of the LOD and (ii) the quantity of the claims that were in dispute; and
- The Company had further assessed the claim amounting to S\$27,432 and determined that even if successful, the claim would not have a material impact on the Group's performance. This assessment was notwithstanding that the First LOD verification and/or negotiation was ongoing, and the outcome was not yet known.

As of 14 May 2024, the Company has partially paid S\$6,888 to the Claimant. The Company did not settle the initial claim of S\$27,432 in a single payment; instead, it opted to distribute the payments over time. This approach was due to the Company's strategic allocation of resources towards several business ventures and plans, as seen from the several announcements made by the Company on SGXNet. These ventures require resources, including capital, and the Company carefully manages its cash flow to ensure both the successful execution of these projects and the business' ongoing operations.

MCBSS received a subsequent Letter of Demand dated 13 June 2024 ("**Second LOD**") from the legal advisor representing the Claimant for the remaining balance of S\$20,544. In response, the Company initiated steps to explore a tiered payment structure and proposed deferring the settlement date to 30 November 2024, aiming to optimise cash flow management and ensure the continued support of ongoing projects and operational stability. However, it has since come to the Company's attention that these intended actions were not fully executed as anticipated due to an internal oversight. Upon recognising this oversight, the Company took immediate corrective measures and settled the outstanding balance of S\$20,544 in full on 8 August 2024.

Notwithstanding the above, the Company and its Board remain fully aware of its regulatory obligations under SGX Catalyst Rule 703 and Practice Note 7A Continuing Disclosure, which mandate the timely disclosure of material information to shareholders.

GOING CONCERN ASSESSMENT

The Board wishes to highlight that on 18 June 2024, the controlling shareholder pledged ongoing financial support to the Group and the Company for the subsequent 12 months. This commitment includes refraining from demanding immediate payments for amounts owed by the Group and the Company, ensuring their ability to function as a going concern.

In the meantime, the Company is exploring various options, including potential strategies such as (i) converting shareholder loans/payables into equity shares for recapitalisation, (ii) considering rights issue or share placement to secure additional working capital, and/or (iii) potentially seeking a shareholder loan from the corporate shareholder. In addition, the Group has also provided cash flow forecasts and assumptions to the Board and Auditor for their assessment and review. The Group will work towards the realisation of its forecast to generate positive cash flows from the current operations to fulfil the payment of current liabilities as and when they fall due.

The Group continues to be (i) prudent with its cash flow planning and will take active measures to trim laggard cash-generating units to focus on higher margin and higher value services, pivoting on the tried and tested and what the Group does best amid high rentals and payroll costs (ii) implement staff incentive schemes (which may include the Performance Share Plan) for staff retention in the tight labour market environment (iii) digital transformation to drive revenue with lower upfront costs, and (iv) potential corporate fund-raising exercises.

In view of the foregoing, the Board is of the view that the Group and the Company can continue operating as a going concern.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board is of the opinion that all material information has been adequately disclosed. The Board will continue to provide timely updates to shareholders as material developments arise. Accordingly, the Board confirms that sufficient information has been disclosed to facilitate the orderly trading of the Company's shares. Consequently, there is no need to suspend the trading of the Company's shares.

CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors are advised to refrain from taking any action with respect to their securities in the Company that may be prejudicial to their interests and to exercise caution when dealing with the securities of the Company. In the event of any doubt, shareholders should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD

HO YOW PING (HE YOUPING)
Chief Executive Officer

12 August 2024

This announcement has been reviewed by the Company's Sponsor, Evolve Capital Advisory Private Limited (the "**Sponsor**"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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