

MARY CHIA HOLDINGS LIMITED
(Company Registration Number 200907634N)
(Incorporated in Singapore)

**DISCLOSURE OF INTERESTED PERSON TRANSACTION:
EXTENSION OF RENTAL AGREEMENT WITH JL ASIA RESOURCES PTE LTD**

The board of directors (the "**Board**") of Mary Chia Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the announcement released by the Company on 1 October 2018 in relation to the rental agreement entered into between its wholly owned subsidiary, Spa Menu Pte Ltd ("**Spa Menu**") and JL Asia Resources Pte Ltd ("**JL Asia**"), for the lease of an area of approximately 257.6 square meter within the premises of 48, 49 and 50 Mosque Street ("**Property**"), otherwise known as the Hotel Porcelain, for the Company's spa business which is operated under the brand name "Huang Ah Ma" ("**Previous Lease Agreement**").

The Group wishes to update shareholders that Spa Menu has exercised the option stated in the Previous Lease Agreement to extend the lease of the said premises and it has on 23 April 2020 entered into a new lease agreement with JL Asia to extend the lease of the said premises for an additional one year from 1 October 2019 to 30 September 2020 ("**Lease Extension Agreement**"). Under the Lease Extension Agreement, each party shall provide another party one month of notice in writing for the termination of the Lease Extension Agreement during the lease period. The monthly rental rate remains unchanged at S\$19,000 (exclusive of utility charges). However, both parties have mutually agreed to waive the additional rental amounting to 2% of gross turnover sales per month as disclosed in the Previous Lease Agreement. Save for the above, all terms of the Lease Extension Agreement remain the same as the Previous Lease Agreement.

Details of Interested Person

JL Asia is wholly-owned by Mr Lee Boon Leng ("**Mr Lee**"), who is the spouse of Ms Ho Yow Ping (He YouPing) ("**Wendy Ho**"), the Chief Executive Officer and Executive Director of the Company. Mr Lee has a deemed interest of 57.85% in the shares of the Company (the "**Shares**") by virtue of his 73.75% shareholdings interest in Suki Sushi Pte. Ltd. (the "**Suki Sushi**"), which holds 57.85% of the total Shares. Wendy Ho directly owns 17.11% of the total Shares and has a deemed interest of 57.85% in the Company by virtue of her 21.70% shareholding interest in Suki Sushi.

Pursuant to Chapter 9 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalyst ("**Catalist Rules**"), JL Asia is defined as an "interested person" and the entry of the Lease Extension Agreement therefore constitutes an interested person transaction ("**IPT**").

Rationale of the Interested Person Transaction

Since 2011, Spa Menu operates a spa under the brand name "Huang Ah Ma" at the Property. The Property was previously owned by Hotel Culture Pte. Ltd. (the "**Hotel Culture**"), a subsidiary of the Company, before the disposal of the Property by Hotel Culture to JL Asia on 29 March 2018.

The Property is strategically-located within walking distance from an MRT station and sits on the first floor frontage of the Property it is situated in. The Lease Extension Agreement has been assessed to be in the commercial interests of the Group after taking into consideration of the strategic location of the Property.

Statement of the Board and Audit Committee

The Board and the Audit Committee of the Company have considered the terms of the Lease Extension Agreement, after taking steps to ensure that the rental payment commensurate with prevailing market rates, taking into consideration the independent valuation report dated 26 September 2018 which was issued by the independent property valuer, CKS Property Consultants Pte Ltd and desktop searches on the prevailing market rates. To save costs, the Board and Audit Committee thought it wise not to commission an additional valuation report. The AC is of the view that the Lease Extension Agreement is on normal commercial terms, and is not prejudicial to the interests of the Company and its minority shareholders.

Value of Interested Person Transaction

Under the requirement of Rule 905(1) of the Catalist Rules, issuers are required to make an immediate announcement of an IPT which is 3% or more of a group's latest audited net tangible assets ("NTA"). Based on the Group's latest audited financial statements for the financial year ended 31 March 2019, the Group had a negative NTA of S\$3.3 million. Pursuant to Rule 905(4) of the Catalist Rules, if the Group's latest audited NTA is negative, the Company should consult the SGX-ST on the appropriate benchmark to calculate the relevant thresholds in Rules 905(1) and 905(2) of the Catalist Rules, which may be based on the Company's market capitalisation.

The Company had through its Sponsor, consulted the SGX-ST on the applicability of using market capitalisation as the benchmark and pursuant thereto, as the latest audited NTA of the Group is negative, the market capitalisation benchmark is used as the appropriate benchmark to calculate the relevant thresholds in Rules 905(1) and 905(2) of the Catalist Rules.

The total aggregate value of the Lease Extension Agreement amounts to approximately \$228,000, which is 6.9% and 1.3% of the latest audited net tangible liabilities (the "NTL") of the Group of S\$3.3 million and market capitalisation of the Company of S\$17.3 million, respectively. The market capitalisation of the Company of S\$17.3 million is computed based on the 190,961,806 shares in issue and the weighted average price of S\$0.0905 per share transacted on 26 February 2020, being the last market day in which the Company's shares were traded prior to the signing of the Lease Extension Agreement.

As the percentage ratio computed based on market capitalisation is less than 3%, an announcement is not required for the Lease Extension Agreement. Notwithstanding the aforementioned, the Company in the spirit of good governance, is updating shareholders of the Lease Extension Agreement. Save for the above, there is no IPT entered into between the Group and Mr Lee and his associates and other interested persons (excluding all transactions less than S\$100,000) for the financial years ended/ending 31 March 2020 and 31 March 2021.

Interest of Directors and Controlling Shareholders

Save as disclosed herein, none of the Directors or controlling shareholders of the Company has any direct or indirect interest (other than through their respective shareholdings in the Company), in the Lease Extension Agreement.

Documents available for inspection

A copy of the Lease Extension Agreement is available for inspection during normal business hours at the registered office of the Company for a period of three months from the date of this announcement.

By Order of the Board

Ho Yow Ping (He YouPing)
Chief Executive Officer
23 April 2020

*This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. ("**Sponsor**") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalyst.*

This announcement has not been examined or approved by the SGX-ST. 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.

The contact person for the Sponsor is Ms Jennifer Tan, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg.)]