2022

ANNUAL REPORT

MARY CHIA HOLDINGS LIMITED

OUR PROFILE:

Mary Chia Holdings Limited ("**MCH**") and together with her subsidiaries (the "**Group**"), remains one of Singapore's leading lifestyle and wellness service providers. Listed on the SGX-ST Catalist since 11 August 2009, the Group has grown from strength to strength with wellness centres under the brand names "Mary Chia", "Urban Homme", "Masego", "Organica", "Scinn Medical Centre", "Dr Scinn", "Monsoon Hair House", "M Nature", "M+", "Hatsuga", and "Dr Moto Hair Aesthetic Clinic". "Minutiae" joined the ranks in October 2021, conceptualised to deliver an all-encompassing suite of beauty and wellness services to customers.

Brands under the Group's umbrella serve strategic market segments of all genders, including individuals, families, tourists or PMEB through delivering gold-standard non-invasive face augmentation, cutting-edge laser therapies, solution-based medical spa treatments, and top-notch hair couture with premium services. The Group's core services can be broadly categorised into beauty and facial services, slimming services, spa and wellness therapies, medical aesthetic services, wellness products, skincare products, haircare services, scalp therapies and hair care products. "MU", the Group's skincare arm, distributes consumable and topical skincare and wellness products to all wellness and lifestyle centres under its umbrella, while "Organica", a direct selling company, distributes premium nutrition and skincare products created for Asian through its extensive direct selling network.

The Company has prepared this annual report, and the Company's Sponsor, Evolve Capital Advisory Private Limited (the "**Sponsor**"), has reviewed its contents for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

This annual report has not been examined or approved by the **SGX-ST** and the SGX-ST assumes no responsibility for the contents of this annual report including the correctness of any of the statements or opinions made, or reports contained in this annual report.

The details of the contact person for the Sponsor are:-

Name : Mr Jerry Chua (Registered Professional, Evolve Capital Advisory Private Limited)

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MARYCHIA

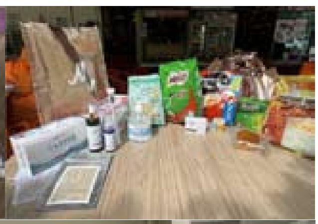
Mary Chia Beauty & Slimming Specialist Pte Ltd is a Singapore-based beauty and wellness facility renowned for providing high-quality skincare, body contouring therapies, and wellness detoxification treatments to women. Mary Chia advocates that every woman is beautiful. The brand aims to elevate the voices of women regardless of their race, age, sexuality, religion and ability, to shape an inclusive therapeutic environment and create a space where women can embrace their own beauty and be truly who they are.

Mary Chia participated in a series of Corporate Social Responsibility (CSR) activities in 2021 as part of the Group's long-withstanding belief and efforts in giving back to society.

As the nation braced itself to co-exist with Covid-19, Mary Chia partnered with Gao Lin Gong temple to sponsor 1,000 households with sanitisers and disinfectants. Most of the Group's employees were involved in this initiative by actively coordinating and distributing these items on 1 October 2021.

Mary Chia similarly collaborated with Suki group of restaurants and live-streamers on 2 February 2022 to gift sanitisers, disinfectants, bento sets and red packets to 1,000 beneficiaries in the spirit of the Lunar New Year festivities.

On 10 April 2022, Mary Chia was a proud participant of "Save the Soil", a global movement addressing the soil crisis by bringing together people from around the world to stand up for Soil Health, and supporting leaders of all nations to institute national policies and actions toward increasing the organic content in cultivable soil.



MASEGO
THE SAFARI SPA

We celebrated our opening of the second Masego The Safari Spa outlet on 29 October 2021. Designed as a lush Safari haven, customers can unwind to the gentle humming of tropical birds as they indulge their senses in signature spa therapies inspired by Mother Nature. This second Masego outlet is strategically located beside Minutiae in North Shore Plaza, allowing us to offer customers a full suite of complementary beauty and wellness services, all in one place.

Minutiae
NAILS . BROWS . HAIR REMOVAL

Minutiae was launched on 29 October 2021 as a new addition to the Mary Chia group of brands. The brand acts as a one-stop shop for all our customers' beauty needs, offering an extensive range of nail, lash, brow and hair services.

Skincare • Body Care • Nutrition+

MU is the product line in MCH with a collection of products that includes nutritional food supplements and body care items, all aimed at combating and reversing the effects of aging.

The Group strongly believes in working with industry partners to deliver innovative and effective products to customers consistently. MU Nutrition Wellness is proud to have collaborated with Yanxi Dim Sum to launch an exclusive beauty series on 1 December 2021. The series includes Gui Lin Gao with MU Dtox Probiotics, Mango Yuzu with Antidote-19, and Soya Beancurd with our in-house Quintessence bird nest formulation.

A Subsidiary of Mary Chia Holdings Limited

Mary Chia takes pride in its expertise in the beauty and wellness industry and advocates a culture of lifelong learning through the mastery of theory and practical skills. The Group does so with courses offered under Spa Menu (an Authorised Training Organisation), led by a team of professional personnel. It enables learners to undergo authorised training, which upon completion, will allow them to realise their dreams of rendering their services professionally on a local or even an international stage.

On 17 September 2021, Mary Chia Spa Menu conducted an in-depth workshop for beauticians on the fundamentals and techniques of Manicure and Pedicure. Participants were then able to offer Manicure and Pedicure services at a Spa, Beauty or Massage Establishment and apply these techniques at work.

ORGANICA

Established in 2015, Organica International is a direct selling company that distributes premium nutrition and skincare products created for Asians by Asians. Organica is a wholly-owned subsidiary of the Group. Each product is innovatively tailored for Asians, crafted from natural ingredients sourced from the best growing regions worldwide.

Antidote-19 was launched in 2021, designed to boost the revitalisation of respiratory health for individuals recovering or who have recently recovered from COVID-19. Antidote-19 consists of three core constituents; Echinacea, Beta-glucan and Elderberry, to provide a triple boost to immunity and respiratory support. The benefits of Echinacea were first discovered in North America in the 1880s, and were traditionally chewed on to relief and aid the recovery from coughs and sore throats. Scientific studies revealed that it contained active components of Polysaccharide, Echinacoside, Cichoric Acid and Ketoalkene, which are immunostimulants that boost the upper respiratory tract. With additional studies conducted, Antidote-19 was carefully formulated to deliver balanced immunity support to individuals. It achieves this by supporting two key lymphocyte cells, the T-cells and B-cells, which are pivotal in battling foreign bodies in the human body.

With Antidote-19 supplemented daily, it revolutionizes the body's immune system and respiratory health, significantly improving body lymphocyte cells.

Apart from boosting and managing immunity health, Antidote-19 is packed with antioxidants that support the elimination of free radicals and relieve oxidative stress in individuals while providing support in protecting tissue damage that leads to soreness and inflammation.

URBAN HOMME

be your own man

Urban Homme Face and Body Studio for Men specialises in professional skincare and physique management services for men. The brand offers a wide range of clinically verified and validated skincare and weight-loss programmes. The effectiveness of its services has been proven through a series of successful transformations of our customers. Urban Homme strives to constantly grow and exceed the expectations of customers who have put their trust in us by bringing them the latest beauty and body aesthetic in a tranquil environment inspired by natural greenery.

scinn Medical Centre

Scinn Medical Centre is the synthesis of bespoke medical aesthetics and beauty therapies, guided by professional medical expertise to help customers achieve their beauty ideals. Employing the latest in FDA-proven technologies, Scinn is dedicated to providing each customer with a holistic experience in their journey to a healthier complexion and body. It delivers individualised treatments specific to different skin and cosmetic concerns and has seen success with conditions including acne, pigmentation, wrinkles, dull skin, scars and markings, and sagging skin.

Dr scinn Aesthetics

Dr Scinn Aesthetics is a medispa offering treatments employing non-invasive and non-surgical procedures for different skin and body types. Dr Scinn Aesthetics is one of the first five centres in Singapore to launch the Venus Versa, a versatile, multi-application platform for non-invasive aesthetic procedures, including photorejuvenation/ photofacial, hair removal and skin resurfacing. Other procedures include chemical peel, face lifting, fat reduction, cryolipolysis, pigmentation removal and underarms whitening.

MCU CLINIC

· PERFECTION IS AN ATTITUDE ·

With our flagship clinic located at Sunway Pyramid adjacent to Mary Chia Sunway Pyramid, the medical aesthetics centre is well-poised to address the demand for high-quality medically-proven aesthetics services demanded by both consumers residing in Kuala Lumpur, Malaysia as well as leisure and business travellers visiting this popular tourist destination in the Klang Valley.

In 2021, the introduction of Monsoon's 5G Treatment revolutionalised hair care. It combines proven keratin science with cutting-edge technology to create a customised smoothing treatment for all hair types to achieve healthy, smooth, frizz-free hair. The treatment works by smoothing down layers of cells that overlap to form hair strands. Studies have shown that these layers of cells, or hair cuticles, absorb keratin, resulting in the appearance of fuller and glossier hair.

5G Treatment has the ability to define curl, smooth frizz or straighten hair for up to 3 months. It is also a suitable treatment for coloured hair, boasting colour-locking and smoothening effects for up to 6 weeks. The effectiveness of the treatment may vary depending on the original condition and thickness of the hair. Customers have shared positive reviews that their hair has since become smoother and easier to manage with 5G Treatment.

M Nature Pte Ltd, an M2 Group Pte Ltd's subsidiary, has been recognised by local online media for its organic hair dye and products. Its offerings effectively address consumer needs in the hair wellness market, specifically concerns regarding harmful chemicals in hair care products.

M+ has a strong foothold in the local market among younger consumers aged 18 to 30. Its success is founded upon its creative team, with skilled stylists and hair colour technicians who are always up-to-date with the latest trends for the masses.

Dr Moto has seen a growing number of customers seeking professional help for hair loss; a testimony to its expertise in hair, scalp and follicles. One such demand is the Follicular Unit Extraction (FUE) treatment, an invasive medical procedure performed by transplanting hair follicles from one part of the body to the area of concern. The FUE procedure has been proven to be a safe, effective and permanent solution to hair loss.

CEO's MESSAGE

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the annual report of Mary Chia Holdings Limited ("**MCH**") and together with its subsidiaries, (the "**Group**") for the financial year ended 31 March 2022 ("**FY22**").

FY22 was a continuation of the road to recovery from the pandemic. Unfortunately, the pace of recovery was hindered by turbulent macroeconomic conditions, geopolitical tensions, and the emergence of new waves of COVID-19 outbreaks. The prolonged effects of COVID-19 have continued to be felt in the beauty and wellness industry, which have inevitably disrupted and affected the operations of the Group's retail businesses. We remain cautious in navigating this challenging environment and display resilience in the face of any challenges that may arise in our journey towards full recovery.

The Group registered a net loss after tax of S$1.3 million for FY22, as compared to net profit of S$1.4 million a year ago ("**FY21**"). This was mainly due to a decrease in other operating income, increased purchases and related costs, higher depreciation of plant and equipment and right-of-use assets, increased in staff costs and increased in operating lease expenses.

On the other hand, I am heartened to announce that the Group showed an improvement in revenue, reporting higher revenue of S$12.5 million for FY22 compared to S$9.3 million for FY21, which was an increase of S$3.2 million. This is mainly attributed to the acquisition of Monsoon Hairdressing Group and an increase in revenue from the beauty, slimming, and spa treatment services for women segment as Singapore eased restrictions and resumed normalcy, while partially offset by a decrease in revenue from direct selling as the Group refocused once again on sales in physical outlets in response to the relaxing of social distancing rules.

While business momentum is expected to pick up, recovery is predicted to be gradual with the horizon still marked by headwinds including manpower shortages, cost pressures brought about by inflation and intense competition. Moving forward, the Group will continue to take proactive measures to strengthen its financial position. We will do so by preserving cash, optimising our cost structure for scale, developing agile operating processes to react quickly in today's ever-changing landscape, and actively managing our existing portfolio of brands to drive growth and optimal returns. In addition, we will continue to work on diversification and expansion plans to achieve resilient growth and strategically position ourselves for the long term.

In closing, I want to express my warmest appreciation to all shareholders, partners, customers and vendors for their invaluable support, and a heartfelt thank you to our Directors, management team and all employees for their commitment and dedication throughout this trying year.

FINANCIAL PERFORMANCE

The prolonged effects of COVID-19 have continued to disrupt and adversely affect the Group's retail business operations. The statements below are denominated in Singapore dollars.

Revenue recorded by the Group for the financial year ended 31 March 2022 ("**FY22**") amounted to S$12.5 million, an increase of S$3.2 million compared to S$9.3 million for the financial year ended 31 March 2021 ("**FY21**"). This is mainly due to the following:

(i) Increase in revenue contribution from the Monsoon Hairdressing group of companies ("**Monsoon**") acquired in November 2020 by S$2.3 million in FY22 compared to FY21 as Singapore eased restrictions and resumed normalcy.

(ii) Increase in revenue from the beauty, slimming and spa treatment services for women segment by approximately S$1.0 million in FY22 compared to FY21 as Singapore eased restrictions and resumed normalcy; and

(iii) The increases in revenue mentioned above in FY22 compared to FY21 was partially offset by a decrease in revenue from direct selling of S$0.3 million in FY22 compared to FY21 as the Group refocused once again on sales in physical outlets in response to the relaxing of social distancing rules.

Other operating income decreased by S$0.9 million from S$2.6 million in FY21 to S$1.7 million in FY22. The reduction in FY22 was mainly due to the reduction of the various Government support measures (for example, Jobs Support Scheme, Skills Future course support) and the reduction in rental rebates. The reduction was partially offset by an increase in vendor rebates of S$127,000. The decrease was offset by an increase in other income contributed by lease liabilities written off amounting to S$0.2 million arising from the early termination of a lease in FY22. For FY21, there was a gain on the conversion of loan to equity in FY21 amounting to S$0.3 million that was absent in FY22.

Purchases and related costs and changes in inventories combined increased by S$1.0 million from S$1.3 million in FY21 to S$2.3 million in FY22 primarily due to recognition of purchases and related costs by Monsoon, which were recorded in December 2020 and arising from gradually increased on utilization of salon products.

Depreciation of plant and equipment increased by S$0.3 million in FY22 mainly due to additional equipment acquired for the retail outlets.

Depreciation of right-of-use assets increased by S$1.0 million from S$1.0 million in FY21 to S$2.0 million in FY22. The increase is mostly attributable to lease agreement renewals for both Mary Chia and Monsoon retail outlets and offset by the non-renewal of the lease agreement for two outlets

Staff costs increased by S$2.4 million in FY22 mainly due to the recording of only four months payroll from Monsoon hairdressing group of companies in FY21 (as Monsoon hairdressing group was acquired in November 2020).

Operating lease expenses increased from S$0.2 million in FY21 to S$0.5 million in FY22, mainly due to the extension of leases for lease periods below 12 months.

Other operating expenses decreased marginally by S$35,000 in FY22. The decrease was mainly lower spending on member incentives provided to customers from direct selling platforms.

As a result of the above factors, the Group reported a net loss of S$1.3 million in FY22, compared to a net profit of S$1.4 million in FY21.

STATEMENT OF FINANCIAL POSITION

Current and non-current assets

The Group's non-current assets decreased by approximately S$0.2 million, mainly due to (i) depreciation of right-of-use assets amounting to S$2.0 million, (ii) increase in addition of plant and equipment of S$0.7 million which is offset by depreciation amounting to S$0.5 million, (iii) additional right-of-use assets relating to the leases of outlets amounting to S$1.8 million; and (iv) impairment loss on plant and equipment totalling S$0.2 million.

The Group's current assets decreased by approximately S$0.5 million mainly due to:

(i) Decrease in trade and other receivables and other assets of approximately S$11,000 as at 31 March 2022 arising mainly from a reduction in trade receivables as the Group focused on cash business;

(ii) Decrease in inventories of S$0.3 million as at 31 March 2022 as the Group reduced stocking up on inventories as a result of the reduced focus on online livestreaming sales as the Group refocused on sales in physical outlets; and

The increases were offset by a decrease in cash and cash equivalents of approximately S$0.2 million, as explained under the statement of cash flow in paragraph (c) below.

Current and non-current liabilities

The net increase in the Group's current and non-current liabilities by S$0.2 million was mainly due to:

(i) net increase in borrowings of S$0.5 million by a subsidiary of the Company, more details of which can be found under Note 28;

(ii) an increase in contract liabilities of S$0.7 million arising from prepaid packages recorded;

(iii) a decrease in current and non-current lease liabilities of S$1.3 million due to an increase of S$1.8 million on the Group's two lease renewals and the opening of two new outlets during the period, net of repayment of S$2.9 million in lease liabilities and lease liabilities written off of S$0.2 million;

(iv) an increase in trade and other payables of S$0.7 million due to timing of payments;

(v) a decrease in deferred consideration payable amounting to S$0.3 million due to the issuance of the Company's shares being the remaining non-cash consideration in respect of the Monsoon acquisition; and

(vi) a decrease in current tax liabilities of about S$44,000 due to the payment of current tax. The decrease was due to the tax paid of S$108,000.

Equity

The Group recorded a negative working capital of S$10.8 million and a negative equity of S$5.5 million as at 31 March 2022.

As at 31 March 2022, the Company's current liabilities exceeded its current assets by S$4.5 million, and the Company had a deficit in equity of S$2.0 million.

Barring any unforeseen circumstances, the Board is of the opinion that the Group can continue as a going concern and meet its short-term debt obligations when they fall due as the Group continues to re-strategise and streamline its business and focus on the areas of strength and competitive advantage. It also has continued financial support from its controlling shareholder Suki Sushi Pte Ltd.

STATEMENT OF CASH FLOWS

The Group's net cash generated from operating activities in FY22 was S$3.5 million. This was mainly due to loss before tax of S$1.2 million, adjusted for:-

(i) depreciation of plant and equipment amounting to S$0.5 million, and of right-of-use assets amounting to S$2.0 million; and finance cost of S$0.4 million;

(ii) impairment on plant and equipment of S$0.2 million, right-of-use assets written off of S$0.2 million and lease liabilities written off S$0.2 million.

(iii) decrease in inventories of S$0.3 million;

(iv) increase in trade and other payables and contract liabilities of S$1.4 million; and

(v) payment of income tax of S$0.1 million.

The Group's net cash used in investing activities in FY22 was S$0.7 million arising from addition of plant and equipment of the Group, being the purchase of equipment at retail outlets.

The Group's net cash used in financing activities in FY22 was S$2.9 million due to the net increase of borrowings of S$0.8 million, offset by the repayment of lease liabilities of S$2.9, and repayment of borrowings of S$0.3 million and interest paid of S$0.5 million.

As a result of the above, total cash and cash equivalents in FY22 was S$0.7 million.

WENDY HO
Chief Executive Officer and
Executive Chairman
First appointment: 30 April 2009
Last re-election: 30 September 2021

Ms Ho Yow Ping ("**Wendy Ho**") is the Chief Executive Officer ("**CEO**") and Executive Chairman of the Group. She has been the CEO of Mary Chia Beauty & Slimming Specialists Pte Ltd ("**MCBSS**") since August 2003 and an executive director of MCBSS since its incorporation in 1994. She is responsible for the daily management and operations of the Group and directs the Group's overall strategy and growth. She has more than 20 years of experience in the lifestyle and wellness industry and was awarded the Entrepreneur of the Year Awards organised by Rotary-ASME in 2004. She was also nominated and attained the Outstanding Asia Pacific Enterprise Award 2019.

Ms Wendy Ho was conferred an Advanced Certificate in Training and Assessment (Facilitated Training), professionally accredited by Singapore Workforce Development Agency in August 2015. She holds an MBA from Shanghai Jiao Tong University and a Diploma in Aesthetic Treatments from the Confederation of International Beauty Therapy and Cosmetology ("**CIBTAC**") and a Certificate from Singtrain Academy in Infant & Child massage/tuina which is accredited by CIBTAC. She attended several courses, which include the "Comprehensive Course incorporating Medical Beauty, Face Lifting and Cosmetic Acupuncture" organised by the International Medical Beauty Research Association and the "Beauty (Theories & Techniques) Course" organised by the S.E. Asia.

Chay Yiowmin PBM
Lead Independent Director
First appointment: 8 August 2022

Mr Chay was appointed as Lead Independent Director of the Company on 8 August 2022. He was also appointed on the same day as Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees.

Mr Chay is currently the chief executive officer of Chay Corporate Advisory Pte. Ltd., a boutique corporate advisory firm. He is also the Chairman and Independent Non-Executive Director of Metech International Limited and Watches.com Ltd., an Independent Non-Executive Director of Raffles Infrastructure Holdings Limited, an Independent Non-Executive Director of UMS Holdings Limited and a Non-Executive Director of 8I Holdings Limited. Between 2013 and 2015, Mr. Chay was the Lead Independent Director of Advance SCT Limited. Mr. Chay was also a Non-Executive Director of Libra Group Limited from 2019 to 2020.

Since graduating in 1998, Mr Chay has accumulated many years of public accounting experience in Singapore and the United Kingdom with a number of reputable international accounting firms, including PricewaterhouseCoopers LLP, Deloitte and Touche LLP, Moore Stephens LLP and BDO LLP, the latter of which he was the advisory partner heading the Corporate Finance Practice from 2012 to 2019. Prior to joining BDO LLP, Mr Chay was an assurance partner from 2010 to 2012 with Moore Stephens LLP, specialising in financial services and shipping.

Mr Chay holds a Bachelor of Accountancy and a Master of Business from Nanyang Technological University and a Master of Business Administration from the University of Birmingham. Mr Chay is also a Fellow Chartered Accountant (FCA Singapore) of the Institute of Singapore Chartered Accountants (ISCA), an Associate Chartered Accountant (ACA) of the Institute of Chartered Accountants in England and Wales (ICAEW) and a Chartered Valuer and Appraiser (CVA) of the Institute of Valuers and Appraisers of Singapore (IVAS).

Mr Chay currently sits on the Singapore steering committee of the Professional Risk Managers' International Association (PRMIA), and the Standards and Technical Committee of IVAS, the latter of which he is also a programme instructor. Mr Chay is also an associate lecturer with Singapore University of Social Sciences (SUSS) teaching financial statements analysis and valuation.

As an active Grassroots Leader, Mr Chay serves as the Assistant Treasurer and Auditor with the Fernvale and the Kebun Baru Citizen Consultative Committees respectively. Mr Chay also serves as the Chairman and Treasurer of the Buangkok Community Club Management Committee and the Fernvale Citizen Consultative Committee Community Development Welfare Fund. He is also a member of the Kebun Baru Inter-Racial and Religious Confidence Circles. Mr Chay was awarded the Pingat Bakti Masyarakat (Public Service Medal) (PBM) by the President of the Republic of Singapore on 9 August 2016.

SIM ENG HUAT
Independent Director
First appointment: 1 February 2019
Last re-election: 30 September 2021

Mr Sim Eng Huat was appointed as an Independent Director of the Company on 1 February 2019 and was last re-elected on 30 September 2021. He is Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees.

Mr Sim started his career in 1977 with the Singapore Civil Service where he spent a total of 18 years, during which he served six years in Hong Kong and three years in Bangkok as a diplomat. In 1994, he entered the private sector by joining Suntec Investment Group of Companies ("**SIPL**") where he stayed for another seventeen years.

While in SIPL, Mr Sim managed the business strategy and operations for three subsidiary companies, covering M&E and janitor services, food court operations and Olio Dome chain of cafes. In addition to fulfilling the role of Chief Operating Officer of SIPL, Mr Sim was the Managing Director of Chesterton Suntec International Property Consultants from 1997 to 2013. He had been an Honorary Advisor to the Real Estate Developers Association of Singapore from 2005 to 2013 and a member of the Singapore Institute of Directors since its founding in January 2000.

Upon leaving the private sector in 2013, he started his own company, dealing in Real Estate Consultancy, Business Advisory as well as Recruitment Services.

GILLIAN NG
Independent Director
First appointment 1 July 2020
Last re-election: 29 September 2020

Ms Gillian Ng Lee Eng ("**Gillian Ng**") was appointed as an Independent Director of the Company on 1 July 2020. She is Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees.

Ms Gillian Ng has more than 15 years of experience in finance, accounting and human resource during her role with EagleBurgmann KE Pte Ltd as Finance Manager as well as head of Human Resources. As a key member of the management team, she had oversight over financial and management reporting, internal controls, tax and human resource functions. She graduated with a Bachelor of Business Accountancy from the Royal Melbourne Institute of Technology and is a member of the Singapore Institute of Directors.

KEY MANAGEMENT

LIM KOON HOCK
Group Chief Financial Officer

Mr Lim Koon Hock was appointed Group Chief Financial Officer in May 2020 and is responsible for the Group's statutory financial accounts, consolidation and financial reporting to the SGX-ST and overall financial and accounting management of the Group.

Mr Lim's career of more than 30 years spans across auditing, finance, accounts and corporate functions in both private and public listed companies.

He has a Bachelor of Commerce (Accountancy) degree from the University of Auckland, and a Master of Business Administration degree from the National University of Singapore.

The Board of Directors (the "**Board**") of Mary Chia Holdings Limited (the "**Company**" and together with its subsidiaries, (the "**Group**") is committed to maintaining high standards of corporate governance. Good corporate governance provides the framework for an ethical, transparent and accountable corporate environment, which will protect the interests of the Company's shareholders and promote investors' confidence. This report outlines the Company's corporate governance practices and structures for the financial year ended 31 March 2022 ("**FY2022**"), with specific reference made to each of the principles and provisions of the Code of Corporate Governance 2018 (the "**Code**") and the accompanying practice guidance by the Singapore Exchange Trading Limited (the "**SGX-ST**") pursuant to Rule 710 of the Listing Manual Section B: Rules of Catalist of the SGX-ST ("**Catalist Rules**").

The Company has generally adhered to the framework and complied with all principles outlined in the Code for FY2022. Where there were deviations from the provisions of the Code, appropriate explanations have been provided in the relevant sections. The Company will also continue to enhance its corporate practices appropriate to the conduct and growth of its business and to review such practices from time to time and ensure compliance with the Catalist Rules.

BOARD MATTERS

1. The Board's Conduct of Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

Provision 1.1 — Principal functions of the Board
Provision 1.3 — Matters requiring Board approval

The Board is involved in the supervision of the management of the Group's operations, providing entrepreneurial leadership, setting strategic objectives and ensuring sufficient resources are in place to meet the said objectives, monitoring the performance of the management, reviewing the financial performance of the Group, and ensuring the adequacy of the Group's internal controls and the establishment and maintenance of *a* sound risk management framework, review corporate governance practices and sustainability practices, instilling the corporate values and standards (including ethical standards and code of conduct) and ensuring accountability, financial reporting, compliance and transparency. All directors shall discharge their fiduciary duties and responsibilities at all times in the interests of the Group. Matters which specifically require the Board's decision or approval include:

(a) corporate strategies, business plan and direction of the Group;

(b) major funding and investment proposals;

(c) nomination and appointment of directors to the Board and Board committees and appointment of key personnel;

(d) interested person transactions;

(e) interim and full year financial results announcement, the annual report and reporting accounts;

(f) declaration of interim dividends and proposal of final dividends;

(g) material acquisition and disposal of assets; and

(h) all other matters of strategic importance relating to the Group.

The Board adopted a set of ethical values and standards that establishes the fundamental principles of professional and ethical conduct expected within the organization and to ensure proper accountability within the Group. Each Director is required to promptly disclose any conflicts or potential conflicts of interest, whether direct or indirect, in relation to any transaction or matter discussed and contemplated by the Group. Where a potential conflict of interest arises, the Director concerned will recuse himself from discussions and decisions involving the issue of conflict and refrain from exercising any influence over other members of the Board in respect of the issue.

Provision 1.2 — Directors' orientation and training

The Nominating Committee, in accordance with Rule 406(3)(a) of the Catalist Rules, ensures that any new director appointed by the Board, who has no prior experience as a director of a publicly listed company on the SGX-ST, must attend the mandatory training courses organized by the Singapore Institute of Directors ("**SID**") on his roles and responsibilities as prescribed by the SGX-ST.

Newly-appointed directors will be given an orientation program with materials provided to familiarise themselves with the business and organisational structure of the Group. Directors are also given an opportunity to visit the Group's business units and meet with management staff to get a better understanding of the Group's operations. Upon appointment of each director, the Company will also provide a formal letter to each director which sets out their duties and obligations.

The Company is responsible for arranging and funding the training of directors. All Board members are provided with regular updates on the changes in the relevant laws and regulations and financial reporting standards to enable them to make well-informed decisions and to ensure they are competent in carrying out their expected roles and responsibilities. Where appropriate, the Company will arrange for directors to attend seminars and receive training such as those organised by the SID, Accounting and Corporate Regulatory Authority ("**ACRA**") and/or the SGX-ST, to improve themselves in discharging their duties as directors. The Company also works closely with professionals as and when appropriate to provide its directors with updates on changes to relevant laws, regulations and accounting standards.

During FY2022, no new directors were appointed. Subsequent to the financial year end, Mr Pao Kiew Tee resigned as a director of the Company with effect from 1 August 2022. Mr Chay Yiowmin was appointed as director of the Company on 8 August 2022. Mr Chay has been given an orientation program to familiarise the business and organizational structure, visit the business units, and meet with the company's senior management.

Directors and key executives undergo relevant training to enhance their skills and knowledge, particularly on new laws, regulations and changing risks affecting the Group's operations. Other forms of training include governance practices and training in accounting, legal and industry-specific knowledge. All directors are updated regularly concerning any changes in company policies, risk management, accounting standards, relevant new laws, regulations and changing commercial risks. Directors are encouraged to attend, at the Group's expense, relevant and useful training or seminars conducted by external organisations.

News releases issued by the SGX-ST and ACRA which are relevant to the directors are circulated to the Board. The Board was given updates at each meeting on business and strategic development pertaining to the Group's business. The Chief Executive Officer ("**CEO**") also updated the directors on the trends and developments in the beauty and wellness industry, including regulatory changes and its impact on the Group.

Provision 1.4 — Delegation by the Board

The Board has delegated specific responsibilities to three Board committees, namely the Audit Committee, Remuneration Committee and Nominating Committee ("**Board Committees**"). These Board Committees' function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The Chairman of the respective Board Committees will report to the Board and minutes of the Board meetings are made available to all Board members.

More details on each of the Board Committees, including the names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions and a summary of their activities, are set out in the further sections of this report.

Provision 1.5 — Board meetings, attendance and multiple commitments

The Board meets at least four times in each financial year to coincide with the announcements of the Group's quarterly, half year and full year financial results. Additional meetings are held where circumstances require to address any specific or significant matters that may arise. The Constitution of the Company allows for Board meetings to be conducted by way of tele-conference and video conference.

The number of meetings held and attended by each director for the financial year under review is set out below:

Directors	**Board**		**Audit Committee**		**Nominating Committee**		**Remuneration Committee**	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Ho Yow Ping (He YouPing)[1]	4	4	5	5	1	1	1	1
Pao Kiew Tee[2]	4	4	5	5	1	1	1	1
Sim Eng Huat	4	4	5	5	1	1	1	1
Gillian Ng Lee Eng	4	4	5	5	1	1	1	1
Chay Yiowmin[3]	4	0	4	0	1	0	1	0

Notes:

l. Ms Ho Yow Ping (He YouPing) attended the Audit Committee meetings, Nominating Committee meeting and Remuneration Committee meeting as an invitee.

2. Mr Pao Kiew Tee has resigned as the Lead Independent Director of the Company with effect from 1 August 2022.

3. Mr Chay Yiowmin, an Independent Director of the Company, was appointed as the Lead Independent Director and Chairman of the Audit Committee and member of the Nominating and Remuneration Committees on 8 August 2022.

Please refer to principle 4 for more information relating to the directors' multiple board representations.

Provision 1.6 — *Access to information*
Provision 1.7 — Access to Management, Company Secretary and External Advisers

The Management provides the Board with complete, adequate and timely information prior to Board meetings and on an on-going basis. Where a decision has to be made, the necessary information is provided to *the directors in a timely manner* to *enable them to make informed decisions.*

All directors are from time to time furnished with information concerning the Group to enable them to be fully cognizant of the decisions and decisions of the Group's executive management. The Board has unrestricted access to the Company's records and information. In order to ensure that the Board is able to fulfil its responsibilities, Management provides the Board members with regular management accounts and all relevant information for assessment of the Group's performance. In addition, all relevant information on material events and transactions are circulated to directors as and when they arise. Whenever necessary, senior management staff will be invited to attend the Board meetings and AC meetings to answer queries and provide detailed insights into their areas of operations. Quarterly discussions of the Group's activities are conducted at the quarterly board meetings.

The Board, either individually or as a group, has separate and independent access to the Management and the Company Secretary at all times. The Company Secretary or her representative should be present at all Board meetings to ensure that Board's procedures are followed, and the relevant rules and regulations are complied with. The minutes of the Board and Board Committee's meetings are circulated to the Board.

The Company Secretary's key role is to ensure that board procedures are followed and regularly reviewed. The function of the Company Secretary is to handle all the corporate paperwork and procedural matters of a company such as to:

(a) Monitor and ensure compliance with the relevant legal requirements, review developments in corporate governance and advise the directors of their duties and responsibilities;

(b) Ensure that the statutory registers required to be kept are established and properly maintained, in particular, the register of director's and substantial shareholder's holding in shares in the Company;

(c) Ensure safe custody and proper use of the common seal;

(d) Ensure that the directors' disclosures of interests are brought up at board meetings and minuted;

(e) Organise and attend directors' and shareholders' meetings such as sending out notices, preparing agendas, taking down minutes of meetings, give advice at meetings on questions relating to procedure (for example, quorum requirements, voting procedures, proxy provisions), statutory requirements and ensure the correct procedures are followed;

(f) Ensure that the annual return and financial statements and any other filing required by ACRA are filed within the timeframe; and

(g) Disseminate information to the public via the SGXNet.

The appointment and removal of the Company Secretary are subjected to the Board's approval.

Management deals with requests for information from the Board promptly and consults the Board members regularly whenever necessary and appropriate.

Should the directors, whether individually or as a group, require independent advice on any specific issues, they may engage independent professionals at the Company's expense to enable them to discharge their duties with adequate knowledge on the matters being deliberated.

2. Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Provision 2.1 — Board Independence
Provision 2.2 — Majority Independent Directors where Chairman is not independent
Provision 2.3 — Majority non-executive Directors in a Board
Provision 2.4 — Board composition and diversity
Provision 2.5 — Meeting of non-executive Directors without Management

As at the date of this report, the Board consisted of the following directors, who bring a wide range of business and financial experience relevant to the Group:

Wendy Ho	Board Chairman and Chief Executive Officer
Pao Kiew Tee	Lead Independent Director (resigned w.e.f. 1 Aug 2022)
Chay Yiowmin	Lead Independent Director (appointed w.e.f. 8 Aug 2022)
Sim Eng Huat	Independent Director
Gillian Ng Lee Eng	Independent Director

The Company endeavors to maintain a strong and independent element on the Board. There were three Independent Directors on the Board during the financial year under review which made up of more than half of the Board. The three Independent Directors made up of a majority of the Board thereby meeting the requirement of the Code which stipulates that where the Chairman is not an independent director, independent directors should make up majority of the Board. The composition of the Board also complies with the provision that Non-Executive Directors make up a majority of the Board. This enables the Board to exercise independent judgement on corporate affairs and provide Management with a diverse and objective perspective on issues.

As set out under the Code, an independent director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company. The Nominating Committee ("**NC**") assesses and reviews annually the independence of a director bearing in mind the salient factors as set out under the Code, the Catalist Rules as well as all other relevant circumstances and facts.

Each Independent Director is required to complete a director's independence checklist annually to confirm his independence based on the Code. The Independent Directors must also confirm whether they consider themselves independent despite not having any relationship identified in the Code and shall immediately disclose to the NC any relationships or circumstances that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgement in the best interests of the Company. The NC and the Board have reviewed and ascertained that all Independent Directors are independent according to the 2018 Code, its Practice Guidance and Rules 406(3)(d)(i) and 406(3)(d)(ii) of the Catalist Rules and noted that:

(a) The Independent Directors: (i) are not employed by the Company or any of its related corporations for the current or any of the past 3 financial years; and (ii) do not have an immediate family member who is employed or has been employed by the Company or any of its related corporations for the past 3 financial years, and whose remuneration is determined by the Remuneration Committee.

(b) None of the Independent Directors and their immediate family member had in the current or immediate past financial year (i) provided or received significant payments or material services aggregated over any financial year in excess of S$50,000 for services other than compensation for board service; or (ii) was a substantial shareholder, partner, executive officer or a director of any organization which provided or received significant payments or material services aggregated over any financial year in excess of S$200,000 for services rendered.

(c) None of the Independent Directors are directly associated with a substantial shareholder of the Company.

(d) None of the Independent Directors have been on the Board for an aggregate period of more than 9 years.

The Company currently does not have a formal Board Diversity Policy. However, the Company recognizes the benefits of having an effective and diverse Board, and views diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and sustainable development. In reviewing the Board composition and succession planning, the NC will consider the benefits of all aspects of diversity, including functional and domain skills, knowledge, experience, cultural and educational background, gender, age, tenure and other relevant aspects of diversity of perspectives appropriate to its business, so as to avoid group think, foster constructive debate, and enable the Board to make decisions in the best interests of the Company. These differences will be considered in determining the optimum composition of the Board and when possible, should be balanced appropriately. All Board appointments will be based on merit, in the context of the skills, knowledge, experience and independence which the Board as a whole requires to be effective, having due regard for the benefits of diversity on the Board.

The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:

Balance and Diversity of the Board *as at date of this report*		
Core Competencies	Number of Directors	Proportion of Board
Accounting or finance	2	50%
Business management	4	100%
Legal or corporate governance	3	75%
Relevant industry knowledge or experience	2	50%
Strategic planning experience	4	100%
Customer based experience or knowledge	3	75%

Notwithstanding that the Board does not have a formal Board Diversity Policy in place, the Board has taken the following steps to maintain or enhance its balance and diversity:

(a) by assessing the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and

(b) evaluation by the directors of the skill sets the other directors possess, with a view to understand the range of expertise which is lacking by the Board.

The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.

With the introduction of Rule 710A of the Catalist Rules which came into effect from 1 January 2022, the Board will endeavour to develop and implement a board diversity policy that addresses gender, skills and experience, and any other relevant aspects of diversity, and describe the relevant disclosures in its annual report for FY2023.

The Board members comprise seasoned professionals with management, financial, accounting, legal, compliance and relevant industry backgrounds. Its composition enables the Management to benefit from a diverse and objective external perspective on issues raised before the Board. The Board considers that its directors possess the necessary competencies to lead and govern the Company effectively.

The NC is responsible for reviewing the independence of the Independent Directors on an annual basis. A member of the NC should not participate in the deliberation in respect of his independence as an independent director. The NC had reviewed and determined that all the Independent Directors are independent based on the results of the annual assessment.

The profile of the directors is set out in the section "Board of Directors" of the Annual Report.

The Independent Directors provide, among other things, strategic guidance to the Company based on their professional knowledge, in particular, assisting, constructively challenging and developing strategic proposals.

The Board is of the opinion that, given the scope and nature of the Group's operations, the present size of the Board, with appropriate balance and mix of skills, knowledge, experience, gender and age, is appropriate in facilitating effective decision making.

The Independent Directors will constructively challenge and assist in the development of proposals on strategy, and assist the Board in reviewing the performance of the Management in meeting agreed goals and objectives, and monitor the reporting of performance. When necessary, the Independent Directors will hold discussions amongst themselves without the presence of Management and Executive Director(s) to facilitate a more effective check on Management and/or Executive Director(s).

3. Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provision 3.1 — Separation of the role of the Chairman and the CEO
Provision 3.2 — Role of the Chairman and the CEO
Provision 3.3 — Lead Independent Director

Taking into account the size, scope and the nature of the operations of the Group and given the current cashflow situation of the Company, Ms Wendy Ho has assumed the role of both Board Chairman and CEO of the Company. Any risk is mitigated by the presence of having majority Independent and Non-executive Directors on the Board as well as the appointment of a Lead Independent Director. In addition, Ms Wendy Ho's performance and appointment to the Board is reviewed periodically by the NC and her remuneration package is reviewed periodically by the Remuneration Committee. With the existence of Board Committees imbued with the power and authority to perform key functions, the Board believes that there are sufficient strong and independent elements and adequate safeguards in place against an uneven concentration of power and authority in any single individual.

As the Chairman of the Board, Ms Wendy Ho leads the Board discussions and deliberation and also ensures that the Board meetings are held when necessary. She sets the meeting agenda and ensures that the directors are provided with complete, adequate and timely information. The Chairman also assists in ensuring compliance with the Group's guidelines on corporate governance.

As the CEO, Ms Wendy Ho is responsible for the day-to-day management of the business. She has the executive responsibilities in the business directions and operational efficiency of the Group. She also oversees the execution of the Group's corporate and business strategy set out by the Board and ensures that the directors are kept updated and informed of the Group's business.

In view of the Chairman and CEO roles being held by a single individual, the Board is mindful of the need to appoint a lead independent director to provide focal leadership in situations where the Chairman is conflicted. As at the date of this report, Mr Chay Yiowmin is appointed as the Lead Independent Director subsequent to Mr Pao's resignation. The Lead Independent Director coordinates and leads the Independent Directors to provide a non-executive perspective and contribute to a balance of viewpoints on the Board. He is the principal liaison on board issues between the IDs and the CEO.

Shareholders with concerns may contact the current Lead Independent Non-Executive Director - Mr Chay Yiowmin (via email: auditcommittee@marychia.com) directly, when contact through the normal channels via the CEO or the Chief Financial officer has failed to provide a satisfactory resolution or when such contact is inappropriate.

During the financial year, the IDs had a discussion amongst themselves without the presence of key management personnel and Executive Directors, to discuss matters and provide relevant feedback.

4. Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Provision 4.1 — The formation, role and duties of an NC
Provision 4.2 — Composition of the NC
Provision 4.3 — Board renewal
Provision 4.4 — Independence review of Directors
Provision 4.5 — Duties and obligations of Directors

As at the date of this report, the NC comprised Mr Sim Eng Huat (Chairman), Mr Chay Yiowmin (appointed on 8 August 2022), Ms Gillian Ng Lee Eng , all of whom, including the Chairman of the NC, are Independent Directors.

The NC meets at least once a year.

The NC has adopted specific terms of reference and is responsible for, inter alia:

(a) Appointment of new directors with the appropriate profile in regards to their expertise, experiences, industry background, track record and competencies;

(b) Re-nomination of the directors having regard to the director's contribution and performance;

(c) Review the composition *a*nd progressive renewal of the Board;

(d) Review the training and professional development programs for the Board;

(e) Determining on an annual basis whether or not a director is independent;

(f) Reviewing the composition of the Board and making recommendations on the performance criteria and appraisal process to be used in the evaluation of individual directors; and

(g) Assessing the effectiveness of the Board as a whole and deciding whether or not a director is able to and has been adequately carrying out his/her duties as a director.

Where a vacancy arises under any circumstances, or where it is considered that the Board would benefit from the services of a new director with particular skills or experience, the NC, in consultation with the Board, determines the selection criteria and selects the candidate with the appropriate expertise and experience for the position. The search and nomination process for new directors, if any, will be through contacts and recommendations provided by the Management. The NC will review, assess and meet with the candidates before making recommendations to the Board. In recommending new directors to the Board, the NC takes into consideration the skills and experience required to support the Group's business activities and strategies, the current composition and size of the Board, and strive to ensure that the Board has an appropriate balance of independent directors as well as directors with the right profile, expertise, skills, attributes and ability. Upon confirmation, the new directors will be appointed by way of board resolution. Such new directors will submit themselves for re-election at the next annual general meeting of the Company in accordance with the Company's Constitution.

The NC reviews the succession plans for Directors, CEO and key management personnel and where appropriate, review contingency arrangements for any unexpected and sudden and unforeseen changes relating to the key management team in charge of the business operations.

In considering re-electing a director, the NC would assess the performance of the director in accordance with the performance criteria set by the Board including, *inter alia,* the director's competencies, commitment, contribution and performance; and the NC would also consider the current needs of the Board. When re-appointing a director, the NC after its satisfactory assessment would then recommend the proposed re-appointment of the director to the Board for its consideration and approval.

The NC has established a formal appraisal process to assess the performance and effectiveness of the Board as a whole as well *as* to assess the Board Committees and the individual directors for their contribution and their commitment to their role. The appraisal process focuses on *a* set of performance criteria which includes the evaluation of the Board's composition and size, the Board's processes, the Board's effectiveness and training, the provision of information to the Board, the Board's standards of conduct and financial performance indicators. Such performance criteria are approved by the Board and they address how the Board has enhanced long term Shareholders' value.

Pursuant to Rule 720(4) of the Catalist Rules and the provisions of Regulation 98 of the Company's Constitution, all directors are subject to re-nomination and re-election at regular intervals of at least once every three years. At each annual general meeting, at least one-third of the directors *are* required to retire from office and submit themselves for re-election.

The NC recommended to the Board that Ms Wendy Ho and Mr Sim Eng Huat be nominated for re-election at the forthcoming annual general meeting of the Company ("**AGM**") pursuant to the Company's Constitution Regulation 98, having reviewed and being satisfied with the qualifications, past experience and overall contributions of Ms Wendy Ho and Mr Sim Eng Huat. The Board has accepted the recommendations of the NC. Upon re-election, Ms Wendy Ho will remain as CEO and Executive Chairman while Mr Sim Eng Huat will remain as Independent Director of the Company, Chairman of the Nominating Committee and member of the Audit Committee and Remuneration Committee. The additional information as set out in Appendix 7F of the Catalist Rules relating to the retiring Directors who are submitting themselves for re-election is disclosed in Section 21 on the Corporate Governance Report.

In addition, Mr Chay Yiowmin who retires pursuant to Article 102 of the Company's Constitution will be seeking re-election. The NC has recommended to the Board that Mr Chay Yiowmin be nominated for re-election at the forthcoming annual general meeting of the Company having reviewed and being satisfied with Mr Chay Yiowmin's qualifications, past experience and overall contributions since he was appointed as Independent Director of the Company. Mr Chay Yiowmin, upon re-election, will remain as Lead Independent Director of the Company, Chairman of the Audit Committee and member of the Nominating and Remuneration Committees.

Mr Sim Eng Huat and Mr Chay Yiowmin, being a member of the NC, abstained from voting on the resolution in respect of his re-nomination and re-election as a director.

Separately, Ms Gillian Ng will be stepping down as Independent Director and will relinquish her position as Chairman of the Remuneration Committee and member of the Audit and Nominating Committees at the conclusion of the forthcoming annual general meeting.

As at the date of this report, the year of initial appointment and last re-election of each director as well as their present and past directorships in other listed companies and principal commitments are set out below: -

Director	Date of initial appointment	Date of last re-election	Current directorships in listed companies	Past directorships in listed companies (preceding five years)	Principal commitment*
Wendy Ho Yow Ping	30 April 2009	30 September 2021	Nil	Nil	Nil
Chay Yiowmin	8 August 2022		Metech International Limited Raffles Infrastructure Holdings Limited UMS Holdings Limited 8I Holdings Limited (ASX) Watches.com Limited	Libra Group Limited	Chay Corporate Advisory Pte Ltd, Chief Executive Officer
Sim Eng Huat	1 February 2019	30 September 2021	Nil	Lafe Corporation Limited (Delisted on 31 August 2020) SK Jewellery Group Limited (Delisted on 2 December 2020) Metech International Ltd (Did not seek re-election at the AGM held on 21 October 2022)	RS Advisory & Consultancy Pte Ltd, Executive Director SunChest Property Consultancy Pte Ltd, Managing Director TalentChest Consulting Pte Ltd, Chief Executive Officer
Gillian Ng Lee Eng	1 July 2020	29 September 2020	Nil	Nil	Financial Adviser, Professional Investment Advisory Services Pte Ltd

Note I: "Principal Commitments" as defined in the Code include all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.

Multiple board representation

The NC has considered and is of the view that it will not set a limit on the number of directorships that a director may hold because each director has different capabilities, and the nature of the organizations in which they hold appointments and the kind of committees on which they serve are of different complexities. The NC will continue to monitor and assess the demands of each director's competing directorships and obligations to ensure each director has given sufficient time and attention to the affairs of the Company and has adequately discharge his duties to the Company. Based on its assessment, the NC will then determine, if required, the maximum number of directorships each director can hold.

The considerations in assessing the capacity of directors include the following:

- Expected and/or competing time commitments of directors;
- Geographical location of directors;
- Size and composition of the Board; and
- Nature and scope of the Group's operations and size

The Company currently does not have any alternate directors.

The NC had reviewed and is satisfied that Mr Chay Yiowmin who holds multiple board representations, have been able to devote adequate time and attention to the affairs of the Company to fulfill their duties as directors of the Company.

5. Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Provisions 5.1 and 5.2 — Board Evaluation Process

The NC evaluates the performance of the Board as a whole, Board Committees and individual directors based on performance criteria set by the Board. The criteria for assessing the Board's and Board Committees' performance include the Board's composition and size, processes, accountability, standard of conduct and performance of its principal functions and fiduciary duties, and guidance to and communication with the Management. The level of contribution to Board meetings and other deliberations are also considered. The performance criteria are not subject to changes from year to year. Nonetheless, where circumstances deem it necessary for any of the criteria to be changed, the Board will justify such changes.

During FY2022, directors were requested to complete *a* self-assessment checklist based on the above areas of assessment to assess the overall effectiveness of the Board and Board Committees. The results of these checklists were considered by the NC which made recommendations on the re-nomination of directors to the Board to help the Board in discharging its duties more effectively. No external facilitator was engaged in the evaluation process in FY2022.

6. Remuneration Procedures and Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Provision 6.1 and 6.2 — Composition of the Remuneration Committee
Provision 6.3 — Remuneration Framework
Provision 6.4 — Remuneration Consultant

Remuneration Committee

As at the date of this report, the Remuneration Committee ("**RC**") comprised Ms Gillian Ng Lee Eng, Mr Chay Yiowmin (appointed on 8 August 2022) and Mr Sim Eng Huat, all of whom, including the Chairman of the RC, are Independent Directors.

The Chairman of the RC is Mr Gillian Ng Lee Eng.

The key terms of reference of the RC, inter alia, are as follows:

(a) to review and recommend to the Board the terms of service agreement renewal for the Chairman and CEO and key management personnel of the Group;

(b) to consider the various disclosure requirements for directors' remuneration, particularly those required by regulatory bodies such as SGX and to ensure that there is adequate disclosure in the financial statements to ensure and enhance transparency between the Company and relevant interested parties;

(c) to make recommendations to the Board on the Company's framework of remuneration, the specific remuneration packages for directors, CEO (or equivalent), key management personnel and employees related to directors or substantial shareholders of the Group;

(d) to engage such professional consultancy firm as the RC may deem necessary to enable it to discharge its duties hereunder satisfactorily;

(e) to carry out such other duties as may be agreed to by the RC and the Board; and

(f) to perform an annual review of the remuneration, bonuses, increases and/or promotions of employees related to our directors and/or substantial shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scope and level of responsibilities.

The RC recommends to the Board *a* framework of remuneration for the directors and key management personnel, and determines specific remuneration packages for the Executive Chairman and CEO. The RC submits its recommendations to the Board for endorsement. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options, benefits-in-kind and termination terms are covered by the RC. Each member of the RC shall abstain from voting on any resolutions and making recommendations or participating in any deliberations in respect of his remuneration package.

The RC has access to expert advice regarding executive compensation matters, if required, and shall ensure that any relationship between the appointed consultant and any of its director or the Company will not affect the independence and objectivity of the remuneration consultant. The Board did not engage any external remuneration consultant to advise on remuneration matters for FY2022.

7. Level and mix of remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Provisions 7.1, 7.2 and 7.3 — Remuneration of executive and non-executive directors and key management personnel

The RC performs an annual review and ensures that the remuneration packages are comparable within the industry and with similar companies and will also take into consideration the Group's relative performance and the contributions and responsibilities of the individual directors. The Company sets remuneration packages to ensure it is competitive and sufficient to attract, retain and motivate directors and key management personnel commensurate with the Company's and their performance.

The service agreement of Ms Wendy Ho Yow Ping, in relation to her appointment as CEO was renewed on 5 September 2021 for a period of 3 years. The IDs are compensated based on fixed directors' fees taking into considerations their contributions, responsibilities and time spent. The IDs shall not be over-compensated to the extent that their independence may be compromised. Their fees are recommended to shareholders for approval at the annual general meeting of the Company.

The compensation for immediate termination is the amount of remuneration in relation to the notice period unless termination is due to misconduct, where no compensation will be granted.

Currently, contractual provisions *are* not used that would allow the Company to reclaim incentive components of remuneration from the CEO and key management personnel. In exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company and the Group, the Company believes that there are alternative legal avenues that will enable the Company to recover financial losses arising from such exceptional events from the CEO and key management personnel. The RC would review such contractual provisions as and when necessary. The RC aims to be fair and avoid rewarding poor performance.

The Company had, on 8 June 2022 adopted a Performance Share Plan ("**Mary Chia Performance Share Plan**"). No share awards has been granted pursuant to the Mary Chia Performance Share Plan to date. The Company does not have any employee share option scheme. The RC will consider recommending the implementation of such schemes and the grant of awards as and when it consider appropriate.

8. Disclosure on remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provisions 8.1 and 8.3 — Disclosure of remuneration and details of employee share schemes

The Company adopts a policy of rewarding its Executive Director(s), key executives and managers by way of a basic salary and a variable component comprising variable bonus which is based on individual performance as well as the performance of the Group as a whole. The level and structure of the remuneration are aligned with the market practice to ensure competitive compensation for our Executive Director(s), key executives and managers.

The remuneration received by the Executive Director(s) and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group for FY2022. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary and fixed allowance. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.

The performance conditions used to determine the entitlement of the Executive Director(s) and key management personnel comprise both qualitative and quantitative conditions.

Certain quantitative conditions taken into consideration are target revenue, target profit, sales growth and years of service, while qualitative conditions comprise of on-the-job performance, leadership, teamwork, etc. the performance conditions are set by the RC. In view of the challenging operating conditions, the performance conditions were referred to but not factored in the determination of the remuneration received by the Executive Director(s) and the key management personnel for FY2022. The inclusion of the performance conditions in the service agreement of the Executive Director(s) and key management personnel is done in a review conducted prior to the renewal of the service agreement of the Executive Director(s) and performance evaluation for key executives.

The breakdown of the remuneration of the directors for FY2022 is as follows:

Director	Salary %	Bonus %	Fees %	Others Benefits %	Total %
Below $250,000					
Wendy Ho Yow Ping	100	–	–	–	100
Pao Kiew Tee[1]	–	–	100	–	100
Sim Eng Huat	–	–	100	–	100
Gillian Ng Lee Eng	–	–	100	–	100

Notes:

I. Mr Pao Kiew Tee resigned as the Lead Independent Director and Non-Executive Chairman, Chairman of the Audit Committee and a member of the Remuneration and Nominating Committees on 1 August 2022.

The Company only had two key management personnel other than a director during FY2022. Due to confidentiality and competitive pressures in the industry and talent market and to prevent poaching of key management personnel, the Company shall not fully disclose the remuneration of individual directors and the top two key management personnel on a named basis. Instead, the remuneration paid to each director and the top two key management personnel for the financial year shall be presented in bands of S$250,000.

Key Management Personnel	**Salary[1]** %	**Bonus** %	**Fees** %	**Others Benefits** %	**Total** %
Below $250,000					
Lim Koon Hock	100	–	–	–	100
Simon Ooi See Keng[2]	99.4	–	–	0.6	100

Notes:

(1) Salary includes contractual payments for staff retention purposes that are based on completion of every 6 months of employment.

(2) Mr Simon Ooi See Keng resigned as the managing director of the Malaysian entities on 31 August 2022.

Save for Ms Wendy Ho, none of the directors or key management personnel are substantial shareholders of the Company. There is no employee of the Company or its subsidiaries who is an immediate family member of the directors, CEO or a substantial shareholder of the Company, and whose remuneration exceeded S$100,000 during FY2022.

There were no termination or retirement benefits, as well *as* post-employment benefits that are granted to the directors, CEO and key management personnel.

ACCOUNTABILITY AND AUDIT

9. Risk management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Provision 9.1 — Nature and extent of risks
Provision 9.2 — Assurance from the CEO, Group CFO and key management personnel

The Company does not have a specific Risk Management Committee. However, the Management regularly reviews the Company's businesses and operational activities to identify areas of significant business risks and takes appropriate measures to minimise these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the directors and the AC. The Management and directors have also considered the various financial risks, details of which are disclosed in the notes to the accompanying audited financial statements.

The AC will ensure that a review of the effectiveness of the Group's material internal controls, including financial, operational, compliance controls and risk management is conducted annually by the Management, external and internal auditors. The AC will review the audit plans, and the findings of the external auditors and internal auditors, and will ensure that the Group follows up on the external and internal auditors' recommendations raised, if any, during the audit process.

In its review of the external auditors' examination and evaluation of the system of internal controls, to the extent of the scope as laid out in their audit plan, no significant weakness in the system has come to the attention of the AC to cause it to believe that the system of internal controls is inadequate as at the date of this report. Any material findings and recommendations for improvement will be reported to the AC.

In FY2022, the Board had received assurance from the CEO and the CFO that:

(a) the financial records have been properly maintained and the financial statements for FY2022 give a true and fair view of the Company's operations and finances; and

(b) the Company's risk management and internal control systems are effective.

At present, the Board relies on the assurance provided by Management, internal audit reports prepared by the internal auditors, external audit report and management letter prepared by the external auditors on any material non-compliance or internal control weaknesses.

The Board notes that the system of internal controls provides reasonable, but not absolute assurance that the Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud and other irregularities.

10. Audit Committee

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

Provisions 10.1, 10.2, and 10.3 — Duties and Composition of the AC

As at the date of this report, the Audit Committee ("**AC**") comprised Mr Chay Yiowmin (appointed on 8 August 2022), Mr Sim Eng Huat and Ms Gillian Ng Lee Eng, all of whom including the Chairman of the AC are Independent Directors. The Chairman of the AC is Mr Chay Yiowmin.

None of the AC members were previous partners or directors of the Company's external audit firm within the last two years and none of the AC members hold any financial interest in the external audit firm.

The Board is of the view that the members of the AC have sufficient accounting and financial management expertise and experience to discharge the AC's functions. The AC carried out its functions in accordance with the Companies Act, Catalist Rules, the Code, and its terms of reference.

The AC assists the Board in discharging its responsibility to safeguard the Group's assets, maintain adequate accounting records, and develop and maintain effective system of internal controls, with the overall objective of ensuring that the Management creates and maintains an effective controls environment in the Group. The AC provides a channel of communication between the Board, the Management and external auditors on matters relating to audit.

The AC meets at least four times a year to discuss and review the following, where applicable:

(a) Review with the external auditors the audit plan, their evaluation of the system of internal accounting controls, their letter to Management and the Management's response;

(b) Review the financial statements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Catalist Rules and any other relevant statutory or regulatory requirements;

(c) Review the internal controls procedures and ensure co-ordination between the external auditors and the Management, review the assistance given by the Management to the external auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the Management, where necessary);

(d) Review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response;

(e) Consider the independence, appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of auditors;

(f) Review interested person transactions (if any) and potential conflicts of interest (if any) falling within the scope of Chapter 9 of the Catalist Rules;

(g) Undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

(h) Generally undertake such other functions and duties as may be required by the statute or the Catalist Rules, or by such amendments as may be made thereto from time to time; and

(i) Review the key financial risk areas, with a view to provide independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual report or, where the findings are material, announced immediately via SGXNet.

In addition, all transactions with interested persons shall comply with the requirements of the Catalist Rules. In the event that a member of the AC is interested in any matter being considered by the AC, he/she shall abstain from reviewing and deliberating on that particular transaction or voting on that particular transaction.

Apart from the duties listed above, the AC shall commission and review the findings of internal investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results or financial position or both.

The AC also has the power to investigate any matter brought to its attention, within its terms of reference, with the power to obtain professional advice at the Company's expense. The AC has full access to and the co-operation of the Management, as well as full discretion to invite any director or Executive Officer to attend the meetings and has been given reasonable resources to enable it to discharge its functions properly.

In the selection of suitable audit firms, the AC takes into account several considerations such as the adequacy of the resources and experience of the auditing firm and the audit engagement partner assigned to the audit, the firm's other audit engagements and quality of work, the size and complexity of the Group being audited, and the number and experience of supervisory and professional staff assigned to the audit. The selected auditing firm based in Singapore is engaged as auditors for the Company as well as Singapore-incorporated subsidiary corporations of the Company. Mazars LLP had been appointed as the external auditor of the Company and the Company's Singapore-incorporated subsidiaries and significant associated companies since 8 June 2022 and Mr Chin Chee Choon is the current audit engagement partner in charge of the audit of the Company. Accordingly, Rules 712 and 715 of the Catalist Rules *are* complied with.

The fees paid by the Company to the external auditors in FY2022 for audit services amounted to S$100,000. There were no non-audit services (including mainly the agreed upon procedures services) provided by the FY2022 external auditors in FY2022.

The AC is satisfied with the independence and objectivity of the Company's external auditors, Messrs Mazars LLP ("**Mazars**"). Mazars has expressed its intention not to seek re-appointment as external auditors at the forthcoming AGM.

For FY2022, Mazars is not expressing an opinion on the financial statements of the Group and the Company. Their Bases are contained within the Disclaimer of Opinion of their report.

The Company had instituted *a* whistle-blowing policy to provide a channel for employees of the Group to report in good faith and in confidence, without fear of reprisals, concern about possible improprieties in financial reporting and other matters. The objective of the policy will ensure that there is independent investigation of such matters and that appropriate follow up actions will be taken. The AC exercises the overseeing function over the administration of the policy. Staff is given direct access to the AC via email auditcommittee@marychia.com. Once a complaint is lodged, the AC will establish an independent committee to investigate the report and review any findings as well as ensure that necessary follow up actions are taken. The Whistle-Blowing Policy serves to encourage and provide a channel to employees to report in good faith and in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters to the AC Chairman. Details of the whistle-blowing policies and arrangements have been made available to all employees and provides assurance that employees will be protected from reprisal within the limits of the law. As at the date of this report, there were no reports received through the whistle-blowing mechanism during FY2022.

The AC had recommended that the Company's whistle-blowing policy to be disseminated to each new employee.

The AC members are kept abreast of the changes to accounting standards and issues which have a direct impact on financial statements through the external auditors during the AC meetings.

Provision 10.4 — Internal Audit

The AC is aware of the need to establish a system of internal controls within the Group to safeguard the shareholders' interests and the Group's assets, and to manage risk. The size of the operations of the Group does not warrant the Group to have an in-house internal audit function. The Company outsources the internal audit function to the internal auditors to perform the review and test of controls of the Group's processes. The AC approves the appointment, removal, evaluation and compensation of the internal auditors. The internal auditors report directly to the AC Chairman and has unfettered access to the Company's documents, records, properties and personnel, including access to the AC. The internal auditor assists the AC in ensuring that the Company maintains a sound system of internal controls through regular monitoring of key controls and procedures and ensuring their effectiveness, undertaking investigations as directed by the AC, and conducting regular audits of high-risk areas.

The Company has outsourced its internal audit function to BDO Advisory Pte Ltd ("**BDO**"), which is an established international auditing firm. BDO conducts their internal audits based on the BDO Global Internal Audit Methodology which is consistent with the International Professional Practices Framework established by the Institute of Internal auditors.

The BDO engagement team comprises 3 members. The BDO Engagement Partner has more than 20 years of audit and advisory experience and is a Chartered Accountant (Singapore), Certified Internal Auditor and Certified Information System Auditor. BDO performs outsourced internal audits of several other listed companies, government bodies and regulated entities. Members of the internal audit team also have relevant academic qualifications, professional certifications and internal audit experience. The AC is hence satisfied that the outsourced internal audit function is adequately staffed by suitably qualified and experienced professionals based on the internal audits conducted for FY2022.

In FY2022, the internal audit focused on controls over revenue and collection for Mary Chia Beauty and Slimming Specialist Pte Ltd, and M Nature Pte Ltd, ("**Entities Under Review**"), as well as to follow up on the previous year audit report. BDO prepares the internal audit plan in consultation with, but independent of the Management. The plans are submitted to the AC for approval prior to the commencement. In addition, the internal auditors may be involved in ad-hoc projects initiated by the Management which require the assurance of the internal auditors in specific areas of concerns.

The Board and the AC noted the following material internal control weaknesses which were raised by the Internal Auditor and the External Auditors in FY2021 in relation to the Entities Under Review. The material internal control weaknesses and the respective rectifications are set out below ("**IC Rectifications**"):

	Mary Chia Beauty & Slimming Specialist Pte Ltd ("MCBSS")	
	Details on material internal control weaknesses	**IC Rectifications**
1.	Details of unused packages and computation of Long Service Vouchers issued to customers and voided invoices should be properly documented, approved, reconciled, and periodically independently reviewed.	Management will adopt the Internal Auditor's recommendations and establish procedures to strengthen adherence to SOPs with independent review to avoid lapses
2.	Purchase requests should be documented and approved by the authorised personnel, and comparative quotes for purchases should be obtained. Where comparative quotes are non-feasible, prices agreed should be documented prior to the purchase of goods/services. Purchase orders should be centrally maintained and sequentially assigned, and all payments supported by proper documentation.	Notwithstanding all payments must be approved by the Group CEO, delegation of duties should be practised. Management will adopt the Internal Auditor's recommendation to: (i) Document and properly approve purchase requests (ii) Obtain comparative quotes where feasible, document waivers, document the approved panel of suppliers & the periodic assessment. (iii) Document prices agreed with suppliers and obtain Group CEO's approval for contracts/agreements; (iv) Centrally maintain the Purchase order system with maintenance with sequential assignments;

	M Nature Pte Ltd ("M Nature")	
	Details on material internal control weaknesses	**IC Rectifications**
1.	Absence of authorised price list and sales order, delivery processing and invoicing procedures should be improved	Management will adopt the Internal Auditor's recommendation to: (i) Document and retain authorised price list and policy on targeted margin; (ii) Document customer purchase orders with customer acknowledgement; (iii) Sales invoices and delivery orders to be reviewed and approved by independent personnel while bills of lading to be reviewed for consistency with sales invoices and consignees prior to release; and (iv) Establishment of proper format and acknowledgement of delivery orders, and proper sales recognition

The Management is committed and has taken steps to remediate these identified material weaknesses and continue to review and evaluate its internal controls over financial reporting and operations. The Management will update the AC and the Board on the implementation status for the IC Rectifications set out above. In addition to the review of the Group's internal controls, the AC will continue to engage the Internal Auditor to conduct a follow-up review of the material internal control weaknesses.

Based on the above, the Board together with the concurrence of the AC recognises that the possible control weaknesses highlighted by the internal auditors have been dealt with substantially by the management in the form of implementing and improving certain controls to address the possible weaknesses above. Having considered the internal controls established and maintained by the Group, the work performed by the internal and external auditors, reviews and follow-up actions taken and the IC Rectifications to be taken by the Management, and the assurance received from the CEO and the CFO, the Board with the concurrence of the AC is of the opinion that the Group's internal controls in addressing financial, operational compliance and information technology controls and risk management systems for FY2022 are adequate and effective.

Provision 10.5 — AC activities during the year

Annually, the AC meets with the internal and external auditors without the presence of Management as and when necessary to review the adequacy of audit arrangement with emphasis on the scope and quality of their audit independence, objectivity and observations.

SHAREHOLDER RIGHTS AND ENGAGEMENT

11. Shareholder Rights and Conduct of General Meetings

Principle 11: The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects

Provisions 11.1 and 11.2 — Conduct of general meetings
Provision 11.3 — Director and External Auditors' attendance in AGMs
Provision 11.4 — Company's Constitution allow for absentia voting at general meetings of shareholders

The Company recognizes and accepts the principle that all shareholders are treated fairly and equitably and that they have been accorded certain rights under the Singapore Companies Act and the Company's Constitution. Information to all shareholders is disclosed in a timely and transparent manner and in compliance with SGX disclosure requirements.

Shareholders are given ample opportunity to attend, participate and vote at the Company's general meetings and the Board strongly encourages shareholders to communicate their views and direct questions to Directors or Management regarding the Company and the Group as well as to participate and vote at general meetings.

All shareholders of the Company will receive the notice of annual general meeting and/or extraordinary general meeting and such notice will also be published on SGXNet. The directors attend the annual general meetings and are available to answer questions from the shareholders. The Chairman of the Board, AC, NC and RC and the external auditors will also be present to assist the directors in addressing any relevant queries from shareholders. The Company held its last annual general meeting on 30 September 2021 and an EGM on 8 June 2022. All board members were present at both general meetings. The Board considers the annual general meeting as the main forum where dialogue with shareholders can be effectively conducted. The Company will consider the use of other forum set out in the Code as and when such needs arise.

Notice of the general meeting is despatched to shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 working days before the meeting. If and where questions are presented by the shareholders (in a general meeting or otherwise), the Company will communicate with its shareholders and attend to such questions. The Company meets with shareholders at least once a year at the AGM of the Company.

Due to the Covid-19 temporary measure imposed by the Singapore Government and the regulatory guidance published by SGX for FY2022, the Notice of AGM, Annual Report and the accompanying proxy form will not be despatched to shareholders. The Notice of AGM, Annual Report and the accompanying proxy form will be published on SGXNet.

Resolutions are passed through a process of voting and shareholders are entitled to vote in accordance with established voting rules and procedures. The Company appoints an independent external party as scrutineer ("**Scrutineer**") for the poll voting process at the general meetings of the Company. The Scrutineer will explain the poll voting procedures to shareholders at the general meetings of the Company before the resolutions are put to vote. The Company also ensures that there are separate resolutions at general meetings on each distinct issue. Where the resolutions are "bundled", the Company will set out clearly the reasons and material implications pertaining to the resolutions in the relevant circular or notice of general meeting.

The Company will put all resolutions to vote by poll and announce the detailed results, including the number of votes cast for and against each resolution and the respective percentages, after the conclusion of the general meeting.

To facilitate participation by shareholders, the Constitution of the Company allows shareholders to attend and vote at general meetings of the Company by proxies. A shareholder who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak, and vote at the general meetings while a member who is relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the general meetings through proxy forms deposited 48 hours before the meeting.

The Company has not amended its Constitution to provide for absentia voting methods. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of shareholders' identities through the web are not compromised. The Company will employ electronic polling if necessary.

Provision 11.5 — Minutes of general meeting

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meetings, and responses from the Board and the Management. The minutes are made available on the Company's website.

Provision 11.6 — Dividend Policy

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends would depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the directors may deem appropriate that are beneficial to the Company. Notwithstanding the above, any declaration of dividends is clearly communicated to the shareholders via SGXNet. The Company did not declare any dividend in FY2022 in view of the Group's financial position as at 31 March 2022 and financial results for FY2022, as well as taking into account the operational and financial requirements of the Group.

12. Engagement with shareholders

Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

Provision 12.1, 12.2, 12.3 — Shareholder engagement, Investor relation policy and shareholder queries

The Board is mindful of its obligation to provide timely and fair disclosure of material information to shareholders. Shareholders are kept abreast of financial results and other material information concerning the Group through regular and timely dissemination of information through:

(a) The annual report that is dispatched to all shareholders or published on SGXNet within the mandatory period;

(b) announcements on the SGXNet; and

(c) the Company's website at www.marychia.com through which shareholders can access information on the Group.

The Company currently does not have an investor relations policy. The Group has entrusted an investor relations team comprising the CEO and the CFO with the responsibility of facilitating communications with shareholders and analysts and attending to their queries or concerns. Accordingly, the Board is of the view that the current communication channels are sufficient and cost-effective. The Company also considers advice from its professionals on appropriate disclosure requirements before announcing material information to shareholders. The Company will consider the appointment of a professional investor relations officer to manage the function should the need arise.

Managing stakeholders relationships

13. Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provision 13.1 — Material stakeholder engagement
Provision 13.2 — Strategy and key areas of focus in managing stakeholders
Provision 13.3 — Corporate website

The Group has arrangements in place to identify and engage with its material shareholder groups and to manage its relationships with such groups. It undertakes formal and informal stakeholder engagement exercise, such as announcements, press releases, publications, surveys and customer feedback with material stakeholder groups which include shareholders, suppliers, customers, regulators, employees, media and public relations, and the local communities. The Group has identified the environmental, social and governance factors that are important to these stakeholders. These factors form the materiality matrix upon which targets, metrics, programmes and progress are reviewed by and approved by the Board, before they are published annually in our sustainability report. Further information in relation to details of the stakeholders engaged by the Group, areas of focus, approaches to stakeholder, including frequency of engagement by type and by stakeholder group and key feedback or issues that have been raised though stakeholder engagement can be found in the sustainability report for FY2022 which was released on 31 August 2022. Contact details of our investor relations function will also be listed on our corporate website to facilitate dialogue and queries from stakeholders.

14. Dealing in Company's Securities

In line with Rule 1204(19) of the Catalist Rules, the Group has adopted an internal code of conduct to provide guidance to its directors and officers with regard to dealings in the Company's securities. The Company, directors and officers of the Company should not deal in the Company's securities on short term considerations and during the period of two (2) weeks prior to the announcement of the Company's each of the three first quarters if its financial results and one (1) month prior to the announcement of the full year financial results and ending on the date of the announcement of the relevant financial results, Directors and officers are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. The directors and officers are also required to adhere to the provisions of the Companies Act, and any other relevant regulations with regard to their securities transactions.

15. Interested Person Transactions ("IPTs")

The Company has established procedures to ensure that all transactions with interested persons are reported to the AC which are reviewed, at least twice a year, to ensure that they are carried out at arm's length and in accordance with the established procedures.

The Group does not have a general mandate for IPTs.

The IPTs transacted in FY2022 by the Group were as follows:

Name of Interested Person	Nature of relationship	Aggregate value of all IPTs during the financial period under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (SS million)	Aggregate value of all IPTs conducted under shareholder's mandate pursuant to Rule 920 (excluding transactions less than S$100,000) (SS million)
JL Asia Resources Pte Ltd[1] (Operating lease expenses)	JL Asia Resources Pte Ltd ("**JL Asia**") is wholly-owned by Lee Boon Leng ("**Mr Lee**"), who is the spouse of the Executive Chairman and CEO, Ms Ho Yow Ping. Mr Lee has a deemed interest of 47.58% in the shares of the Company ("**Shares**") by virtue of his 78.55% shareholdings interest in Suki Sushi Pte Ltd, which holds 47.58% of the Shares. Spa Menu Pte. Ltd., a wholly owned subsidiary of the Company, leases an area of 257.6 square meters within the premise of 48, 49 and 50 Mosque Street to operate a spa under the brand name "Huang Ah Ma". The tenancy was given up on 31 December 2021.	0.171	–
Suki Sushi Pte Ltd[2] (Operating lease expenses)	Mr Lee holds 78.55% interest in Suki Sushi while, Ms Ho holds 21.45%. Mr Lee is deemed interested in 110,466,839 shares representing 47.58% of the capital of the Company by virtue of his 78.55% shareholdings interest in Suki Sushi Pte Ltd ("**Suki Sushi**"). Ms Ho directly owns 42,433,333 Shares representing 18.28% of the Company's Shares and is deemed interested in 47.58% of the Company by virtue of her 21.45% shareholding interest in Suki Sushi. [3]	0.162	–

Notes:

(1) Please refer to the Company's announcement dated 6 July 2020 for more details.

(2) Please refer to the Company's announcement dated 29 January 2021 for more details.

(3) Please refer to the Company's changes of disclosure of interest/changes in interest of substantial shareholders announcement dated 4 January 2022 for more details.

16. Material Contracts

Pursuant to Rule 1204(8) of the Catalist Rules, the Company confirms that except for the services agreement between the Company and the CEO, there were no material contracts entered into by the Company or any of its subsidiaries, involving the interests of the CEO or any other director or controlling shareholder, which are either still subsisting at the end of FY2022 or if not then subsisting, entered into since the end of the previous financial year.

17. Non-Sponsor Fees

For FY2022, the Company did not pay its sponsor, SAC Capital Private Limited any non-sponsor fee.

18. Audit Fee

The audit services that were rendered by the Company's external auditors, Messrs Mazars LLP, to the Group and their related fees in FY2022 were as follows:

Audit Fees	**$**
Messrs Mazars LLP (for parent company and Singapore subsidiaries)	90,000
HLB Ler Lum Chew PLT (for Malaysian subsidiaries) & Candor Taiwan CPA (for Organica Taiwan Branch)	10,000

19. Corporate Social Responsibilities

We believe that environmentally-friendly practices complement business efficiency. Our staff are encouraged to reduce, recycle and reuse, and we advocate corporate social responsibility towards the environment by incorporating these processes into our daily operations. We encourage the use of recycled paper in the office and other activities to reduce the pollution to earth and water.

The Group is gradually placing emphasis on sustainability and will implement appropriate policies and programs when the opportunities arise. Accordingly, the Group announced its last Sustainability Report for FY2022 on 31 August 2022.

20. Utilisation of Placement proceeds

As announced via SGX-Net on 24 November 2020, the net proceeds of approximately S$790,000 arising from the issuance of placement shares completed on 20 November 2020 were fully utilized for the proposed acquisition of 80% of the issued share capital of certain companies in the Monsoon Hairdressing Group.

21. Additional Information on Directors nominated for re-election - Appendix 7F to the Catalist Rules

Pursuant to Rule 720(5) of the Catalist Rules, the information as set out in Appendix 7F of the Catalist Rules relating to the following as at the date of the annual report are set below:

a. Ms Wendy Ho and Mr Sim Eng Huat, being directors who are retiring in accordance with Regulation 98 of the Company's Constitution at the forthcoming AGM.

b. Mr Chay Yiowmin who is retiring in accordance with Article 102 of the Company's Constitution at the forthcoming AGM is as follows:

Name of Director	**Chay Yiowmin**
Date of Initial Appointment	8 August 2022
Date of last re-appointment (if applicable)	–
Age	48
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The election of Mr Chay as Lead Independent Director of the Company was recommended by the NC and the Board accepted the recommendation taking into consideration Mr Chay's qualifications, past experience and overall contributions since he was appointed as Independent Director of the Company
Whether the appointment is executive, and if so, the area of responsibility	No
Job Title	Lead Independent Director, Chairman of the Audit Committee and member of Nominating Committee and Remuneration Committee
Professional qualifications	Bachelor of Accountancy and Master of Business from Nanyang Technological University Master of Business Administration from the University of Birmingham Fellow Chartered Accountant (FCA Singapore) of the Institute of Singapore Chartered Accountants (ISCA) Associate Chartered Accountant (ACA) of Chartered Accountants in England and Wales (ICAEW) Chartered Valuer and Appraiser (CVA) of the Institute of Valuers and Appraisers of Singapore (IVAS)
Working experience and occupation(s) during the past 10 years	November 2012 to March 2019 - BDO Advisory Pte Ltd, Advisory Partner, Corporate Finance Practice March 2019 to Current - Chay Corporate Advisory Pte Ltd, Chief Executive Officer
Shareholding interest in the listed issuer and its subsidiaries	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes

Other Principal Commitments Including Directorships	Present UMS Holdings Limited Metech International Limited 8I Holdings Limited Roxana Shipping Pte Ltd Xemaco Group Pte Ltd 2YSL Pte Ltd Watches.com Limited Raffles Infrastructure Holdings Limited Moon Pay Pte Ltd United Power Corporation (Singapore) Pte Ltd Past (for the last 5 years) RS Platou Finans Singapore Pte Ltd (Struck Off) Voxpace Pte Ltd TSU Investment Pte Ltd Libra Group Limited (In liquidation - Compulsory Winding Up (Insolvency)) Vanfoankang Investment Pte Ltd (Struck Off) Nelson G Advisory Pte Ltd CCA Fund Services Pte Ltd Vanfo Hino Holdings Pte Ltd Wanlongxingye Holdings Pte Ltd Vanbo Investments Pte Ltd Vanbo Management Pte Ltd American Ethane Capital Pte Ltd Ksenja Pte Ltd
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.	
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No

(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	Yes. Mr Chay was a Non-Executive Director of Libra Group Limited from 12 June 2019 to 17 July 2020. A winding up petition was filed on 29 June 2022.
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g) Whether he has ever been convicted in Singapore or elsewhereof any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity(including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No

(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:— (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; OF (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere: or (iii) (any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	Mr. Chay Yiowmin was appointed to the Board of Metech International Limited ("**Metech**") on 3 April 2019. He is currently the Independent Non-Executive Chairman of the Board. Metech was issued a Notice of Compliance from SGX Regulation ("**SGX Regco**") dated 27 December 2019 ("**Metech NOC**") relating to Metech's former Chairman and CEO's failure to disclose a public reprimand he received for various breaches of the listing rules in respect of his role as Chairman and CEO of Advance SCT Limited. The Company was required by SGX Regco to re-convene an Extraordinary General Meeting to re-elect the director. On 5 June 2020, Metech received a letter from SGX Regco and was given an opportunity to make representations in respect of the matters set out in the Metech NOC. The matter has concluded following a private decision issued by SGX Regco to the board of Metech on 7 April 2021. Mr Chay Yiowmin was appointed to the Board of Watches.com Limited ("**Watches.com**") on 10 September 2021. He is currently the Independent Non-Executive Chairman of the Board. Watches.com received a Notice of Compliance from SGX Regco dated 27 June 2022 instructing for the appointment of a joint independent reviewer to carry out a review of certain transactions and corporate actions. The joint independent reviewer has been appointed and the independent review is currently in progress. The trading of Watches.com is suspended with effect from 13 September 2022.
Disclosure applicable to the appointment of Director only.	
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience.	Not applicable as this relates to the re-appointment of Mr Chay Yiowmin as director of the Company.

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 March 2022 and the statement of financial position of the Company as at 31 March 2022.

1. Opinion of the directors

In the opinion of the directors,

(i) the financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2022 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date; and

(ii) at the date of this statement, having regard to the continuing financial support from the holding company as set out in Note 2.1 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The directors of the Company in office at the date of this statement are:

Executive directors
Ho Yow Ping

Independent non-executive directors
Chay Yiowmin (Appointed on 8 August 2022)
Sim Eng Huat
Gillian Ng Lee Eng

3. Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were, or one of the objects was, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except as disclosed in paragraphs 4 and 5 below.

4. Directors' interests in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967 (the "**Act**"), except as disclosed below:

	Shares registered in the name of director		Shares in which director is deemed to have an interest	
	As at 1.4.2021	**As at 31.3.2022**	**As at 1.4.2021**	**As at 31.3.2022**
	Number of ordinary shares			
The Company				
Mary Chia Holdings Limited				
Ho Yow Ping (Note 1)	42,433,333	**42,433,333**	110,466,839	**110,466,839**

4. Directors' interests in shares or debentures (Continued)

Notes:

(1) Ms. Ho Yow Ping is deemed to have an interest in 110,466,839 shares while Suki Sushi Pte. Ltd. holds 110,466,839 shares in the Company. Mr. Lee Boon Leng, the spouse of Ms. Ho Yow Ping, holds 78.55% and Ms. Ho Yow Ping holds 21.45% of the shareholdings of Suki Sushi Pte. Ltd.

(2) Ms. Ho Yow Ping, by virtue of the provisions of Section 7 of the Act, is deemed to have an interest in the whole of the share capital of the Company's wholly owned subsidiaries and in the shares held by the Company in the following subsidiary that is not wholly owned by the Group:

	Shares registered in the name of director		Shares in which director is deemed to have an interest	
	As at 1.4.2021	As at 31.3.2022	As at 1.4.2021	As at 31.3.2022
	Number of ordinary shares			
The subsidiary -				
Hotel Culture Pte Ltd				
Ho Yow Ping	–	**–**	245,000	**245,000**
The subsidiary -				
Monsoon Hair House Pte Ltd				
Ho Yow Ping	–	**–**	48,000	**48,000**
The subsidiary -				
M Nature Pte Ltd				
Ho Yow Ping	–	**–**	160,000	**160,000**
The subsidiary -				
M Plus Hair Pte Ltd				
Ho Yow Ping	–	**–**	80,000	**80,000**
The subsidiary -				
Hatsuga Enterprise Pte Ltd				
Ho Yow Ping	–	**–**	800	**800**
The subsidiary -				
Starting Line Pte Ltd				
Ho Yow Ping	–	**–**	8,000	**8,000**

There was no change in any of the above-mentioned interests between the end of the financial year and 21 April 2022.

5. Share options

No options were granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

6. Audit committee

The Audit Committee of the Company comprises three non-executive directors and at the date of this report, they are:

Chay Yiowmin (Chairman)
Sim Eng Huat
Gillian Ng Lee Eng

The Audit Committee has convened two meetings during the year with key management and the external auditors of the Company.

The Audit Committee carried out its functions in accordance with Section 201B (5) of the Act, the SGX Listing Manual and the Code of Corporate Governance. In performing those functions, the Audit Committee:

(i) reviewed the audit plan and results of the external audit, the independence and objectivity of the external auditors, including, where applicable, the review of the nature and extent of non-audit services provided by the external auditors to the Group;

(ii) reviewed the audit plans of the internal auditors of the Group and their evaluation of the adequacy of the Group's system of internal accounting controls;

(iii) reviewed the Group's annual financial statements and the external auditors' report on the annual financial statements of the Group and of the Company before their submission to the Board of Directors;

(iv) reviewed the half-yearly and annual announcements on the results of the Group and financial position of the Group and of the Company;

(v) reviewed and assessed the adequacy of the Group's risk management processes;

(vi) reviewed and checked the Group's compliance with legal requirements and regulations, including the related compliance policies and programmes and reports received from regulators, if any;

(vii) reviewed interested person transactions in accordance with SGX listing rules;

(viii) reviewed the nomination of external auditors and gave approval of their compensation; and

(ix) submitted of report of actions and minutes of the audit committee to the Board of Directors with any recommendations as the audit committee deems appropriate.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director and Executive Officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

7. Auditors

The auditors, Mazars LLP, will not be seeking re-appointment at the forthcoming Annual General Meeting.

On behalf of the board of directors

Ho Yow Ping
Executive Director

Chay Yiowmin
Lead Independent Director

Singapore
11 November 2022

Report on the Audit of Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Mary Chia Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") which comprise the statements of financial position of the Group and of the Company as at 31 March 2022, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Group and the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

The financial statements of the Group and the Company for the financial year ended 31 March 2021 were audited by another firm of auditors who expressed a qualified opinion on the matter below, which remains unresolved during the course of our audit of the financial statements for the financial year ended 31 March 2022.

Sales and trade receivables of a subsidiary

On 24 November 2020, the Group, via its wholly owned subsidiary M2 Group Pte. Ltd., completed the acquisition of an 80% equity interest in a subsidiary, Starting Line Trading Pte. Ltd. ("**Starting Line**"), a whole seller of a variety of goods without a dominant product.

Starting Line's sales amounting to $398,000 for the financial period ended 31 March 2021 and trade receivables of $560,000 as at 31 March 2021 was from two major customers. The predecessor auditor was unable to obtain trade receivables confirmations as at 31 March 2021 from these two customers and was also unable to verify whether the receipts by the subsidiary were from the two customers during the financial period ended 31 March 2021. Consequently, the predecessor auditor was unable to determine that these sales and trade receivables are fairly stated.

Opening balances

Due to the limitation in scope imposed by management in consideration of the additional costs and time required for us to perform the review of opening balances as at 1 April 2021, we were unable to perform audit procedures to obtain sufficient appropriate audit evidence about whether the Group's and Company's opening balances as at 1 April 2021 were fairly stated.

Since opening balances as at 1 April 2021 affect the determination of the financial performance, changes in equity and cash flows of the Group for the financial year ended 31 March 2022, as well as how the balances presented in the Group's and Company's statements of financial position as at 31 March 2022 were derived, we were unable to determine whether adjustments might have been found necessary in respect of the Group's and the Company's financial statements for the financial year then ended.

Insufficient supporting documentation and records

As of the date of this report, we were unable to obtain sufficient appropriate documentary evidence to ascertain the carrying amount of the balances recorded in the statement of financial position nor the amounts relating to transactions recorded during the financial year ended 31 March 2022. We encountered significant challenges during the course of our audit as management was unable to retrieve and provide the aforementioned corresponding information and documents by the regulatory deadline. The Group has faced attrition in the finance team. Consequently, we were unable to satisfy ourselves on the appropriateness of the carrying amount of all the assets and liabilities recorded in the statement of financial position as of 31 March 2022, the occurrence and completeness of the transactions recorded during the financial year then ended, nor the corresponding disclosures made in the financial statements. Accordingly, we were unable to quantify the adjustments or disclosures that might be necessary to the financial statements of the Group and the Company for the financial year ended 31 March 2022.

Report on the Audit of Financial Statements (Continued)

Basis for Disclaimer of Opinion (Continued)

Going concern assumptions

As at 31 March 2022, the Group's and Company's current liabilities exceeded its current assets by $10,814,000 and $4,522,000 respectively while the Group and Company had a net capital deficiency of $5,533,000 and $2,015,000 respectively. The Group has also recorded a net loss and total comprehensive loss of $1,289,000 and $1,267,000 for the financial year ended 31 March 2022. These factors indicate the existence of a material uncertainty which may cast significant doubt on the Group's and Company's ability to continue as going concern. As disclosed in Note 2.1 to the financial statements, notwithstanding the above-mentioned, the directors are of the view that it is appropriate for the financial statements of the Group and of the Company to be prepared on a going concern basis.

The ability of the Group and Company to continue as going concern is dependent on their abilities to generate sufficient resources to continue in operation for the foreseeable future, a period of not less than twelve months from the date of the financial statements after taking into consideration that the holding company has given a written undertaking to provide financial support to the Group and the Company for the next 12 months after the date of the auditor's report to operate without any curtailment of operations.

We were unable to obtain sufficient appropriate audit evidence to support the management's use of the going concern assumption in their preparation of the financial statements as we were unable to assess the ability of the holding company to provide the financial support to the Group and Company. Should the going concern assumption be inappropriate, non-current assets will need to be reclassified to current assets and adjustments may have to be made to the financial statements to reflect the situation that assets may need to be realised at the amounts other than that are currently recorded in the statement of financial position as at 31 March 2022. In addition, the carrying amount of liabilities may be materially different from the amount currently recorded in the statement of financial position and provision may need to be made for any additional future expenses to be incurred subsequent to the reporting date.

Other Matter

The financial statements of the Group and the Company for the financial year ended 31 March 2021 were audited by another firm of auditors who expressed a qualified opinion on the financial statements in their report dated 15 September 2021 for the matter described in the Basis for Disclaimer of Opinion section above.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and Singapore Financial Reporting Standards (International) ("**SFRS(I)**"), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matter described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("**ACRA**") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("**ACRA Code**") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on Other Legal and Regulatory Requirements

In our opinion, in the view of the significance of the matters referred to in the *Basis for Disclaimer of Opinion* section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company has been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Chin Chee Choon.

MAZARS LLP
Public Accountants and
Chartered Accountants

Singapore
11 November 2022

	Note	Group 2022 $'000	Group 2021 $'000
Revenue	4	**12,482**	9,342
Other operating income	5	**1,711**	2,574
Purchases and related costs		**(2,250)**	(1,277)
Depreciation of property, plant and equipment	15	**(463)**	(179)
Depreciation of right-of-use assets	20	**(1,986)**	(988)
Staff costs	6	**(7,436)**	(5,013)
Operating lease expense		**(472)**	(150)
Other operating expenses	7	**(2,345)**	(2,380)
Finance costs	8	**(466)**	(412)
(Loss)/Profit before income tax		**(1,225)**	1,517
Income tax expense	9	**(64)**	(74)
(Loss)/Profit for the year, net of tax		**(1,289)**	1,443
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**22**	71
Other comprehensive income for the year, net of tax		**22**	71
Total comprehensive (loss)/income for the year		**(1,267)**	1,514
(Loss)/Profit attributable to:			
Equity holders of the Company		**(1,178)**	1,951
Non-controlling interests		**(111)**	(508)
		(1,289)	1,443
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		**(1,156)**	2,022
Non-controlling interests		**(111)**	(508)
		(1,267)	1,514
(Loss)/Profit per share attributable to equity holders of the Company (cents)			
Basic and diluted (loss)/earnings per share	10	**(0.51)**	1.00

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
ASSETS					
Current assets					
Inventories	13	**546**	823	**–**	–
Trade and other receivables	12	**1,079**	1,120	**8,406**	7,717
Other assets	14	**1,288**	1,258	**19**	24
Cash and cash equivalents	11	**1,353**	1,562	**130**	96
Total current assets		**4,266**	4,763	**8,555**	7,837
Non-current assets					
Property, plant and equipment	15	**1,347**	1,215	**–**	2
Right-of-use assets	20	**2,963**	3,254	**–**	–
Intangible assets	16	**90**	126	**–**	–
Derivative financial instruments	17	**320**	320	**–**	–
Goodwill	18	**2,586**	2,586	**–**	–
Investments in subsidiaries	19	**–**	–	**2,507**	2,507
Deferred tax assets	25	**351**	351	**–**	–
Total non-current assets		**7,657**	7,852	**2,507**	2,509
Total assets		**11,923**	12,615	**11,062**	10,346
LIABILITIES AND EQUITY					
Current liabilities					
Borrowings	28	**1,160**	342	**–**	–
Trade and other payables	21	**6,874**	6,145	**12,410**	11,416
Deferred consideration payable	31	**667**	1,011	**667**	1,011
Lease liabilities	24	**3,557**	3,260	**–**	–
Contract liabilities	22	**2,329**	1,637	**–**	–
Provision	23	**355**	355	**–**	–
Current tax liabilities		**138**	182	**–**	–
Total current liabilities		**15,080**	12,932	**13,077**	12,427
Non-current liabilities					
Borrowings	28	**32**	368	**–**	–
Lease liabilities	24	**1,902**	3,426	**–**	–
Provision	23	**143**	199	**–**	–
Deferred tax liabilities	25	**299**	299	**–**	–
Total non-current liabilities		**2,376**	4,292	**–**	–
Total liabilities		**17,456**	17,224	**13,077**	12,427
Capital and reserves					
Share capital	26	**11,944**	11,601	**11,944**	11,601
Reserves	27	**(17,813)**	(16,657)	**(13,959)**	(13,682)
Attributable to equity holders to the company		**(5,869)**	(5,056)	**(2,015)**	(2,081)
Non-controlling interests		**336**	447	**–**	–
Total equity		**(5,533)**	(4,609)	**(2,015)**	(2,081)
Total liabilities and equity		**11,923**	12,615	**11,062**	10,346

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	Share capital	Merger reserve	Capital reserve	Foreign currency translation reserve	Accumulated losses	Attributable to equity holders of the company	Non-controlling interests	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 April 2020	6,878	(927)	(399)	(311)	(17,257)	(12,016)	1,038	(10,978)
Profit for the year	–	–	–	–	1,951	1,951	(508)	1,443
Other comprehensive income								
- Foreign currency translation differences	–	–	–	71	–	71	–	71
Total comprehensive income/(loss) for the year contributions by and distributions to owners	–	–	–	71	1,951	2,022	(508)	1,514
Issuance of shares pursuant to:								
Share placement (Note 26)	800	–	–	–	–	800	–	800
Business combinations (Note 26)	659	–	–	–	–	659	–	659
Debt conversion (Note 26)	3,264	–	215	–	–	3,479	–	3,479
Non-controlling interests arising from business combinations	–	–	–	–	–	–	(83)	(83)
Total transactions with owners, recognised directly in equity	4,723	–	215	–	–	4,938	(83)	4,855
At 31 March 2021	**11,601**	**(927)**	**(184)**	**(240)**	**(15,306)**	**(5,056)**	**447**	**(4,609)**
Profit for the year	–	–	–	–	(1,178)	(1,178)	(111)	(1,289)
Other comprehensive income								
- Foreign currency translation differences	–	–	–	22	–	22	–	22
Total comprehensive income for the year contributions by and distributions to owners	–	–	–	22	(1,178)	(1,156)	(111)	(1,267)
Issuance of shares pursuant to:								
Share placement (Note 26)	343	–	–	–	–	343	–	343
Total transactions with owners, recognised directly in equity	343	–	–	–	–	343	–	343
At 31 March 2022	**11,944**	**(927)**	**(184)**	**(218)**	**(16,484)**	**(5,869)**	**336**	**(5,533)**

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

	Note	Group 2022 $'000	Group 2021 $'000
Operating activities			
(Loss)/Profit before income tax		**(1,225)**	1,517
Adjustments for:			
Depreciation of property, plant and equipment	15	**463**	179
Depreciation of right-of-use assets	20	**1,986**	988
Fair value changes in call option	17	**–**	(69)
Amortisation of intangible assets	16	**36**	12
Finance costs	8	**466**	412
Property, plant and equipment written off	7	**–**	26
Gain on disposal of property, plant and equipment	5	**–**	(2)
Gain on disposal of right-of-use assets	5	**–**	(1)
Gain on loan to share conversion	5	**–**	(346)
Interest income	5	**–**	(42)
Right-of-use assets written off	7	**163**	–
Lease liabilities written off	5	**(168)**	–
Impairment loss on property, plant and equipment	7,15	**168**	119
Impairment loss on right-of-use assets	7,20	**–**	55
Operating cash flows before movements in working capital		**1,889**	2,848
Changes in working capital:			
Change in inventories		**277**	(91)
Change in trade and other receivables		**12**	60
Change in trade and other payables		**1,384**	262
Cash generated from operations		**3,562**	3,079
Interest received		**–**	42
Income tax paid		**(108)**	(98)
Cash flows generated from operating activities		**3,454**	3,023
Investing activities			
Acquisition of plant and equipment		**(763)**	(1,176)
Acquisition of subsidiaries, net of cash acquired		**–**	(295)
Proceeds from disposal of property, plant and equipment		**–**	21
Cash flows used in investing activities		**(763)**	(1,450)
Financing activities			
Proceeds from issuance of ordinary shares (Note 1)		**–**	800
Proceeds from borrowings		**822**	100
Repayment of borrowings		**(371)**	(83)
Deposits pledged		**(2)**	–
Interest paid		**(433)**	(170)
Repayment of lease liabilities		**(2,918)**	(2,405)
Cash flows used in financing activities		**(2,902)**	(1,758)
Net decrease in cash and cash equivalents		**(211)**	(185)
Cash and cash equivalents at beginning of the financial year		**942**	1,127
Cash and cash equivalents at end of the financial year		**731**	942

Non-cash transaction:

Note 1:

During the financial year ended 31 March 2021, the Company allotted and issued 37,722,223 new ordinary shares at a rate of :-

(a) 5,555,556 of the Subscription Shares amounting $800,000 were issued to the I Concept Global Growth Fund and the proceeds were fully satisfied in cash.

(b) 6,666,667 of the Consideration Shares amounting to $1,000,000 were issued as partial settlement of the aggregate consideration of $3,046,456 under 80% acquisition of the Monsoon Hairdressing Group of companies.

(c) 25,500,000 of the Conversion Shares amounting to $3,825,000 were issued as settlement of the aggregate debt amounting to Ms. Ho Yow Ping, Madam Chia Ah Tow and JL Asia Resources Pte. Ltd.

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

Reconciliation of liability arising from financing activities

				Cash flows movement			Non-cash movement		
	As at 1 April 2021	Acquired from business combinations	New lease	Proceeds from loan	Principal repayment	Interest paid	Finance cost	Provision reversed / written off	As at 31 March 2022
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Borrowings (Note 28)	710	–	–	822	(371)	(114)	145	–	**1,192**
Lease liabilities (Note 24)	6,686	–	1,859	–	(2,918)	(319)	319	(168)	**5,459**
Provision (Note 23)	554	–	–	–	–	–	2	(56)	**498**
Deemed interest	41	–	–	–	–	–	–	–	**41**
	7,991	–	1,859	822	(3,289)	(433)	466	(226)	**7,190**

				Cash flows movement			Non-cash movement		
	As at 1 April 2020	Acquired from business combinations	New lease	Proceeds from loan	Principal repayment	Interest paid	Finance cost	Provision made	As at 31 March 2021
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Borrowings (Note 28)	–	693	–	100	(83)	(15)	15	–	710
Lease liabilities (Note 24)	5,029	1,726	2,140	–	(2,405)	(155)	351	–	6,686
Provision (Note 23)	373	–	–	–	–	–	5	176	554
Deemed interest	–	–	–	–	–	–	41	–	41
	5,402	2,419	2,140	100	(2,488)	(170)	412	176	7,991

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

Mary Chia Holdings Limited (the "**Company**") (Registration Number 200907634N) is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and incorporated and domiciled in Singapore with its principal place of business is located at 26 Tai Seng Street, #07-02 J'Forte, Singapore 534057 and the registered office at 183 Thompson Road Goldhill Shopping Centre, Singapore 307628.

The principal activity of the Company is that of investment holding.

The principal activities of the respective subsidiaries are disclosed in Note 19 to the financial statements.

The ultimate controlling parties of the Company are Suki Sushi Pte. Ltd. (holding company), Mr. Lee Boon Leng and Ms. Ho Yow Ping.

The financial statements of the Group and the statement of financial position of the Company for the financial year ended 31 March 2022 were authorised for issue by the Board of Directors at the date of the Directors' Statement.

2. Summary of significant accounting policies

2.1 Basis of preparation

Going concern

The Group recorded a net loss and total comprehensive loss of $1,289,000 and $1,267,000 (2021: net profit and total comprehensive income of $1,443,000 and $1,514,000) for the financial year ended 31 March 2022. As at 31 March 2022, the Group's current liabilities exceeded its current assets by $10,814,000 (2021: $8,169,000) and the Group had a deficit in equity of $5,533,000 (2021: $4,609,000).

As at 31 March 2022, the Company's current liabilities exceeded its current assets by $4,522,000 (2021: $4,590,000) and the Company had a deficit in equity of $2,015,000 (2021: $2,081,000).

As at 31 March 2022, the Group's current liabilities included contract liabilities related to non-refundable payments received in advance from customers amounting to $2,329,000 (2021: $1,637,000). Excluding this amount, the Group's current liabilities would be $12,751,000 (2021: $11,295,000) compared to current assets of $4,266,000 (2021: $4,763,000) as at 31 March 2022.

Notwithstanding the above, management believes that the Group and the Company will have sufficient resources to continue in operation for the foreseeable future, a period of not less than twelve months from the date of the financial statements after taking into consideration the holding company has given an undertaking to provide financial support to the Group and the Company for the next 12 months after the date of the auditor's report to operate without any curtailment of operations.

Accordingly, the management considers it appropriate that these financial statements are prepared on a going concern basis.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

The financial statements of the Group and the statement of financial position of the Company have been drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "**Act**") and Singapore Financial Reporting Standards (International) ("**SFRS(I)s**") including related Interpretations of SFRS(I)s ("**SFRS(I) INTs**") and are prepared on the historical cost basis, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar ("**$**") which is also the functional currency of the Company, and all values presented are rounded to the nearest thousand ("**$'000**"), unless otherwise indicated.

In the current year, the Group has adopted all the new and revised SFRS(I)s and SFRS(I) INTs that are relevant to its operations and effective for annual periods beginning on or after 1 April 2021. The adoption of these new or revised SFRS(I)s and SFRS(I) INTs did not result in changes to the Group's and Company's accounting policies, and has no material effect on the current or prior year's financial statement and is not expected to have a material effect on future periods.

SFRS(I)s and SFRS(I) INTs issued but not yet effective

At the date of authorisation of these statements, the following SFRS(I)s and SFRS(I) INTs that are relevant to the Group were issued but not yet effective:

SFRS(I)	**Title**	**Effective date (annual periods beginning on or after)**
SFRS(I) 3	Amendments to SFRS(I) 3: *Reference to the Conceptual Framework*	1 January 2022
SFRS(I) 1-16	Amendments to SFRS(I) 1-16*: Property, Plant and Equipment – Proceeds before Intended Use*	1 January 2022
SFRS(I) 1-37	Amendments to SFRS(I) 1-37*: Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
SFRS(I) 1-1	Amendments to SFRS(I) 1-1*: Classification of Liabilities as Current or Non- current*	1 January 2023
SFRS(I) 17	Amendments to SFRS(I) 17: *Insurance Contract*	1 January 2023
SFRS(I) 10, SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28*: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined
SFRS(I) 1-8	Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*	1 January 2023
SFRS(I) 1-12, SFRS(I) 1	Amendments to SFRS(I) 1-12: *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*	1 January 2023
Various	Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*	1 January 2023
Various	Annual Improvements to SFRS(I)s 2018-2021	1 January 2022

Consequential amendments were also made to various standards as a result of these new or revised standards.

The Group does not intend to early adopt any of the above new or revised standards, interpretations and amendments to the existing standards. Management anticipates that the adoption of the aforementioned new or revised standards will not have a material impact on the financial statements of the Group and Company in the period of their initial adoption.

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation

The financial statements of the Group comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities (including structured entities) (i) over which the Group has power and the Group is (ii) able to use such power to (iii) affect its exposure, or rights, to variable returns from then through its involvement with them.

The Group reassesses whether it controls the subsidiaries if facts and circumstance indicate that there are changes to the one or more of the three elements of control.

When the Group has less than a majority of the voting rights of an investee, it still has power over the investee when the voting rights are sufficient, after considering all relevant facts and circumstances, to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers, among others, the extent of its voting rights relative to the size and dispersion of holdings of the other vote holders, currently exercisable substantive potential voting rights held by all parties, rights arising from contractual arrangements and voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group assets and liabilities, equity, income, expenses and cashflows relating to intragroup transactions are eliminated on consolidation.

The financial statements of the subsidiaries used in the preparation of the financial statements are prepared for the same reporting date as that of the Company. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in the subsidiary are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the amount by which the non-controlling interests are adjusted to reflect the changes in the relative interests in the subsidiary and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed off. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investments in associates or jointly controlled entity.

Investments in subsidiaries are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

2. Summary of significant accounting policies (Continued)

2.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method when the acquired set of activities and assets constitute a business. When determining the acquired set of activities and assets constitute a business, the Group assesses whether the acquired set of activities and assets includes, at a minimum, an input and substantive process, which together contribute to the creation of outputs.

The Group has the option to apply a "concentration test" as a simplified assessment to determine whether an acquired set of activities and assets is not a business. The Group makes the election separately for each transaction or other event. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. For each business combination, the Group determines whether to measure the non-controlling interests in the acquiree at fair value or at proportionate share in the recognised amounts of the acquiree's identifiable net assets. Acquisition-related costs are recognised in profit or loss as incurred and included in administrative expenses.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 *Business Combinations* ("**SFRS(I) 3**") are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with SFRS(I) 5 *Non-Current Assets Held for Sale and Discontinued Operations* ("**SFRS(I) 5**"), which are recognised and measured at the lower of cost and fair value less costs to sell.

The Group recognises any contingent consideration to be transferred for the acquiree at the fair value on the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement shall be accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SFRS(I) 9 *Financial Instruments* ("**SFRS(I) 9**"), is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SFRS(I) 9. Other contingent consideration that is not within the scope of SFRS(I) 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* ("**SFRS(I) 1-12**") and SFRS(I) 1-19 *Employee Benefits* ("**SFRS(I) 1-19**") respectively.

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with SFRS(I) 2 *Share-based Payment*; and

- assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

2. Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

Goodwill arising on acquisition is recognised as an asset at the acquisition date and is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit (including the goodwill), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

The attributable amount of goodwill is included in the determination of gain or loss on disposal of the subsidiary or jointly controlled entity.

2.4 Revenue recognition

The Group recognises revenue from the following major sources:

- Sale of goods, comprising beauty, wellness and haircare products.
- Beauty, slimming and spa service treatments
- Hairdressing services treatments
- Interest income

Revenue is measured based on the consideration specified 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.

<u>Sale of goods</u>

The Group sells beauty, wellness and haircare products directly to customers. Revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the customer's location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivables is recognised by the Group when the goods are delivered to the customer, as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

For the sale of goods to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods.

<u>Beauty, slimming, spa and hairdressing services</u>

Revenue from beauty, slimming, spa and hairdressing services are recognised when services are rendered. Billed amounts for services which have not been rendered as at the end of the reporting period is recognised as advance consideration and included in contract liabilities (Note 22).

<u>Interest income</u>

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

2. Summary of significant accounting policies (Continued)

2.5 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from customer. If customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

2.6 Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities, such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for unutilised annual leave as a result of services rendered by employees up to the reporting date.

2.7 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2. Summary of significant accounting policies (Continued)

2.7 Income tax (Continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Group expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity.

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchases is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

2.8 Dividends

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained profit, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the articles of constitution of the Group grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

2.9 Foreign currency transactions and translation

Foreign currency transactions are translated into the individual entities' respective functional currencies at the exchange rates prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity through other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed off.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2. Summary of significant accounting policies (Continued)

2.10 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Beauty, slimming and spa equipment	4 to 12 years
Renovations	3 to 5 years
Furniture and office equipment	2 to 5 years
Hairdressing equipment	3 to 5 years

For right-of-use assets for which ownership of the underlying asset is not transferred to the Group by the end of the lease term, depreciation is charged over the lease term, using the straight-line method. The lease periods are disclosed in Note 20.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of property, plant and equipment is recognised in profit or loss.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

2. Summary of significant accounting policies (Continued)

2.11 Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination, including non-compete agreement, are identified and initially recognised at cost separately from goodwill. The cost of these intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, non-compete agreement with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 3 years, which is the shorter of their estimated useful lives and periods of contractual rights.

The amortisation period and amortisation method of intangible assets with finite useful lives are reviewed at least at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

2.12 Impairment of non-financial assets excluding goodwill

The Group reviews the carrying amounts of its non-financial assets as at each reporting date to assess for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Irrespective of whether there is any indication of impairment, the Group also tests its intangible assets with indefinite useful lives and intangible assets not yet available for use for impairment annually by comparing their respective carrying amounts with their corresponding recoverable amounts.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2. Summary of significant accounting policies (Continued)

2.13 Financial instruments

The Group recognises a financial asset or a financial liability in its statement of financial position when, the Group becomes party to the contractual provisions of the instrument.

Financial assets

Initial recognition and measurement

With the exception of trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient, all financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Such trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient are measured at transaction price as defined in SFRS(I) 15 *Revenue from Contracts with Customers* in Note 2.4.

The classification of the financial assets at initial recognition as subsequently measured at amortised cost and fair value through profit or loss ("**FVTPL**") depends on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The Group's business model refers to how the Group manages its financial assets in order to generate cash flows which determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group determines whether the asset's contractual cash flows are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding to determine the classification of the financial assets.

Financial assets at amortised cost

A financial asset is subsequently measured at amortised cost if 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. Financial assets at amortised cost include Trade and other receivables, cash and cash equivalents and unquoted corporate bonds.

Subsequent to initial recognition, the financial asset at amortised cost are measured using the effective interest method and is subject to impairment. Gains or losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, and recognised in interests income.

Financial assets at FVTPL

A financial asset is subsequently measured at FVTPL if the financial asset is a financial asset held for trading, is not measured at amortised cost or at FVTOCI, or is irrevocably elected at initial recognition to be designated FVTPL if, by designating the financial asset as FVTPL, eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Gains or losses are recognised in profit or loss.

2. Summary of significant accounting policies (Continued)

2.13 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("**ECL**") on financial assets measured at amortised cost. At each reporting date, the Group assesses whether the credit risk on a financial asset has increased significantly since initial recognition by assessing the change in the risk of a default occurring over the expected life of the financial instrument. Where the financial asset is determined to have low credit risk at the reporting date, the Group assumes that the credit risk on a financial assets has not increased significantly since initial recognition.

The Group uses reasonable and supportable forward-looking information that is available without undue cost or effort as well as past due information when determining whether credit risk has increased significantly since initial recognition.

Where the credit risk on that financial instrument has increased significantly since initial recognition, the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Where the credit risk on that 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-month ECL.

The Group applies the simplified approach to recognise the ECL for trade receivables and contract assets, which is to measure the loss allowance at an amount equal to lifetime ECL. As a practical expedient, the Group uses an allowance matrix derived based on historical credit loss experience adjusted for current conditions and forecasts of future economic conditions for measuring ECL.

While they are not financial assets, contract assets arising from the Group's contracts with customers under SFRS(I) 15 are assessed for impairment in accordance with SFRS(I) 9, similar to that of trade receivables.

The amount of ECL or reversal thereof that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised in profit or loss.

The Group directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

For details on the Group's accounting policy for its impairment of financial assets, refer to Note 30.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

2. Summary of significant accounting policies (Continued)

2.13 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Ordinary share capital

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

Financial liabilities

Initial recognition and measurement

All financial liabilities are initially measured at fair value, minus transaction costs, except for those financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition. Financial liabilities classified as at fair value through profit or loss comprise derivatives that are not designated or do not qualify for hedge accounting.

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis. A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.

Borrowings

Borrowings are recognised initially at fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the statement of comprehensive income over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of borrowing using the effective interest method.

Borrowings which are due to be settled within 12 months after the reporting date are included in current borrowings in the statement of financial position even though the original terms were for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date. Other borrowings due to be settled more than 12 months after the reporting date are included in non-current borrowings in the statement of financial position.

Financial guarantee contracts

The Company has issued corporate guarantees to banks for banking facilities granted by them to certain subsidiaries and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if these subsidiaries breach any repayment terms.

Financial guarantee contract liabilities are measured initially at their fair values plus transaction costs and subsequently at the higher of the amount of the loss allowance and the amount initially recognised less cumulative amortisation in accordance with SFRS(I) 15.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

2. Summary of significant accounting policies (Continued)

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with financial institutions which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

2.16 Leases

At inception of a contract, the Group assessed whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Where a contract contains more than one lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component. Where the contract contains non-lease components, the Group applied the practical expedient to not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group recognises a right-of-use asset and lease liability at the lease commencement date for all lease arrangement for which the Group is the lessee, except for leases which have lease term of 12 months or less and leases of low value assets for which the Group applied the recognition exemption allowed under SFRS(I) 16. For these leases, the Group recognises the lease payment as an operating expense on a straight-line basis over the term of the lease.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. When the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. The right-of-use asset is also reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability, where applicable.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

The Group generally uses the incremental borrowing rate as the discount rate. To determine the incremental borrowing rate, the Group obtains a reference rate and makes certain adjustments to reflect the terms of the lease and the asset leased.

2. Summary of significant accounting policies (Continued)

2.16 Leases (Continued)

The lease payments included in the measurement of the lease liability comprise the following:

– fixed payments, including in-substance fixed payments less any lease incentive receivable,
– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
– amounts expected to be payable under a residual value guarantee,
– the exercise price under a purchase option that the Group is reasonably certain to exercise, and
– payments of penalties for terminating the lease if the Group is reasonably certain to terminate early and lease payments for an optional renewal period if the Group is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. The Group remeasures the lease liability when there is a change in the lease term due to a change in assessment of whether it will exercise a termination or extension or purchase option or due to a change in future lease payment resulting from a change in an index or a rate used to determine those payment.

Where there is a remeasurement of the lease liability, a corresponding adjustment is made to the right-of-use asset or in profit or loss where there is a further reduction in the measurement of the lease liability and the carrying amount of the right-of-use asset has been reduced to zero.

<u>The Group as a lessor</u>

Where a contract contains more than one lease and/or non-lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component.

At the lease commencement date, the Group assess and classify each lease as either an operating lease or a finance lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Operating Leases

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. 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.

<u>Right-of-use asset</u>

The right-of-use asset comprises 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 SFRS(I) 1-37. 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.

Depreciation on right-of-use assets is calculated using the straight-line method to allocate their depreciable amounts over the shorter period of lease term and useful life of the underlying asset, as follows:

Retail outlets	2 to 6 years
Motor vehicles	5 years

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 item in the consolidated statement of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

2. Summary of significant accounting policies (Continued)

2.16 Leases (Continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office premises and service outlets (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, which is discounted using a pre-tax discount rate.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss as they arise.

2.18 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an expense, the grant is recognised as income in profit or loss on a systematic basis over the periods in which the related costs, for which the grants are intended to compensate, is expensed. Where the grant relates to an asset, the grant is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

3. Critical accounting judgements and key sources of estimation uncertainty

The Group made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

3.1 Critical judgements made in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, management has not made any judgements that will have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations as discussed below.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.1 Critical judgements made in applying the Group's accounting policies (Continued)

Income tax

The Group has exposure to income taxes in several jurisdictions of which a portion of these taxes arose from certain transactions and computations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities of expected tax issues based on their best estimates of the likely taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax positions in the period in which such determination is made. The carrying amounts of the Group's and the Company's current tax payable as at 31 March 2022 was $138,000 (2021: $182,000) and $NIL (2021: $NIL) respectively.

Determination of the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects the assessment, and that is within the control of the lessee. For leases of office premises and service outlets, the Group considers factors including historical lease durations and the costs and business disruption required to replace the leased asset.

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Determination of operating segments

Management will first identify the Chief Operating Decision Maker ("**CODM**"). Then it should identify their business activities (which may not necessarily earn revenue or incur expenses). Management will further determine whether discrete financial information is available for the business activities and whether that information is regularly reviewed by the CODM. Judgement is applied by management of the aggregation criteria to operating segments.

3.2 Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment tests for cash-generating units containing goodwill (Note 18)

The carrying amounts of goodwill attributable to the Monsoon Hairdressing Group's cash-generating unit ("**Monsoon CGU**") comprise of:

- Monsoon Hair House Pte. Ltd.
- M Nature Pte. Ltd.
- M Plus Hair Pte. Ltd.
- Hatsuga Enterprise Pte. Ltd.
- Starting Line Trading Pte. Ltd.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

Impairment tests for cash-generating units containing goodwill (Note 18) (Continued)

The recoverable amount of a CGU is determined based on the higher of fair value less cost to sell ("**FVLCTS**") and value-in-use ("**VIU**") calculations. The VIU calculations use cash flow projections based on financial budgets prepared by management covering a five-year period each for Monsoon CGU, and a five-year period with terminal value. Key assumptions used for VIU calculations are disclosed in Note 18 to the financial statements.

The key assumptions for the value-in-use calculations are those regarding the discount rates, revenue growth rates, terminal growth rate and gross profit margin for the forecasted periods. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The revenue growth rates are estimated based on historical growth of respective CGUs and the long-term average growth rate of Singapore's Consumer Price Index ("**CPI**"). Gross profit margin is based on past practices and expectations of future market changes.

These assumptions have been used for the analysis of each CGU. The above estimates are particularly sensitive in the following parameters:

- An increase of one percentage point in the discount rate used would decrease the VIU of Monsoon CGU by $1,119,000 (2021: $515,000).
- A 1% decrease in future revenue growth rate would decrease the VIU of Monsoon CGU by $2,134,000 (2021: $1,706,000).
- An increase of 0.5 percentage point in the discount rate used and a 1% decrease in future revenue growth rate would decrease the VIU of Monsoon CGU by $2,571,000 (2021: $1,871,000).

The sensitivity analyses above will not result in any impairment loss on goodwill as at 31 March 2021 and 31 March 2022.

The carrying amount of goodwill as at 31 March 2022 amounted to $2,586,000 (2021: $2,586,000).

Allowance for expected credit loss ("ECL") of trade and other receivables (Note 30)

Allowance for ECL of trade and other receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the ECL calculation, based on the Group's past collection history, existing market conditions as well as forward looking estimates at each reporting date. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Depreciation of property, plant and equipment, intangible assets and right-of-use assets (Notes 15, 16 and 20)

As described in Note 2, the Group reviews the estimated useful lives of property, plant and equipment, intangible assets and right-of-use assets at the end of each annual reporting period. Changes in the expected level and future usage can impact the economic useful lives of these assets with consequential impact on the future depreciation charge. If depreciation on the Group's plant and equipment increases/decreases by 10% from management's estimates, the Group's results for the year will decrease/increase by $46,300 (2021: $17,900). If depreciation on the Group's right-of-use assets increases/ decreases by 10% from management's estimates, the Group's results for the year will decrease/increase by $198,600 (2021: $98,800). If depreciation on the Group's intangible assets increases/ decreases by 10% from management's estimates, the Group's results for the year will decrease/increase by $3,600 (2021: $1,200). The carrying amounts of plant and equipment, intangible assets and right-of-use assets are disclosed in Notes 15, 16 and 20, respectively.

The carrying amounts of the plant and equipment, intangible assets and right-of-use assets are reviewed at the end of each reporting period to determine whether there is any indication that those plant and equipment, intangible assets and right-of-use assets have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated. The carrying amount is reduced to the estimated recoverable amount, if lower.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

Depreciation of property, plant and equipment, intangible assets and right-of-use assets (Notes 15, 16 and 20) (Continued)

The recoverable amounts of these assets and, where applicable, cash-generating units, have been determined based on value-in-use calculations. These calculations require the use of estimates. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit (or group of cash-generating units) and also to use many estimates and assumptions such as future market growth, forecast revenue and costs, useful lives of utilisation of the assets, discount rates and other factors.

A decrease of 5% (2021: 5%) in the value-in-use of the Group's plant and equipment would have decreased the Group's profit by $67,350 (2021: $60,750). A decrease of 5% (2021: 5%) in the value-in-use of the Group's right-of-use assets would have decreased the Group's profit by $148,150 (2021: $162,700). A decrease of 5% (2021: 5%) in the value-in-use of the Group's intangible assets would have decreased the Group's profit by $4,500 (2021: $6,300). The carrying amounts of plant and equipment, intangible assets and right-of-use assets are disclosed in Notes 15, 16 and 20 respectively.

Impairment of investments in subsidiaries (Note 19)

Determining whether investments in subsidiaries are impaired requires an estimation of the value-in-use of the investments. The value-in-use calculation requires the Company to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows.

At the reporting date, the carrying amounts of investments in subsidiaries are $2,507,000 (2021: $2,507,000). Management has evaluated the recoverability of the investment based on such estimates. If the present value of estimated future cash flows decreases by 10% (2021: 10%) from management's estimates, the Company's allowance for impairment of investments in subsidiaries will increase by $425,800 (2021: $425,800). The carrying amount of the Company's cost of investments in subsidiaries is disclosed in Note 19 to the financial statements.

Allowance for inventory obsolescence (Note 13)

The Group reviews the ageing analysis of inventories at each reporting date and makes provision for obsolete and slow-moving inventory items identified that are no longer suitable for sale. The net realisable value for such inventories is estimated based primarily on the latest invoice prices and current market conditions. Possible changes in these estimates could result in revisions to the valuation of inventories. If the net realisable values of the inventory decrease/increase by 10% (2021:10%) from management's estimates, the Group's profit will decrease/increase by $54,600 (2021: $82,300). The carrying amounts of the Group's inventory are disclosed in Note 13 to the financial statements.

Estimation of the incremental borrowing rate ("IBR")

For the purpose of calculating the right-of-use asset and lease liability, an entity applies the interest rate implicit in the lease ("**IRIIL**") and, if the IRIIL is not readily determinable, the entity uses its IBR applicable to the leased asset. The IBR is the rate of interest that the entity would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. For most of the leases whereby the Group is the lessee, the IRIIL is not readily determinable. Therefore, the Group estimates the IBR relevant to each lease asset by using observable inputs (such as market interest rate and asset yield) when available, and then making certain lessee specific adjustments (such as a group entity's credit rating). The carrying amounts of the Group's right-of-use assets and lease liabilities are disclosed in Notes 20 and 24 respectively.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

Provision of reinstatement cost (Note 23)

Provision relates to estimated costs of dismantlement, removal or reinstatement of plant and equipment arising from the acquisition or use of assets.

The Group has recognised a provision for reinstatement of rental properties obligations associated with properties rented by the Group. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove equipment from the site and the expected timing of those costs. The carrying amount of the provision as at 31 March 2022 was $498,000 (2021: $554,000). If the estimated pre-tax discount rate used in the calculation had been 1% higher than the management's estimates, the carrying amount of the provision would have been lower by $4,980 (2021: $5,540).

4. Revenue

Revenue for the Group represents net invoiced trading sales excluding inter-Group transactions and applicable goods and services tax.

	Group					
	2022			2021		
	At a point in time	Over time	Total	At a point in time	Over time	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Singapore						
Sales of goods	**3,677**	**–**	**3,677**	2,847	–	2,847
Beauty, slimming and spa service treatments	**–**	**3,830**	**3,830**	–	2,550	2,550
Hairdressing treatments	**–**	**4,436**	**4,436**	–	2,965	2,965
Malaysia						
Sales of goods	**49**	**–**	**49**	79	–	79
Beauty, slimming and spa service treatments	**–**	**489**	**489**	–	901	901
China						
Sales of goods	**1**	**–**	**1**	–	–	–
	3,727	**8,755**	**12,482**	2,926	6,416	9,342

Transaction price allocated to the remaining unsatisfied or partially satisfied performance obligations as disclosed in contract liabilities (Note 22) are expected to be realised within the next financial year.

5. Other operating income

	Group	
	2022	**2021**
	$'000	**$'000**
Gain on disposal of property, plant and equipment	–	2
Gain on disposal of right-of-use assets	–	1
Gain on loan to share conversion	–	346
Gain on fair value changes in call option	–	69
Payables written back	–	56
Government grants	**923**	977
Interest income	–	42
Lease liabilities written off	**168**	–
Other income	–	199
Henkel rebate	**127**	–
Rental income	**62**	–
Rental concessions income	**431**	882
	1,711	2,574

Included in the government grant income for the current year is $923,000 (2021: $977,000) related to the Jobs Support Scheme ("**JSS**") announced by the Singapore Government to provide wage support to employers during the period of economic uncertainty caused by the COVID-19 pandemic. In determining the timing of recognition of the JSS grant income, management has evaluated and assessed that the adverse impact of this economic uncertainty to the Group when significant volume of retail sales and construction activities declined following the lockdown measures, travel restrictions and supply chain disruption in Singapore where the Group's operations are primarily situated in.

6. Staff costs

	Group	
	2022	**2021**
	$'000	**$'000**
Salaries, wages, commissions and bonuses	6,594	4,382
Contributions to defined contribution plans	578	420
Foreign Worker Levy and Skill Development Levy	259	196
Other staff benefits	5	15
	7,436	5,013

7. Other operating expenses

	Group	
	2022	2021
	$'000	$'000
Audit fees paid/payable to:		
- Auditors of the Group	63	70
- Other auditors	1	22
Advertising and marketing expenses	180	134
Amortisation of intangible assets	36	12
Bad debts written off - Trade receivables	–	30
Bank charges	21	32
C.C & NETS Service fee	234	120
Commission	25	–
Consultation fee	104	107
Entertainment expense	–	2
Exhibition expenses	–	48
Fines and late payment interest	53	35
Foreign exchange loss	14	49
Impairment loss on property, plant and equipment	168	119
Impairment loss on right-of-use assets	–	55
Insurance	41	32
Intercompany balance written off	–	9
Internet and networking charges	30	30
Inventories written off	24	–
Legal and professional fees	481	374
Listing related expenses	23	31
Membership fees	–	2
Member incentives	3	33
Property, plant and equipment written off	–	26
Printing and stationery	14	24
Recruitment expenses	7	2
Rental of operating equipment and terminals	15	3
Repair and maintenance expenses	180	86
Right-of-use assets written off	163	–
Small value assets expensed off	22	36
Staff training	87	85
Telephone, fax and email expenses	60	46
Transport and travel	–	38
Upkeep of motor vehicles	39	17
Utilities	78	146
Other operating expenses	179	525
	2,345	2,380

8. Finance costs

The following charges were included in the determination of profit before income tax:

	Group	
	2022	2021
	$'000	$'000
Interest expenses:		
- Borrowings	145	15
- Lease liabilities	319	351
- Provision for reinstatement cost	2	5
- Deemed interest expenses	–	41
	466	412

9. Income tax expense

	Group	
	2022	2021
	$'000	$'000
Current tax expense		
Current financial year	64	127
Over provision in prior financial years	–	(1)
	64	126
Deferred tax expense		
Origination and reversal of temporary differences	–	(52)
Total	64	74

The Company is incorporated in Singapore and accordingly is subject to income tax rate of 17% (2021: 17%). Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. There were no changes in the enterprise income tax of the different applicable jurisdictions in the current year from the last year.

Reconciliation of effective tax rate

	Group	
	2022	2021
	$'000	$'000
(Loss)/Profit before income tax	(1,225)	1,517
Tax at statutory rate of 17% (2021: 17%)	(208)	258
Effect of different tax rates in another country	(20)	(8)
Tax effect on non-deductible expenses	437	292
Tax effect on non-taxable income	(21)	(460)
Utilisation of deferred tax asset not recognised	(124)	(7)
Overprovision of tax in respect of prior years	–	(1)
	64	74

9. Income tax expense (Continued)

Unutilised tax losses

As at the end of the reporting period, the Group had estimated unutilised tax losses amounting to approximately $23,164,000 (2021: $24,017,000) that are available for offset against future taxable profits of the Group. The unutilised tax losses have no expiry dates. The use of these unutilised tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation. The deferred tax assets arising from these unutilised tax losses of approximately $3,959,000 (2021: $4,083,000) have not been recognised in the financial statements due to the uncertainty whether future taxable profits will be available against which the Group can utilise the benefits.

10. (Loss)/Profit per share

	Group	
	2022	**2021**
(Loss)/Profit attributable to equity holders of the Company ($'000)	(1,178)	1,951
Weighted average number of ordinary shares in issue for basic earnings per share	229,544,130	195,709,751
Basic and diluted (loss)/profit per share (cents)	(0.51)	1.00

11. Cash and cash equivalents

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Cash and bank balances	**1,233**	1,444	**130**	96
Fixed deposits	**120**	118	**–**	–
	1,353	1,562	**130**	96

The fixed deposits at the balance sheet date have a maturity of approximately 2 months (2021: 2 months) from the end of the financial year and earned effective interest at the rate of approximately 1.4% (2021: 1.4%) per annum.

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Singapore dollar	**1,287**	1,517	**130**	96
Taiwan dollar	**13**	13	**–**	–
Malaysian ringgit	**53**	32	**–**	–
	1,353	1,562	**130**	96

11. Cash and cash equivalents (Continued)

For the purpose of presenting the consolidated statement of cash flows, consolidated cash and cash equivalents comprise the following:

	Group	
	2022	2021
	$'000	$'000
Cash and cash equivalents as above	**1,353**	1,562
Restricted cash	**(502)**	(502)
Fixed deposits pledged for rental arrangement	**(120)**	(118)
	731	942

12. Trade and other receivables

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Trade receivables – Third parties	**1,018**	895	**–**	–
Less: loss allowance	**(43)**	(43)	**–**	–
	975	852	**–**	–
Other receivables:				
GST receivables	**–**	19	**3**	7
Amounts due from related parties	**36**	105	**14**	14
Amounts due from director	**–**	70	**–**	–
Amounts due from subsidiaries	**–**	–	**33,904**	33,211
Sundry receivables	**68**	84	**–**	–
	104	278	**33,921**	33,232
Less: loss allowance	**–**	–	**(25,515)**	(25,515)
	104	278	**8,406**	7,717
Total	**1,079**	1,120	**8,406**	7,717

The movement in allowance for impairment losses in respect of receivables is as follows:

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
At 1 April	**43**	45	**25,515**	20,971
Allowance made	**–**	–	**–**	4,544
Utilisation of impairment	**–**	(2)	**–**	–
At 31 March	**43**	43	**25,515**	25,515
Trade receivables	**43**	43	**–**	–
Other receivables	**–**	–	**25,515**	25,515
	43	43	**25,515**	25,515

12. Trade and other receivables (Continued)

Trade receivables are non-interest bearing and the Group generally extend credit period of 30 to 90 (2021: 30 to 90) days from date of invoice. They are recognised at the transaction price which represent their fair value on initial recognition.

Receivables that have been determined to be impaired at the end of the reporting period relate to debtors that are in financial difficulties or have defaulted on payments. These trade receivables are not secured by any collateral or credit enhancements.

During the year ended 31 March 2022, the Company has assessed and decided to impair the amount due from subsidiaries of $Nil (2021: $4,544,000) as these balances are not recoverable.

Amounts due from related parties are companies owned by the shareholders, holding company and a director. The balances are non-trade in nature, unsecured, interest-free and repayable on demand.

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Singapore dollar	**1,075**	1,102	**8,406**	7,717
Malaysian ringgit	**3**	6	**–**	–
Taiwan dollar	**1**	12	**–**	–
	1,079	1,120	**8,406**	7,717

The credit risk for trade receivables based on the information provided to key management is as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
By geographical area				
Singapore	**1,075**	1,102	**8,406**	7,717
Malaysia	**3**	6	**–**	–
Taiwan	**1**	12	**–**	–
	1,079	1,120	**8,406**	7,717

The ageing analysis of trade receivables is as follows:

	Group			
	Gross	**Impairment losses**	**Gross**	**Impairment losses**
	2022	**2022**	**2021**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Not past due	**409**	**–**	154	–
Past due 0 to 90 days	**21**	**–**	681	–
Past due 91 to 182 days	**313**	**–**	47	(26)
Past due 183 to 365 days	**235**	**(3)**	6	(6)
Past due over 365 days	**40**	**(40)**	11	(11)
	1,018	**(43)**	899	(43)

Except as disclosed, the Group believes that no further impairment allowance is necessary in respect of trade receivables.

13. Inventories

	Group	
	2022	2021
	$'000	$'000
Products held for sale, at cost	**546**	823

The cost of inventories recognised as an expense in the consolidated statement of comprehensive income was $2,250,000 (2021: $1,277,000) for the financial year ended 31 March 2022.

During the financial year ended 31 March 2022, the inventories amounting to $24,000 (2021: $Nil) were written off to profit or loss.

14. Other assets

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Current				
Prepayments	**101**	109	**7**	20
Deposits	**1,104**	1,043	**12**	4
Advance to suppliers	**83**	106	**–**	–
	1,288	1,258	**19**	24

Deposits relate to rental deposits paid for the Group's offices and operating outlets.

15. Property, plant and equipment

Group	Beauty, slimming and spa equipment	Hairdressing equipment	Renovations	Furniture and office equipment	Total
	$'000	$'000	$'000	$'000	$'000
Cost					
At 1 April 2020	1,590	–	2,440	475	4,505
Acquisition of subsidiaries	–	64	852	318	1,234
Additions	212	304	535	125	1,176
Written off	(19)	–	(8)	(42)	(69)
Exchange differences	(13)	–	(188)	(9)	(210)
At 31 March 2021	1,770	368	3,631	867	6,636
Additions	37	189	380	157	763
Exchange differences	(3)	–	(4)	(1)	(8)
At 31 March 2022	**1,804**	**557**	**4,007**	**1,023**	**7,391**
Accumulated depreciation					
At 1 April 2020	1,503	–	2,434	451	4,388
Acquisition of subsidiaries	–	55	615	301	971
Depreciation for the year	30	15	112	22	179
Disposals	(7)	–	(20)	(32)	(59)
Impairment losses recognised	90	–	29	–	119
Exchange differences	(12)	–	(161)	(4)	(177)
At 31 March 2021	1,604	70	3,009	738	5,421
Depreciation for the year	55	101	230	77	463
Impairment losses recognised	37	–	124	7	168
Exchange differences	(3)	–	(3)	(2)	(8)
At 31 March 2022	**1,693**	**171**	**3,360**	**820**	**6,044**
Carrying amount					
- At 31 March 2022	**111**	**386**	**647**	**203**	**1,347**
- At 31 March 2021	166	298	622	129	1,215

15. Property, plant and equipment (Continued)

Company	Furniture and office equipment $'000
Cost	
At 1 April 2020, 31 March 2021 and 31 March 2022	**7**
Accumulated depreciation	
At 1 April 2020	3
Depreciation for the year	2
At 31 March 2021	5
Depreciation for the year	2
At 31 March 2022	**7**
Carrying amount	
- At 31 March 2022	**–**
- At 31 March 2021	2

(a) During the financial year, the Group acquired plant and equipment with an aggregate cost of $763,000 (2021: $1,176,000) was acquired by way of cash. Additions to renovations include provision for reinstatement cost amounting to $Nil (2021: $199,000) (Note 23).

Impairment tests for property, plant and equipment, right-of-use assets, intangible assets and investments in subsidiaries

For the financial year ended 31 March 2022, management of the Group had carried out an impairment assessment over the property, plant and equipment, right-of-use assets, intangible assets and investments in subsidiaries and identified the following significant cash-generating units ("**CGU**"). These were considered to have indications of possible impairment issues at 31 March 2022 and 2021 as they were in a loss-making position for the past few years.

<u>Impairment testing of property, plant and equipment, right-of-use assets and intangible assets</u>

As at 31 March 2022, the carrying amounts of the Group's and the Company's plant and equipment amounted to $1,347,000 (2021: $1,215,000) and $Nil (2021: $2,000), respectively. As at 31 March 2022, the carrying amount of the Group's right-of-use assets amounted to $2,963,000 (2021: $3,254,000) (Note 20). As at 31 March 2022, the carrying amount of the Group's intangible assets amounted to $90,000 (2021: $126,000) (Note 16).

15. Property, plant and equipment (Continued)

Impairment tests for property, plant and equipment, right-of-use assets, intangible assets and investments in subsidiaries (Continued)

Impairment testing of property, plant and equipment, right-of-use assets and intangible assets (Continued)

For the financial year ended 31 March 2022 and 2021, the Group has identified that there are triggers of impairment for:

- The Singapore and overseas subsidiaries as they were in a net deficit position.
- The Company as it was having accumulated losses and incurred losses for the year.

The recoverable amounts of the plant and equipment, right-of-use assets and intangible assets were based on the higher of fair value less costs to sell and value-in-use. In the financial year ended 31 March 2022, management had assessed the recoverable amounts of plant and equipment, right-of-use assets and intangible assets based on discounted cash flows, representing the value-in-use ("**VIU**"), which is the higher of fair value less costs to sell and VIU. The management prepared the discounted cash flows based on the weighted average useful life of the plant and equipment, right-of-use assets and intangible assets. A pre-tax discount rate of 9.47% and cash flow projections are based on the cash generated by each identifiable cash-generating unit.

As a result of that test, the Group determined that the carrying values of certain of its assets exceeded their recoverable amounts at the reporting date and recorded impairment losses on plant and equipment and right-of-use assets of $168,000 and $Nil for the year ended 31 March 2022 (2021: $119,000 and $55,000), respectively.

Impairment testing of investments in subsidiaries

As at 31 March 2022, the carrying amount of the investment in subsidiaries amounted to $2,507,000 (2021: $2,507,000). During the financial year, management carried out a review of the recoverable amount of its subsidiaries and recognised an accumulated impairment loss of $4,258,000 (2021: $4,258,000) in respect of a subsidiary with recurring losses and a deficit in shareholder's equity.

As at 31 March 2021 and 2022, the recoverable amount of subsidiaries was determined based on the higher of fair value less cost to sell and value-in-use. The fair value less cost to sell was determined based on the financials of the subsidiaries which comprised mainly cash balances, trade and other receivables and trade and other payables which were current and approximated fair value at year end.

During the financial year ended 31 March 2022, the subsidiaries were also having the same impairment indicators and there were no indications these impairment losses can be reversed to profit or loss at the reporting date.

16. Intangible assets

Group	Non-compete agreement $'000
Cost:	
At 1 April 2020	–
Additions arising from acquisition of subsidiaries	138
At 31 March 2021 and 31 March 2022	**138**
Accumulated amortisation:	
At 1 April 2020	–
Amortisation	12
At 31 March 2021	12
Amortisation	36
At 31 March 2022	**48**
Carrying amount:	
- At 31 March 2022	**90**
- At 31 March 2021	126

Intangible assets, comprising non-compete agreement have finite useful life over which they are amortised. Non-compete agreement have an amortisation period of 3 years.

There were impairment indicators for the Group's intangible assets. Refer to Note 15 for the impairment assessment on intangible assets.

17. Derivative financial instruments

	Group	
	2022 $'000	2021 $'000
Call option at fair value through profit or loss ("**FVTPL**")		
At beginning of year	**320**	–
Call option at acquisition	**–**	251
Change in fair value of call option	**–**	69
At end of year	**320**	320

The Group was granted call option to purchase the remaining 20% of equity in Monsoon Hairdressing Group held by the seller, Mr. Lee Eng Tat at a consideration determined 4 times the aggregated net profit after tax of the Monsoon Hairdressing Group derived from the FY2024 consolidated accounts. This call option may be exercised within 3 months from the date of the FY2024 consolidated accounts.

Fair value gain of derivative financial instruments at FVTPL amounting to $Nil (2021: $69,000) is included within "other operating income" in profit or loss.

18. Goodwill

	Group 2022 $'000	Group 2021 $'000
Goodwill arising on consolidation		
Cost		
At beginning of year	**2,586**	–
Additions arising from acquisition of subsidiaries	**–**	2,586
At end of year	**2,586**	2,586

Impairment tests for goodwill

As at 31 March 2022, the carrying amount of goodwill is attributable to the Group's cash-generating units ("**CGU**") comprising of Monsoon Hairdressing Group ("**Monsoon CGU**").

	Group 2022 $'000	Group 2021 $'000
Monsoon CGU	**2,586**	2,586

The recoverable amounts of the CGUs were determined based on VIU calculations and VIU of these CGUs were estimated to be higher than their carrying amounts. The VIU calculation is a discounted cash flow model using cash flow projections based on financial budget prepared by management covering a five-year period with terminal value for Starting Line Trading Pte. Ltd., Hatsuga Enterprise Pte. Ltd., M Nature Pte. Ltd., M Plus Hair Pte. Ltd. and Monsoon Hair House Pte. Ltd. Cash flows for the budgeted period were extrapolated using the estimated growth rates stated below. The growth rates do not exceed the long-term average growth rates in which the CGUs operate.

Key assumptions used for value-in-use calculations:

	Monsoon CGU 2022 %	Monsoon CGU 2021 %
Gross profit margin [(1)]	**66.4**	64.8
Growth rate [(2)]	**10.0**	3.8
Terminal growth rate [(3)]	**4.0**	1.1
Discount rate [(4)]	**10.7**	9.5

(1) Budgeted gross profit margin
(2) Compound annual growth rate
(3) Long term average growth rate of Singapore
(4) Pre-tax discount rate applied to the pre-tax cash flow projections

18. Goodwill (Continued)

The discount rate was determined based on the rate of 10-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU. A long-term growth rate into perpetuity has been determined based on the long-term average growth rate of Singapore's CPI.

These assumptions were used for the analysis of each CGU within the business segment. Management determined budgeted gross profit margin and revenue growth rate based on expectation of future outcomes taking into account past experiences. Revenue growth was projected taking into account the average growth level experienced over the past years. The discount rates used reflected specific risks relating to the relevant CGUs.

As at 31 March 2022 and 31 March 2021, the recoverable amount of Monsoon CGU was determined based on the higher of FVLCTS and VIU calculations. FVLCTS was determined using discounted cash flow method based on the financial forecast used for VIU calculation adjusted to market participants' perspective. Market assumptions including market participants' margins and cash conversion cycle based on the latest publicly available information have been considered to determine the FVLCTS. FVLCTS of Monsoon CGU has been estimated to be higher than its VIU as at 31 March 2022.

As at 31 March 2022, the Group believes that any reasonably possible changes in the above key assumptions applied are not likely to materially result in the recoverable amounts to be lower than their carrying amounts for the CGUs. The recoverable amounts of these three CGUs have been estimated to be higher than their carrying amounts, and thus no impairment is required at the reporting date.

19. Investments in subsidiaries

	Company	
	2022	**2021**
	$'000	**$'000**
Unquoted equity investments, at cost		
At beginning of year	6,765	4,258
Acquisition of Monsoon Hairdressing Group	–	2,507
At end of year	6,765	6,765
Allowance for impairment losses		
At beginning of year and end of year	(4,258)	(4,258)
Carrying amount	2,507	2,507

19. Investments in subsidiaries (Continued)

Details of investment in subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation and principal place of business	Proportion of ownership interest and voting power held	
			2022	2021
			%	%
Held by the Group				
Mary Chia Beauty & Slimming Specialist Pte. Ltd. (1)	Provision of lifestyle and wellness treatment services	Singapore	**100**	100
Masego Pte. Ltd. (formerly known as Mary Chia Beauty & Slimming Specialist (Orchard) Pte. Ltd.)(1)	Provision of lifestyle and wellness treatment services	Singapore	**100**	100
Urban Homme Face and Body Studio For Men Pte. Ltd. (1)	Provision of lifestyle and wellness treatment services for men	Singapore	**100**	100
Spa Menu Pte. Ltd. (1)	Provision of lifestyle and wellness treatment services and retailing of lifestyle and wellness products for men	Singapore	**100**	100
Organica International Holdings Pte. Ltd. (1)	Direct selling of skincare and health supplements	Singapore	**100**	100
Hotel Culture Pte. Ltd. (1)	Investment holding	Singapore	**51**	51
MCU Trading Pte. Ltd. (1)	General wholesale trading	Singapore	**100**	100
MCU Holdings Sdn. Bhd. (2)	Provision of lifestyle and wellness treatment services	Malaysia	**100**	100
M2 Group Pte. Ltd. (1)	Hairdressing salons/shops and other holding companies	Singapore	**100**	100
Held by Mary Chia Beauty & Slimming Specialist Pte. Ltd.				
Scinn Pte. Ltd. (1)	Clinic and other general medical services	Singapore	**100**	100
MSB Beauty Pte. Ltd. (5)	Provision of lifestyle and wellness treatment services	Singapore	**51**	51
Held by Organica International Holdings Pte. Ltd.				
Organica International (M) Sdn. Bhd. (2)	Direct selling of skincare and health supplements	Malaysia	**100**	100
Organica Taiwan Branch (4)	Direct selling of skincare and health supplements	Taiwan	**100**	100

19. Investments in subsidiaries (Continued)

Details of investment in subsidiaries are as follows (Continued):

Name of subsidiary	Principal activities	Country of incorporation and principal place of business	Proportion of ownership interest and voting power held	
			2022	**2021**
			%	**%**
Held by MCU Trading Pte. Ltd.				
Yue You International Trading (Shanghai) Co Ltd.[3]	General Wholesale Trading	China	**100**	100
Held by MCU Holdings Sdn. Bhd.				
MCU Beautitudes Sdn. Bhd. [2]	Provision of lifestyle and wellness treatment services	Malaysia	**100**	100
Held by M2 Group Pte. Ltd.				
Monsoon Hair House Pte. Ltd. [1]	Operating of hair and beauty salons and sales of beauty and hair products	Singapore	**80**	80
M Nature Pte. Ltd. [1]	Operating of hair and beauty salons and sales of beauty and hair products	Singapore	**80**	80
M Plus Hair Pte. Ltd. [1]	Operating of hair and beauty salons and sales of beauty and hair products	Singapore	**80**	80
Hatsuga Enterprise Pte. Ltd. [1]	Wholesale trade of cosmetics and toiletries, business management and consultancy services	Singapore	**80**	80
Starting Line Trading Pte. Ltd. [1]	Wholesale trade of cosmetics and toiletries	Singapore	**80**	80

(1) Mazars LLP, Singapore is the auditor for financial year ended 31 March 2022, Foo Kon Tan LLP, Singapore was the auditor for financial year ended 31 March 2021.
(2) Audited by HLB Ler Lum, member firm of HLB International in Malaysia.
(3) Not required to be audited.
(4) Audited by HLB Candor Taiwan CPAs, member firm of HLB International in Taiwan.
(5) Not required to be audited as it is under liquidation.

19. Investments in subsidiaries (Continued)

The Group has the following subsidiaries which have non-controlling interests that are material to the Group:

Name of subsidiary	Country of incorporation/ principal place of business	Non-controlling interest: Proportion of ownership interests and voting rights held by 2022 %	2021 %	Profit/(loss) allocated 2022 $'000	2021 $'000	Accumulated 2022 $'000	2021 $'000
Hotel Culture Pte. Ltd.	Singapore	**49**	49	**(9)**	–	**1,082**	1,091
MSB Beauty Pte.Ltd.	Singapore	**49**	49	**–**	–	**(53)**	(53)
Monsoon Hair House Pte. Ltd.	Singapore	**20**	20	**(53)**	(274)	**(410)**	(357)
M Nature Pte. Ltd.	Singapore	**20**	20	**(63)**	(37)	**(100)**	(37)
M Plus Hair Pte. Ltd.	Singapore	**20**	20	**(29)**	(90)	**(119)**	(90)
Hatsuga Enterprise Pte. Ltd.	Singapore	**20**	20	**(5)**	(15)	**(20)**	(15)
Starting Line Trading Pte. Ltd.	Singapore	**20**	20	**48**	(92)	**(44)**	(92)
				(111)	(508)	**336**	447

Summarised financial information, before inter-company eliminations, in respect of Group's subsidiaries that have a material non-controlling interest (NCI) is set out below:

	Hotel Culture Pte. Ltd. 2022 $'000	2021 $'000
<u>Summarised statement of comprehensive income</u>		
Loss for the year and total comprehensive loss	**(19)**	(1)
Loss for the year representing total comprehensive loss		
- attributable to equity holders of the Group	**(10)**	(1)
- attributable to NCI	**(9)**	–
	(19)	(1)
<u>Summarised statement of financial position</u>		
Current		
Assets	**13,544**	13,550
Liabilities	**(16,297)**	(16,284)
Net current liabilities	**(2,753)**	(2,734)
Equity		
Equity attributable to equity holders of the Group	**(3,835)**	(3,825)
Non-controlling interest	**1,082**	1,091
	(2,753)	(2,734)
Other summarised information		
Net cash flow from operation	**(6)**	(5)

19. Investments in subsidiaries (Continued)

Summarised financial information, before inter-company eliminations, in respect of Group's subsidiaries that have a material non-controlling interest (NCI) is set out below: (Continued)

	M2 Group and its subsidiaries.	
	2022	2021
	$'000	$'000
Summarised statement of comprehensive income		
Revenue	**6,566**	3,439
Loss for the year and total comprehensive income/(loss)	**(509)**	(2,552)
	6,057	887
Loss for the year representing total comprehensive loss		
- attributable to equity holders of the Group	**(102)**	(2,044)
- attributable to NCI	**(407)**	(508)
	(509)	(2,552)
Summarised statement of financial position		
Current		
Assets	**3,322**	2,606
Liabilities	**(9,169)**	(6,689)
Net current liabilities	**(5,847)**	(4,083)
Non-Current		
Assets	**2,247**	5,222
Liabilities	**–**	(1,608)
Net non-current liabilities	**2,247**	3,614
Equity		
Equity attributable to equity holders of the Group	**(2,549)**	(431)
Non-controlling interest	**(1,051)**	(592)
	(3,600)	(1,023)
Other summarised information		
Net cash flow from operation	**(92)**	(57)

19. Investments in subsidiaries (Continued)

Acquisition of Monsoon Hairdressing Group

On 24 November 2020, the Group announced the completion of the acquisition of 80% equity in Starting Line Trading Pte. Ltd., Hatsuga Enterprise Pte. Ltd., M Nature Pte. Ltd., M Plus Hair Pte. Ltd. and Monsoon Hair House Pte. Ltd. (collectively known as the "**Monsoon Hairdressing Group**") through its wholly-owned subsidiary M2 Group Pte. Ltd.. The total purchase consideration for the acquisition on Monsoon Hairdressing Group is $3,046,456 and the breakdown is as follows:

(a) 50% of the Consideration to be payable in cash ("**Cash Consideration**") as follows:

(i) an aggregate amount equivalent to $837,500, which shall be payable by the Buyer to the Seller upon completion of the acquisition ("**Completion**").

(ii) an aggregate amount equivalent to $300,000 (fair value of $296,239 as at acquisition date), which shall be payable by the Buyer to the Seller three calendar months from the date of the Completion ("**Completion Date**").

(iii) an aggregate amount equivalent to $385,728 (fair value of $371,193 as at acquisition date), being the remainder of the Cash Consideration shall be applied to off-set the net sum of $236,299 owed by Mr. Lee Eng Tat (the "**Seller**") to the relevant Monsoon Hairdressing Group's companies, to be payable by the Company to the Seller nine calendar months after Completion Date.

(b) 50% of the Consideration ("**Non-Cash Consideration**") to be payable by the Company's issuance of shares in its share capital ("**Consideration Shares**") as follows:

(i) an aggregate amount equivalent to $1,000,000 (fair value of $659,100 as at acquisition date) which shall be payable on Completion, by the Company's issue and allotment of such number of new ordinary shares in the share capital of the Company to the Seller or his nominee, having an aggregate value of $1,000,000 based on the higher of $0.15 per share, or the volume weighted average price per share as at the Execution Date after applying a 10% discount ("**Issue Price**").

(ii) an aggregate amount equivalent to $523,228 (fair value of $343,250 as at acquisition date) to be payable on 31 December 2021, by the Company's issue and allotment of such number of new ordinary shares in the share capital of the Company to the Seller having an aggregate value equivalent to the remainder of the Non-Cash Consideration payable based on the Issue Price, provided that the FY2021 consolidated management accounts of the Monsoon Hairdressing Group is not in a net liability position.

Pursuant to the completion of the acquisition of Monsoon Hairdressing Group, M2 Group Pte. Ltd. ("**M2**"), a wholly-owned subsidiary of the Company incorporated on 9 October 2020, had taken over and control the entire rights, title and interests in the Monsoon Hairdressing Group's business on 30 November 2020. The cost of investment in M2 amounted to $2,507,282 as at 31 March 2021.

The Group has completed the purchase price allocation ("**PPA**") exercise for the Acquisition of Monsoon Hairdressing Group and goodwill of $2,586,226 (Note 18) was recognised.

19. Investments in subsidiaries (Continued)

Acquisition of Monsoon Hairdressing Group (Continued)

Details of the consideration paid, assets acquired and liabilities assumed, non-controlling interests recognised and goodwill arising, and the effects on the cash flows of the Group are as follows:

		Note	Group 2021 $'000
(A)	***Consideration transferred***		
	Cash		837
	Consideration shares		659
	Consideration payable		1,011
	Total purchase consideration		2,507
(B)	***Fair value of identifiable assets acquired and liabilities assumed***		
	At fair value		
	Cash and cash equivalents		543
	Trade and other receivables	(i)	1,428
	Inventories	(ii)	286
	Property, plant and equipment	(iii)	263
	Right-of-use assets	(iv)	1,654
	Intangible assets – non-compete agreement	(v)	138
	Trade and other payables		(2,152)
	Lease liabilities	(iv)	(1,726)
	Bank borrowings		(693)
	Current tax liabilities		(153)
	Identifiable net liabilities assumed		(412)
	Non-controlling interests recognised and goodwill arising		
	Consideration transferred		2,507
	Add: Non-controlling interests	(vi)	(83)
	Less: Call option	(vii)	(250)
	Add: Fair value of identifiable net liabilities assumed		412
	Goodwill arising from acquisition		2,586
(C)	***Effects on cash flow of the Group***		
	Cash consideration paid		838
	Less: Cash and cash equivalents in acquiree		(543)
	Cash outflow on acquisition		295

19. Investments in subsidiaries (Continued)

Acquisition of Monsoon Hairdressing Group (Continued)

Goodwill arose from skills and talents of Monsoon Hairdressing Group workforce and synergies expected to be achieved from integrating Monsoon Hairdressing Group into the Group's existing business.

The valuation on techniques used for measuring the fair value of material assets acquired were as follows:

(i) The receivables acquired in this transaction, mainly comprising trade receivables with a fair value of $1,428,000 have gross contractual amounts of $1,428,000.

(ii) The fair value of inventories is determined based on the estimated selling price in the ordinary course of business.

(iii) The valuation model considers depreciated replacement cost which reflects adjustments for physical deterioration as well as functional and economical obsolescence.

(iv) Lease liabilities of $1,726,000 and corresponding right-of-use assets of $1,654,000 have been recognised based on the remaining lease payments due from the Monsoon Hairdressing Group, as lessees, in existing lease contracts at the acquisition date, except for those ending within 12 months from the acquisition date or those for which the underlying asset is of low value.

(v) The valuation of the acquired identifiable intangible asset, comprising non-compete agreement, amounting to $138,000 has been finalised during the current financial year. Therefore, no related fair value adjustment is to be expected during the measurement period.

(vi) The Group has elected to recognise the 20% non-controlling interests in Monsoon Hairdressing Group based on its proportionate share in the recognised amounts of identifiable assets acquired and liabilities assumed of the acquiree.

(vii) The fair value of the call option to purchase the remaining shares in Monsoon Hairdressing Group was determined at the date of acquisition.

Acquisition related costs of $115,000 relating to external legal fees for due diligence. These costs have been included in other operating expenses in the Group's statement of comprehensive income.

<u>Deferred consideration</u>

An aggregate amount equivalent to $1,208,956 (fair value of $1,011,000 as at acquisition date) to be payable by 31 December 2021, by cash and the Company's issue and allotment of such number of new ordinary shares in the share capital of the Company to the Seller having an aggregate value equivalent to the remainder of the Non-Cash Consideration payable based on the Issue Price, provided that the FY2021 consolidated management accounts of the Monsoon Hairdressing Group is not in a net liability position.

20. Right-of-use assets

The Group as lessee

The Group has lease contracts for office premises and service outlets used in its operations. Leases of office premises and service outlets generally have lease terms of two years with an option to renew for another two years. Generally, the Group are restricted from assigning and subleasing the leased assets.

Some property leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. The Group has option to exercise extension at the end of the lease term. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

Group	**Retail outlets**	**Motor vehicle**	**Total**
	$'000	**$'000**	**$'000**
Cost:			
At 1 April 2020	6,688	237	6,925
Acquisition of subsidiaries	4,114	–	4,114
Additions	2,493	–	2,493
Disposal	(66)	(29)	(95)
Exchange differences	(8)	(1)	(9)
At 31 March 2021	13,221	207	13,428
Additions	1,830	29	1,859
Written off	(6,169)	–	(6,169)
Exchange differences	(4)	–	(4)
At 31 March 2022	**8,878**	**236**	**9,114**
Accumulated depreciation:			
At 1 April 2020	6,500	117	6,617
Acquisition of subsidiaries	2,558	–	2,558
Depreciation for the year	947	41	988
Disposal	(38)	–	(38)
Impairment losses recognised	55	–	55
Exchange differences	(5)	(1)	(6)
At 31 March 2021	10,017	157	10,174
Depreciation	1,951	35	1,986
Written off	(6,006)	–	(6,006)
Exchange differences	(3)	–	(3)
At 31 March 2022	**5,959**	**192**	**6,151**
Carrying amount:			
At 31 March 2022	**2,919**	**44**	**2,963**
At 31 March 2021	3,204	50	3,254

Information about the Group's lease liabilities are disclosed in Note 24.

There were impairment indicators for the Group's right-of-use assets. Refer to Note 15 for the impairment assessment on plant and equipment and right-of-use assets.

21. Trade and other payables

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables:				
Third parties	**2,015**	2,101	**–**	–
Other payables:				
Third parties	**2,213**	2,373	**202**	161
Amounts due to subsidiaries	**–**	–	**11,911**	11,013
Amounts due to related parties	**464**	114	**8**	8
Loan from director	**379**	13	**–**	–
Goods and services tax payable	**235**	182	**–**	–
Other deposits	**1**	–	**–**	–
Accrued operating expenses	**1,567**	1,362	**289**	234
	6,874	6,145	**12,410**	11,416

Due to third parties (trade and non-trade) are non-interest bearing. The amounts are normally settled on 60 days (2021: 60 days) terms.

Amounts due to subsidiaries, related parties and director are non-trade in nature, unsecured, interest-free and repayable on demand.

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Singapore dollar	**6,105**	5,571	**12,410**	11,416
Malaysian ringgit	**747**	561	**–**	–
Chinese renminbi	**17**	13	**–**	–
Taiwan dollar	**5**	–	**–**	–
	6,874	6,145	**12,410**	11,416

22. Contract liabilities

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Advance consideration	**2,329**	1,637	**–**	–

Advance consideration relates to advances received for provision of services for beauty, slimming and spa treatments, and hair treatments. Revenue for clinic and other general medical services is recognised over time although the customer pays for the services at the contract inception date. A contract liability is recognised for the advances received from the customers and is derecognised as and when the performance obligation is satisfied.

22. Contract liabilities (Continued)

Revenue recognised in relation to contract liabilities

	2022 $'000	2021 $'000
Revenue recognised in current year that was included in the contract liability balance at the beginning of the year	**1,637**	1,679

Management expects that 100% of the transaction price allocated to the unsatisfied performance obligations as of 31 March 2022 will be recognised as revenue during the next reporting period.

23. Provision

Movement in provision for reinstatement cost are as follows:

	Group	
	2022 $'000	2021 $'000
At beginning of year	**554**	373
Provision made during the year	**–**	196
Provision reversed during the year	**(56)**	(20)
Unwinding of interest	**–**	5
At end of year	**498**	554

Provision for reinstatement cost is denominated in Singapore dollar.

	Group	
	2022 $'000	2021 $'000
Presented as:		
Current	**355**	355
Non-current	**143**	199
	498	554

Provision relates to estimated costs of dismantlement, removal or reinstatement of property, plant and equipment arising from the acquisition or use of assets, which are capitalised and included in the cost of plant and equipment.

24. Lease liabilities

	Group	
	2022	**2021**
	$'000	**$'000**
Undiscounted lease payments due:		
- Year 1	**3,137**	2,971
- Year 2	**1,698**	2,469
- Year 3	**505**	1,317
- Year 4	**192**	384
- Year 5	**183**	9
- Year 6	**74**	–
	5,789	7,150
Less: Future interest cost	**(330)**	(464)
Lease liabilities	**5,459**	6,686
Presented as:		
- Non-current	**1,902**	3,426
- Current	**3,557**	3,260
	5,459	6,686

Total cash outflows for all leases during the year amount to $2,918,000 (2021: $2,405,000).

Interest expense on lease liabilities of $319,000 (2021: $351,000) is recognised within "finance costs" in profit or loss.

Rental expenses not capitalised in lease liabilities but recognised within "operating lease expense" in profit or loss are set out below:

	Group	
	2022	**2021**
	$'000	**$'000**
Short-term lease	**472**	150

As at each reporting date, the Group's short-term lease commitments are not substantially dissimilar to those giving rise to the Group's short-term lease expenses for the year.

The Group applies the 'short-term lease' recognition exemptions for certain leases of office premises and service with lease terms of 12 months or less.

Please refer to Note 30 for liquidity risk exposure.

25. Deferred tax assets/(liabilities)

Deferred tax assets comprise the following:

	Group	
	2022	**2021**
	$'000	**$'000**
Lease liabilities	**351**	351

Movement in deferred tax asset is as follows:

	Group	
	2022	**2021**
	$'000	**$'000**
At beginning of year	**351**	–
Recognised to profit or loss	**–**	351
At end of year	**351**	351

Deferred tax liabilities comprise the following:

	Group	
	2022	**2021**
	$'000	**$'000**
Right-of-use assets	**299**	299

Movement in deferred tax liabilities is as follows:

	Group	
	2022	**2021**
	$'000	**$'000**
At beginning of year	**299**	–
Recognised to profit or loss	**–**	299
At end of year	**299**	299

26. Share capital

	Group and Company			
	2022	2021	2022	2021
	Number of ordinary shares		$'000	$'000
<u>**Issued and fully paid with no par value**</u>				
At beginning of year	**228,684,029**	190,961,806	**11,601**	6,878
Issuance of shares pursuant to Subscription Exercise [(1)]	**–**	5,555,556	**–**	800
Issuance of shares pursuant to Acquisition [(2)]	**–**	6,666,667	**–**	659
Issuance of shares pursuant to Debt conversion [(3)]	**–**	25,500,000	**–**	3,264
Issuance of shares [(4)]	**3,488,186**	–	**343**	–
At end of year	**232,172,215**	228,684,029	**11,944**	11,601

The holders of ordinary shares are entitled to receive dividends as and when declared from time to time and are entitled to one vote per share at the meetings of the Group. All shares rank equally with regard to the Company's residual assets.

<u>Issuance of shares</u>

Note: -

(1) The Company had, on 27 October 2020, announced that it had entered into a subscription agreement with I Concept Global Growth Fund (the "**Subscriber**"), where the Subscriber subscribed for 5,555,556 new ordinary shares ("**Subscription Shares**") at an issue price of $0.144 for each Subscription Share amounting to an aggregate cash consideration of $800,000 ("**Subscription Exercise**"). The 5,555,556 Subscription Shares were issued and allotted on 20 November 2020 and the Subscription Exercise completed.

(2) The Company had, on 27 October 2020, announced that it had entered into sale and purchase agreement ("**SPA**") with Mr. Lee Eng Tat. Pursuant to the SPA, the Company will acquire 80% of the issued share capital of the Monsoon Hairdressing group of companies from Mr. Lee Eng Tat for an aggregate consideration of $3,046,456 ("**Aggregate Consideration**") ("**Acquisition**"). The Company issued 6,666,667 new ordinary shares ("**Consideration Shares**") at an issue price of $0.15 for each Consideration Share amounting to an aggregate cash consideration of $1,000,000 as partial settlement of the Aggregate Consideration. The fair value of share is determined to be $659,000 at the date of settlement. The 6,666,667 Consideration Shares were issued and allotted on 24 November 2020.

(3) The Company had, on 2 March 2021, announced that it had entered into a conditional debt capitalisation agreement with Ms. Ho Yow Ping, Madam Chia Ah Tow and JL Asia Resources Pte. Ltd. (the "**Participating Creditors**"), for the proposed debt conversion and issue of conversion shares as settlement of the aggregate debt amounting to $3,825,000 owing to the Participating Creditors, into 25,500,000 new ordinary shares in the capital of the Company ("**Conversion Shares**") at the conversion price of $0.15 per Conversion Share ("**Debt Conversion**"). The 25,500,000 Conversion Shares rank pari passu in all respects with the existing ordinary shares of the Company, were issued and allotted on 25 March 2021 and the Debt Conversion completed, increasing the total number of issued shares of the Company from 203,184,029 shares to 228,684,029 shares. The fair value of the Conversion Shares amounted to $3,264,000.

(4) There were no outstanding convertibles, treasury shares and subsidiary holdings as at 31 March 2022 and 31 March 2021. In respect of the Acquisition, approximately $523,228 of the Aggregate Consideration was paid on 31 December 2021 pursuant to the issuance of Consideration Shares at the issue price of $0.15 per Consideration Share. Arising from this, 3,488,186 Consideration Shares were issued on 31 December 2021 at the then market price of $343,000.

27. Reserves

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Merger reserve	**(927)**	(927)	**–**	–
Capital reserve	**(184)**	(184)	**215**	215
Foreign currency translation reserve	**(218)**	(240)	**–**	–
Accumulated losses	**(16,484)**	(15,306)	**(14,174)**	(13,897)
	(17,813)	(16,657)	**(13,959)**	(13,682)

Merger reserve

Merger reserve represents the difference between the value of shares issued by the Group in exchange for the value of shares acquired in respect of the acquisition of subsidiaries accounted for under the pooling-of-interests method.

Capital reserve

Capital reserve also represented the difference between consideration paid and the adjustment to non-controlling interest arising from changes in Group's interest in a subsidiary that do not result in a loss of control which are accounted for as transaction with owners. The Conversion Shares for Ms. Ho Yow Ping resulted in a share conversion reserve of $215,000 within Capital reserve. Refer to Note 32 for further details.

Foreign currency translation reserve

Foreign currency translation reserve arises from the translation of financial statements of foreign entities whose functional currencies are different from the Group's presentation currency.

28. Borrowings

	Group	
	2022	2021
	$'000	$'000
Non-current		
Loans from financial institutions (secured)	**32**	368
Current		
Loans from financial institutions (secured)	**1,160**	342
	1,192	710
Effective interest rate	**6.25% - 11.00%**	6.25% - 7.50%

The Group's loans from financial institutions have maturity dates from 28 April 2022 to 31 March 2025.

The loans are secured by the following:

a. Joint and several guarantee of $300,000 executed by two directors.

b. Corporate guarantee amounting to $300,000 by M2 Group Pte. Ltd.

c. Personal guarantee of $722,000 from a director.

28. Borrowings (Continued)

The fair values of non-current borrowings are determined by discounting of cash flows at the market borrowing rates of equivalent financial instruments at the reporting date, as follows:

	Group	
	2022	**2021**
	%	**%**
Loan from financial institutions	**6**	6

The fair value of non-current borrowings at the reporting date is as follows:

	Group			
	Carrying amount		Fair value	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Financial institutions	32	368	30	358

Borrowings are denominated in Singapore dollars.

29. Significant related party transactions

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

29. Significant related party transactions (Continued)

Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following are significant transactions with related parties:

	Group	
	2022	**2021**
	$'000	**$'000**
Advance from related parties	**(69)**	(42)
Advance to related parties	**350**	(181)

Key management personnel

The fees and remuneration of the directors of the Group, who are the key management personnel of the Group, are as follows:

	Group	
	2022	**2021**
	$'000	**$'000**
Directors' fees	**224**	101
Salaries and other short-term employee benefits	**497**	112
Contributions to defined contribution plans	**23**	9
	520	121

30. Financial instruments and financial risks

The Group's activities expose it to credit risk, market risks (including foreign currency risk and interest rate risk) and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, and exposure limits, in accordance with the objectives and underlying principles approved by the Board of Directors.

30. Financial instruments and financial risks (Contiued)

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group's credit risk arises mainly from bank balances and trade and other receivables. Bank balances are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies and the Group does not expect the impairment loss from bank balances to be material, if any.

To assess and manage its credit risk, the Group categorises the aforementioned financial assets and contract assets according to their risk of default. The Group defines default to have taken place when internal or/and external information indicates that the financial asset is unlikely to be received, which could include a breach of debt covenant, and/or where contractual payments are 90 days past due as per SFRS(I) 9's presumption.

The Group has not rebutted the presumption included in SFRS(I) 9 that there has been a significant increase in credit risk since initial recognition when financial assets are more than 30 days past due.

In their assessment, the management considers, amongst other factors, the latest relevant credit ratings from reputable external rating agencies where available and deemed appropriate, historical credit experiences, available financial information and latest applicable credit reputation of the debtor.

The Group's internal credit risk grading categories are as follows:

Category	Description	Basis of recognising ECL
1	Low credit risk [Note 1]	12-months ECL
2	Non-significant increase in credit risks since initial recognition and financial asset is ≤ 30 days past due	12-months ECL
3	Significant increase in credit risk since initial recognition [Note 2] or financial asset is > 30 days past due	Lifetime ECL
4	Evidence indicates that financial asset is credit-impaired [Note 3]	Difference between financial asset's gross carrying amount and present value of estimated future cash flows discounted at the financial asset's original effective interest rate
5	Evidence indicates that the management has no reasonable expectations of recovering the write off amount [Note 4]	Written off

Note 1. Performing

The financial asset is determined to have low credit risk if the financial assets have a low risk of default, the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfil its contractual cash flow obligations. Generally, this is the case when the Group assesses and determines that the debtor has been, is in and is highly likely to be, in the foreseeable future and during the (contractual) term of the financial asset, in a financial position that will allow the debtor to settle the financial asset as and when it falls due.

30. Financial instruments and financial risks (Continued)

Credit risk (Continued)

Note 2. Doubtful

In assessing whether the credit risk of the financial asset has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial asset as of reporting date with the risk of default occurring on the financial asset as of date of initial recognition, and considered reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. In assessing the significance of the change in the risk of default, the Group considers both past due (i.e. whether it is more than 30 days past due) and forward looking quantitative and qualitative information. Forward looking information includes the assessment of the latest performance and financial position of the debtor, adjusted for the Group's future outlook of the industry in which the debtor operates based on independently obtained information (e.g. expert reports, analyst's reports etc) and the most recent news or market talks about the debtor, as applicable. In its assessment, the Group will generally, for example, assess whether the deterioration of the financial performance and/or financial position, adverse change in the economic environment (country and industry in which the debtor operates), deterioration of credit risk of the debtor, etc. is in line with its expectation as of the date of initial recognition of the financial asset. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contract payments are >30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Note 3. In default

In determining whether financial assets are credit-impaired, the Group assesses whether one or more events that have a detrimental impact on the estimated future cashflows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- Breach of contract, such as a default or being more than 90 days past due;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for the financial asset because of financial difficulties.

Note 4. Write off

Generally, the Group writes off, partially or fully, the financial asset when it assesses that there is no realistic prospect of recovery of the amount as evidenced by, for example, the debtor's lack of assets or income sources that could generate sufficient cashflows to repay the amounts subjected to the write-off.

The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

The Group and Company do not have any significant credit exposure to any single counterparty or any groups of counterparties having similar characteristics.

As at the end of the financial year, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

Corporate guarantees

The Group's subsidiary, M2 Group Pte. Ltd. provided financial guarantees to certain subsidiaries of the Group. The maximum exposure of the Group's subsidiary in respect of the intra-group financial guarantees at the reporting date is if the facility is drawn down by the subsidiaries in the amount of $1,192,000 (2021: $710,000). At the reporting date, the Group has considered it is not probable that a claim will be made against the subsidiary under the intra-group financial guarantees.

30. Financial instruments and financial risks (Continued)

Credit risk (Continued)

Exposure to credit risk

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets as follows:

	Group	
	2022	**2021**
	$'000	**$'000**
Financial assets at amortised cost		
Trade and other receivables#	**1,079**	1,101
Other assets#	**1,187**	1,149
	2,266	2,250

	Company	
	2022	**2021**
	$'000	**$'000**
Financial assets at amortised cost		
Trade and other receivables#	**8,403**	7,710
Other assets#	**12**	4
	8,415	7,714

Exclude goods and services tax, prepayments and advance to suppliers.

The Group's and the Company's major classes of financial assets are trade and other receivables (excluding goods and services tax and prepayments), other assets, cash and cash equivalents.

30. Financial instruments and financial risks (Continued)

Credit risk (Continued)

Exposure to credit risk (Continued)

The tables below detail the credit quality of the Group's and the Company's financial statements and other items, as well as maximum exposure to credit risk by credit risk rating grades:

Group	**Internal credit rating**	**12-month/ Lifetime ECL**	**Gross carrying amount**	**Loss allowance**	**Net carrying amount**
			$'000	**$'000**	**$'000**
At 31 March 2022					
Trade and other receivables#	**(3)**	**Lifetime ECL**	**1,122**	**(43)**	**1,079**
Other assets#	**(2)**	**12 months ECL**	**1,104**	**–**	**1,104**
			2,226	**(43)**	**2,183**
At 31 March 2021					
Trade and other receivables#	(3)	Lifetime ECL	1,144	(43)	1,101
Other assets#	(2)	12 months ECL	1,149	–	1,149
			2,293	(43)	2,250

Company	**Internal credit rating**	**12-month/ Lifetime ECL**	**Gross carrying amount**	**Loss allowance**	**Net carrying amount**
			$'000	**$'000**	**$'000**
At 31 March 2022					
Trade and other receivables#	**(3)**	**Lifetime ECL**	**33,918**	**(25,515)**	**8,403**
Other assets#	**(2)**	**12 months ECL**	**12**	**–**	**12**
			33,930	**(25,515)**	**8,415**
At 31 March 2021					
Trade and other receivables#	(3)	Lifetime ECL	33,225	(25,515)	7,710
Other assets#	(2)	12 months ECL	4	–	4
			33,229	(25,515)	7,714

Exclude goods and services tax, prepayments and advance to suppliers.

30. Financial instruments and financial risks (Continued)

Credit risk (Continued)

Exposure to credit risk (Continued)

Trade and other receivables

The Group and the Company apply the SFRS(I) 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade and other receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical credit loss experiences. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company and the Group have identified the Gross Domestic Product of Singapore, the country in which it operates to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables relate to the collection of payment from customers. The credit risks relating to balances pending payment from customers are not deemed to be significant based on the external credit ratings of the counterparties.

Trade receivables are written off when there is no reasonable expectation of recovery. Impairment losses on trade receivables are presented as net impairment losses within other operating expenses. Subsequent recoveries of amounts previously written off are credited against the same line item. Loss allowance as at 31 March 2022 amounting to $43,000 (2021: $43,000) are disclosed in Note 12.

As of 31 March 2022, the Company recorded other receivables from subsidiaries of $33,904,000 (2021: $33,211,000) consequent to an extension of loans to the subsidiaries, for which the Company recognised credit losses of $25,515,000 (2021: $25,515,000). In its assessment of the credit risk of the subsidiaries, the Company considered amongst other factors, the latest performance and financial position of the subsidiaries as of 31 March 2022, the past financial performance and cashflow trends, adjusted for the future outlook of the industry and economy in which the subsidiaries operate in and determined that the credit rating of these receivables deteriorated significantly and is no longer considered to be low credit risk. Accordingly, lifetime expected credit losses was recognised by the Company.

Other assets

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy companies or individuals with a good payment record with the Group and the Company. Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit ratings and no history of default.

Financial assets that are past due but not impaired

There is no other class of financial assets that is past due but not impaired except for trade and other receivables.

30. Financial instruments and financial risks (Continued)

Credit risk (Continued)

Exposure to credit risk (Continued)

Cash and cash equivalents

Cash is placed with financial institutions which are regulated and have good credit ratings. Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

An ageing analysis of trade receivables (gross before impairment losses) at the reporting date is as follows:

The credit risk for trade receivables based on the information provided to the key management is as follows:

	Group	
	2022	**2021**
	$'000	**$'000**
Not past due	**409**	154
Past due 0 to 90 days	**21**	681
Past due 91 to 182 days	**313**	47
Past due 183 to 365 days	**235**	6
Past due over 365 days	**40**	11
	1,018	899

There are no trade receivables in company level. Hence, ageing analysis are not presented.

Liquidity risk

Liquidity or funding risk is the risk that the Group and the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's objective is to maintain a balance between continuity of funding and flexibility through amounts due to related parties, obligations under finance leases, cash and short-term deposits. To ensure the continuity of funding for the Group's operations, the Group obtains short-term funding from reputable financial institutions.

The Group has obtained written continuing financial support from the holding company to meet its liabilities and normal operating expenses to be incurred.

30. Financial instruments and financial risks (Continued)

Liquidity risk (Continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows:

	Carrying amount $'000	Contractual cashflows $'000	Less than 1 year $'000	Between 1 and 5 years $'000
Group				
2022				
Trade and other payables##	**6,639**	**6,639**	**6,639**	**–**
Lease liabilities	**5,459**	**5,789**	**3,137**	**2,652**
Borrowings	**1,192**	**1,223**	**1,191**	**32**
	13,290	**13,651**	**10,967**	**2,684**
2021				
Trade and other payables##	5,964	5,977	5,977	–
Lease liabilities	6,686	7,150	2,971	4,179
Borrowings	710	773	381	392
	13,360	13,900	9,329	4,571
Company				
2022				
Trade and other payables##	**12,410**	**12,410**	**12,410**	**–**
2021				
Trade and other payables##	11,416	11,416	11,416	–

Exclude goods and services tax

The Group and the Company ensure that there are adequate funds to meet all their obligations in a timely and cost-effective manner.

Market risks

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate due to changes in market prices.

The Group and the Company are not exposed to any movement in market price risk as they do not hold any quoted or marketable financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group and the Company are not exposed to interest rate risk as the Group and Company do not have significant variable interest-bearing financial instruments.

Foreign currency risk

Foreign currency risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group does not have currency risk as all of the group entities' business activities were carried out in their respective functional currencies.

31. Fair value measurement

Definition of fair value

SFRS(I)s define fair value as 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.

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(a) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(c) Level 3 - Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Fair value measurement of financial assets and financial liabilities

The following summarises the significant methods and assumption used in estimating fair values of financial instruments of the Group.

Fair values of financial instruments

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2022				
Financial assets, at FVTPL (Note 17)	–	–	320	320
2021				
Financial assets, at FVTPL (Note 17)	–	–	320	320

Fair value measurement of financial assets

Financial assets, at FVTPL (Note 17)

The fair values of financial assets, at FVTPL are estimated using the Black-Scholes model for the financial year ended 31 March 2022.

31. Fair value measurement (Continued)

Fair value measurement of financial assets (Continued)

Financial assets, at FVTPL (Note 17) (Continued)

The fair value of financial assets, at FVTPL included in Level 3 is determined as follows:

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement	Sensitivity of the fair value measurement to input
Black-Scholes model	Risk-free rate	The higher the control, the higher the fair value	An increase/(decrease) by 10% of the fair value would increase/(decrease) the carrying amount by $32.
	Volatility rate	The higher the liquidity, the higher the fair value	

The reconciliation of the movement is disclosed in Note 17. There were no transfers between Level 1 and Level 2 in 2022.

Measurement of fair value

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialist for complex valuations on 30 November 2020. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. The finance team reports directly to the chief financial officer (CFO) and to the audit committee. Valuation processes and fair value changes are discussed among the audit committee and the valuation team.

During the financial year, there is no change in the applicable valuation techniques.

Non-current financial assets and financial liabilities

The carrying amounts of variable rate non-current loans from financial approximate their fair values. The carrying amounts of finance leases approximate their fair values as they bear interest at rates which approximate market rates for similar arrangements. The fair values of interest-free loans from an executive director and a former director at inception are based on discounted cash flows using incremental rate of borrowing after due consideration of the risk-free rate and credit spread.

Other financial assets and financial liabilities

The carrying amounts of other financial assets and financial liabilities (trade and other receivables, trade and other payables, and borrowings) which have a maturity of less than one year approximate their fair value because of the short-term period of maturity.

Fair value measurements using significant unobservable inputs (Level 3)

Consideration payable

The fair value of consideration payable is based on a discount rate applied to the cash consideration payable on a date agreed on the sales and purchase agreement.

	Group and Company	
	2022	**2021**
	$'000	**$'000**
At beginning of year	**1,011**	–
Consideration payable	**–**	1,011
Issuance of share	**(343)**	–
Rounding difference	**(1)**	–
At end of year	**667**	1,011

32. Debt restructuring/conversion

Pursuant to the Debt Capitalisation Agreement signed on 1 March 2021 among the Company and Ms. Ho Yow Ping, Madam Chia Ah Tow and JL Asia Resources Pte. Ltd. (collectively, "**Participating Creditors**"), the Company effected a Debt restructuring which involved the Company's issuance of an aggregate of 25,500,000 ordinary shares in the Company for a capitalisation of the loans from the Participating Creditors of the Company (the "**Conversion Shares**").

Following the issuance and allotment of the Conversion Shares, the Company's issued and paid-up share capital has increased from 203,184,029 shares to 228,684,029 shares.

The Company recorded a gain on the extinguishment of loan of $561,000 due to the difference between the carrying value of loans extinguished and allotment price agreed of $3,825,000 and fair value of $3,264,000. Based on the disclosure below, $215,000 has been recognised as capital reserve.

The summary of debt restructuring exercise is as follows:

	2022 $'000	2021 $'000
Loan settled by issuance of shares	–	3,825
Total settlement	–	3,825

	2021		
	Allotment price $'000	Fair value $'000	Gain on Extinguishment $'000
Shares issued equity holders in their capacities as equity holders			
- Capital reserve	1,463	1,248	215
Shares issued to non-equity holders			
- Profit or loss	2,362	2,016	346
	3,825	3,264	561

	Total No. of shares
Total shares issued	25,500,000

33. Segment information

Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services provided. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and services in different markets.

Business segments

Management has determined the operating segments based on the reports reviewed to make strategic decisions. Each segment represents a strategic business unit that offers different types of products and services. The Group's reportable segments are as follow:-

- Beauty, slimming and spa treatment for women
- Beauty, slimming and spa treatment for men
- Direct selling
- Investment holding
- Hairdressing

Inter-segment transactions are determined on an arm's length basis.

Segment assets comprise of cash and cash equivalents, trade and other receivables, inventories, plant and equipment and other current assets. Segment assets exclude deferred tax assets.

Segment liabilities comprise primarily trade and other payables, specific borrowings and which can be attributable to the specific segments. Segment liabilities exclude current tax liabilities.

Geographical segments

The Group's geographical segments are based on the geographical location of the assets. Sales to external customers disclosed in geographical segments are attributed to geographic areas based on origins of the Group's customers.

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise taxation balances.

33. Segment information (Continued)

(a) Business segments

(i) The following table presents revenue and results information regarding the Group's business segments for the years ended 31 March 2022 and 2021:

	Beauty, slimming And spa treatment for women		**Beauty, slimming And spa treatment for men**		**Direct selling**		**Investment holdings**		**Hairdressing**		**Total**	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue	**6,157**	5,579	**189**	89	**544**	822	**–**	–	**6,566**	3,951	**13,456**	10,441
Inter-segment revenue	**(139)**	(587)	**–**	–	**–**	–	**–**	–	**(835)**	(512)	**(974)**	(1,099)
External revenue	**6,018**	4,992	**189**	89	**544**	822	**–**	–	**5,731**	3,439	**12,482**	9,342
Other information:												
Other income	**1,087**	2,045	**37**	141	**44**	152	**–**	–	**543**	236	**1,711**	2,574
Purchases and related costs	**(397)**	(436)	**(1)**	(2)	**(145)**	(221)	**–**	–	**(1,707)**	(618)	**(2,250)**	(1,277)
Staff costs	**(4,149)**	(3,404)	**(250)**	(264)	**(138)**	(122)	**–**	–	**(2,899)**	(1,223)	**(7,436)**	(5,013)
Depreciation of plant and equipment	**(210)**	(76)	**–**	(1)	**(1)**	(4)	**–**	–	**(252)**	(98)	**(463)**	(179)
Depreciation of right-of-use assets	**(926)**	(579)	**–**	–	**–**	(16)	**–**	–	**(1,060)**	(393)	**(1,986)**	(988)
Operating lease expense	**(303)**	(148)	**–**	(2)	**–**	–	**–**	–	**(169)**	–	**(472)**	(150)
Other operating expenses	**(1,734)**	(1,735)	**(38)**	(58)	**(69)**	(252)	**(6)**	(1)	**(498)**	(334)	**(2,345)**	(2,380)
Finance costs	**(291)**	(270)	**–**	(1)	**–**	(22)	**–**	–	**(175)**	(119)	**(466)**	(412)
(Loss)/Profit before taxation											**(1,225)**	1,517
Income tax expense											**(64)**	(74)
Loss)/Profit for the year											**(1,289)**	1,443

33. Segment information (Continued)

(a) Business segments (Cont'd)

(ii) The following table presents assets, liabilities and other segment information regarding the Group's business segments for the years ended 31 March 2022 and 2021:

	Beauty, slimming and spa treatment for women		Beauty, slimming and spa treatment for men		Direct selling		Investment holdings		Hairdressing		Total	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets and liabilities:												
Segment assets	**3,748**	6,575	**82**	143	**79**	399	**27**	33	**7,987**	5,465	**11,923**	12,615
Total assets												12,615
Segment liabilities	**12,219**	11,828	**146**	122	**66**	100	**9**	8	**4,878**	4,984	**17,318**	17,042
Unallocated liabilities												
- Income tax payables	**–**	–	**–**	–	**–**	–	**–**	–	**138**	182	**138**	182
Total liabilities											**17,456**	17,224
Other segment information:												
Capital expenditure	**424**	637	**–**	26	**137**	17	**–**	–	**202**	496	**763**	1,176
Depreciation of plant and equipment	**210**	76	**–**	1	**1**	4	**–**	–	**252**	98	**463**	179
Impairment loss on plant and equipment	**166**	84	**–**	8	**2**	–	**–**	–	**–**	27	**168**	119
Gain on disposal of plant and equipment	**–**	–	**–**	–	**–**	(2)	**–**	–	**–**	–	**–**	(2)
Gain on disposal of right-of-use assets	**–**	–	**–**	–	**–**	(1)	**–**	–	**–**	–	**–**	(1)
Plant and equipment written off	**–**	–	**–**	–	**–**	26	**–**	–	**–**	–	**–**	26
Depreciation of right-of-use assets	**926**	579	**–**	–	**–**	16	**–**	–	**1,060**	393	**1,986**	988
Impairment loss on right-of-use assets	**–**	–	**–**	–	**–**	–	**–**	–	**–**	55	**–**	55
Right-of-use assets written off	**163**	–	**–**	–	**–**	–	**–**	–	**–**	–	**163**	–
Lease liabilities written off	**(168)**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(168)**	–
Amortisation of intangible assets	**–**	–	**–**	–	**–**	–	**–**	–	**36**	12	**36**	12

33. Segment information (Continued)

(b) Geographical information

	Singapore		Malaysia		China		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue - Sales to external customers	**11,943**	8,362	**538**	980	**1**	–	**12,482**	9,342
Non-current assets#	**7,205**	7,618	**101**	234	**–**	–	**7,306**	7,852

Note # - exclude deferred tax asset and deposits

The Group's non-current assets comprising plant and equipment and right-of-use assets are mainly located in Singapore and Malaysia.

Information about major customers

The Group does not have any major customers.

34. Capital management policies and objectives

The Group's capital management policy is to ensure that it maintains capital ratios with a view to optimise shareholders' value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payout to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

There were also no changes in the Group's approach to capital management during the financial years ended 31 March 2021 and 2020.

The Group monitors capital on the basis of the net debt to total capital ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings, trade and other payables and less cash and cash equivalents. Total equity is calculated as share capital plus reserves excluding non-controlling interest. Total capital is calculated as total equity plus net debt.

The net debt to total capital ratio is calculated as follows:

	Group	
	2022	2021
	$'000	$'000
Borrowings	**1,192**	710
Lease liabilities	**5,459**	6,686
Trade and other payables	**6,874**	6,145
Less: Cash and cash equivalents	**(1,353)**	(1,562)
Net debt	**12,172**	11,979
Total equity	**(5,533)**	(5,056)
Total capital	**6,639**	6,923
Net debt to total capital ratio	**1.8**	1.7

STATISTICS OF SHAREHOLDINGS

AS AT 21 OCTOBER 2022

ISSUED AND PAID-UP CAPITAL	:	S$ 11,944,209
NO. OF SHARES	:	232,172,215
NO. OF TREASURY SHARES AND SUBSIDIARY HOLDINGS	:	NIL
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	1 VOTE PER SHARE

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF HOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	1	0.23	1	0.00
100 – 1,000	143	33.49	136,200	0.06
1,001 – 10,000	105	24.59	663,300	0.29
10,001 – 1,000,000	162	37.94	18,824,356	8.11
1,000,001 and above	16	3.75	212,548,358	91.54
Total	427	100.00	232,172,215	100.00

LIST OF TOP TWENTY SHAREHOLDERS

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	%
1	SUKI SUSHI PTE LTD	110,466,839	47.58
2	HO YOW PING (HE YOUPING)	42,433,333	18.28
3	GRACE HOW PEI YEN	19,090,266	8.22
4	MARY CHIA AH TOW	14,120,000	6.08
5	LEE ENG TAT	7,159,853	3.08
6	HAN SENG JUAN	2,300,000	0.99
7	ONG PANG AIK	2,300,000	0.99
8	SONG WEI MING	2,300,000	0.99
9	TEO KEE BOCK	2,300,000	0.99
10	DBS NOMINEES PTE LTD	1,805,100	0.78
11	LEE BOON LENG	1,626,667	0.70
12	UOB KAY HIAN PTE LTD	1,524,800	0.66
13	IFAST FINANCIAL PTE LTD	1,458,800	0.63
14	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	1,449,100	0.62
15	CHEW THYE CHUAN OR TAN SEW MAI	1,162,200	0.50
16	LEONG POH CHOO	1,051,400	0.45
17	LEE CHENG SHEUN	1,000,000	0.43
18	HAU SWEE WOOI	991,000	0.43
19	TAN LYE SENG	961,500	0.42
20	PAH KUN LIM	892,100	0.38
	Total:	216,392,958	93.20

SUBSTANTIAL SHAREHOLDERS

NAME OF SHAREHOLDERS	DIRECT INTEREST NO. OF SHARES	%	DEEMED INTEREST NO. OF SHARES	%
SUKI SUSHI PTE LTD	110,466,839	47.58	–	–
HO YOW PING (HE YOUPING)	42,433,333	18.28	110,466,839	47.58
LEE BOON LENG	1,626,667	0.70	110,466,839	47.58
GRACE HOW PEI YEN	19,090,266	8.22	–	–
MARY CHIA AH TOW	14,120,000	6.08	–	–

Notes

*Suki Sushi Pte Ltd ("**Suki**") holds 110,466,839 shares in the Company. The shareholders of Suki are Mr Lee Boon Leng (78.55%).*

Ms Ho Yow Ping and Mr Lee Boon Leng are deemed to have an interest in the Company by virtue of their 78.55% and 21.45% respectively shareholding interest in Suki.

PUBLIC FLOAT

Based on the information available to the Company as at 21 October 2022, approximately 14.61 % of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Limited is complied with.

NOTICE IS HEREBY GIVEN that the Annual General Meeting **("AGM")** of Mary Chia Holdings Limited (the "**Company**") will be held at 26 Tai Seng Street, #07-02 J'Forte, Singapore 534057 on Monday, 28 November 2022 at 10.00 a.m. (Singapore Time), to transact the following businesses:

AS ORDINARY BUSINESS:

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2022 together with the Auditors' Report thereon. **Resolution 1**

2. To approve the payment of Directors' fees of up to S$150,000 for the financial year ending 31 March 2023 (FY2022: S$105,000). **Resolution 2**

3. To note the retirement of Ms Ng Lee Eng, who retires by rotation pursuant to Article 98 of the Company's Constitution, as a Director of the Company.

4. To re-elect Mr Chay Yiowmin, who retires pursuant to Article 102 of the Company's Constitution, as a Director of the Company. ***[See Explanatory Note (i)]*** **Resolution 3**

5. To note that Mazars LLP will not be seeking re-appointment as auditor of the Company. ***[See Explanatory Note (ii)]***

6. To transact any other ordinary business which may be properly transacted at the AGM.

   6(a) To receive and adopt the re-issued and restated Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2019 together with the Auditors' Report thereon. ***[See Explanatory Note (iii)]*** **Resolution 4**

AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:-

7. **Authority to allot and issue shares and convertible securities**

   That pursuant to Section 161 of the Companies Act 1967 of Singapore (the "**Companies Act**") and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Catalist Rules**"), the Directors of the Company be authorised and empowered to:

   (a) (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares; and/or

   (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus, or capitalisation issues.

   At any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force), issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution is in force,

provided that:

(1) the aggregate number of Shares to be allotted and issued pursuant to this Resolution (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) shall not exceed one hundred per cent. (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below) of which the aggregate number of Shares to be allotted and issued other than on a pro-rata basis to shareholders of the Company (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below) or such other limit as may be prescribed by the Catalist Rules as at the date this Resolution is passed;

(2) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:-

(i) new Shares arising from the conversion or exercise of the convertible securities;

(ii) (where applicable) new Shares arising from exercising of share options or vesting of share awards, provided that share options or share awards were granted (as the case may be) in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(iii) any subsequent bonus issue, consolidation or sub-division of Shares,

provided further that adjustments in accordance with (i) and (ii) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

(3) in exercising the authority conferred by this Ordinary Resolution 5, the Company shall comply with the rules, guidelines and measures issued by the SGX-ST from time to time and the provisions of the Catalist Rules for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law and the Catalist Rules to be held, whichever is the earlier.
[See Explanatory Note (iv)] **Resolution 5**

8. **Authority to issue shares under the Mary Chia Holdings Limited Performance Share Plan 2022**

That the Directors be and are hereby authorised to grant Awards in accordance with the provisions of the Mary Chia Holdings Limited Performance Share Plan 2022 (the **"PSP 2022"**) and to allot and issue from time to time such number of fully paid-up Shares as may be required to be issued or issuable pursuant to the vesting of Awards under the PSP 2022, provided that the aggregate number of shares to be allotted and issued pursuant to the PSP 2022, shall not exceed fifteen per cent. (15%) of the issued Shares of the Company from time to time (excluding Treasury Shares and subsidiary holdings). ***[See Explanatory Note (v)]*** **Resolution 6**

By Order of the Board

Shirley Lim Guat Hua
Company Secretary

11 November 2022

Explanatory Notes:

(i) Ordinary Resolution 3, Mr Chay Yiowmin, will upon re-election as a Director of the Company, continue as Lead Independent Director, Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees and will be considered independent pursuant to Rule 704(7) of the Catalist Rules. Please refer to the Corporate Governance Report on pages 14 to 38 of the Annual Report for the detailed information required pursuant to Rule 720(5) of the Catalist Rules.

(ii) Mazars LLP has expressed that they will not be seeking re-appointment as auditor of the Company **("Auditor")**. The Company is in the midst of identifying a suitable auditing firm and will make further announcement(s) when the new Auditor has been identified and convene an extraordinary general meeting to obtain shareholders' approval for the appointment of the new Auditor in due course.

(iii) Ordinary Resolution 4 proposed in item 6(a), if passed, will authorise and empower the Directors, Secretary or any person designated by the Company to lodge the requisite notice with the Accounting and Corporate Regulatory Authority **("ACRA").**

The revised financial statement for the financial year ended 31 March 2019 of the Group was to remediate findings by the Accounting and Corporate Regulatory Authority of Singapore on compliance with paragraph 31 of the Singapore Financial Reporting Standards (International) 1-7 *Statement of Cash Flows.* The revisions relate to presentation of dividends paid to non-controlling interest amounting to S$20.6 million under "Cash Flows from Financing Activities" instead of "Cash Flows from Operating Activities". This would result in net cash used in financing activities being S$51.9 million or 65.6% higher, while net cash used in operating activities would be S$8.5 million or 70.6% lower.

(iv) Ordinary Resolution 5 proposed in item 7, if passed, will authorise and empower the Directors of the Company from the date of this AGM until the conclusion of the next AGM or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to allot and to issue further Shares and make and grant convertible securities convertible into Shares, without seeking any further approval from shareholders in general meeting but within the limitation imposed by this Resolution, for such purposes as the Directors may consider what would be in the best interests of the Company. The number of Shares and convertible securities that the Directors may issue under this Resolution would not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this Resolution. For issue of Shares and convertible securities other than on a pro-rata basis to all shareholders, the aggregate number of Shares and convertible securities to be issued shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this Resolution. As at 11 November 2022, the Company had no treasury shares and subsidiary holdings.

(v) Ordinary Resolution 6 proposed in item 8, if passed, will empower the Directors to allot and issue shares in the Company of up to a number not exceeding in total fifteen per cent (15%) of the total number of issued shares (excluding Treasury Shares and subsidiary holdings) in the share capital of the Company from time to time pursuant to the vesting of Awards under the PSP 2022.

Notes:

1. The AGM will be held, in a wholly physical format, at 26 Tai Seng Street, #07-02 J'Forte, Singapore 534057 on Monday, 28 November 2022 at 10.00 a.m. (Singapore Time) pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. **There will be no option for shareholders to participate virtually.** No printed copies of this Notice of AGM will be sent to members. Instead, this Notice of AGM will be sent to members by electronic means via publication at the SGXNet at the URL https://www.sgx.com/securities/company-announcements.

2. The Company will be implementing COVID-19 vaccination-differentiated safe management measures at the AGM (i.e., all attendees must be fully vaccinated, recovered from COVID-19 in the past 180 days, or medically ineligible for vaccination) and/or any other safe management measures as may be required or recommended under any regulations, directives, measures or guidelines that may be issued from time to time by any government or regulatory agency in light of the COVID-19 situation in Singapore. Members should check the SGXNet at the URL https://sgx.com/securities/company-announcements for the latest updates.

3. Arrangements relating to attendance at the AGM, submission of questions to the Chairman of the Meeting in advance of, or at, the AGM, addressing of substantial and relevant questions in advance of, or at, the AGM, and voting at the AGM by the member or his/her/its duly appointed proxy(ies), are set out in the accompanying Company's announcement dated 11 November 2022. This announcement may be accessed at the SGXNet at the URL https://www.sgx.com/securities/company-announcements.

4. Each of the resolutions to be put to the vote of members at the AGM (and at any adjournment thereof) will be voted on by way of a poll.

5. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

   A member can appoint the Chairman of the Meeting as his/her/its proxy, but this is not mandatory.

No printed copies of the accompanying proxy form for the AGM will be sent by post to members. The proxy form can be accessed at the SGXNet at the URL https://www.sgx.com/securities/company-announcements.

6. A proxy need not be a member of the Company.

7. Completion and return of the instrument appointing a proxy(ies) by a member will not prevent him/her from attending, speaking and voting at the AGM if he/she so wishes. The appointment of the proxy(ies) for the AGM will be deemed to be revoked if the member attends the AGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the AGM.

8. The instrument appointing proxy(ies) must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged at the office of the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896; or

   (b) if submitted electronically, be submitted via email to the Company's Share Registrar at main@zicoholdings.com.

   in either case, not later than 10.00 a.m. on 26 November 2022, being forty-eight (48) hours before the time appointed for holding the AGM.

   A member who wishes to submit the proxy form must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or sending it by email to any of the two email addresses provided above.

9. The proxy form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the proxy form is executed by a corporation, it must be executed either under its common seal (or by the signatures of authorised persons in the manner as set out under the Companies Act as an alternative to sealing) or under the hand of an attorney or a duly authorised officer of the corporation.

10. Where the proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the proxy form, failing which the proxy form may be treated as invalid.

11. A depositor's name must appear in the Depository Register maintained by The Central Depository (Pte) Limited as at seventy-two (72) hours before the time appointed for holding the AGM in order for the depositor to be entitled to attend, speak and vote at the AGM.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the **"Purposes"**), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/ or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/ or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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Mary Chia Holdings Limited
(Incorporated in the Republic of Singapore)
(Registration No: 200907634N)

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT:
1. The Annual General Meeting ("**AGM**") will be held, in a wholly physical format, at 26 Tai Seng Street, #07-02 J'Forte, Singapore 534057 on Monday, 28 November 2022 at 10.00 a.m. (Singapore time), pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. **There will be no option for shareholders to participate virtually.**
2. The AGM Alternative Arrangements Announcement, the Notice of AGM and this proxy form have been made available at the SGXNet at the URL https://www.sgx.com/securities/company-announcements. No printed copies of the Notice of AGM and this proxy form will be sent to members.
3. Arrangements relating to attendance at the AGM, submission of questions to the Chairman of the Meeting in advance of, or at, the AGM, addressing of substantial and relevant questions in advance of, or at, the AGM, and voting at the AGM by the member or his/her/its duly appointed proxy(ies), are set out in the accompanying Company's announcement dated 11 November 2022. This announcement may be accessed at the SGXNet at the URL https://sgx.com/securities/company-announcements.
4. Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of a proxy(ies).
5. This proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPFIS/SRS investors who hold SGX shares through CPF Agent Banks/SRS Operators. CPFIS/SRS investors:
   (a) may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks/SRS Operators, and should contact their respective CPF Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies; or
   (b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM, in which case they should approach their CPF Agent Banks/SRS Operators to submit their votes by 5.00 p.m. on 17 November 2022.

Personal data privacy:
By submitting an instrument appointing a proxy(ies), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 11 November 2022.

*I/We ____________________(Name) *NRIC/Passport/Co. Reg No. ____________________

of ____ (Address)

being *a member/members of **MARY CHIA HOLDINGS LIMITED** (the "**Company**"), hereby appoint:

Name:	**NRIC/Passport No.:**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address:			
*and/or			
Name:	**NRIC/Passport No.:**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address:			

as *my/our *proxy/proxies, to attend, speak and vote for *me/us on *my/our behalf, at the AGM of the Company to be held at 26 Tai Seng Street, #07-02 J'Forte, Singapore 534057 on Monday, 28 November 2022 at 10.00 a.m. (Singapore Time) and at any adjournment thereof. *I/We direct *my/our *proxy/proxies, to vote for or against, or to abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder.

Voting will be conducted by poll. If you wish your proxy/proxies to vote all your shares "For" or "Against" the relevant resolution, please indicate with an "X" or a "√" in the "For" or "Against" box provided in respect of that resolution. Alternatively, please insert the relevant number of shares "For" or "Against" in the "For" or "Against" box provided in respect of that resolution. If you wish your proxy/proxies to abstain from voting on a resolution, please indicate with an "X" or a "√" in the "Abstain" box provided in respect of that resolution. Alternatively, please insert the relevant number of shares in the "Abstain" box provided in respect of that resolution. In any other case, the proxy/proxies may vote or abstain as the proxy/proxies deem(s) fit on any of the below resolutions if no voting instruction is specified, and on any other matter arising at the AGM and at any adjournment thereof.

THIS PROXY FORM IS VALID ONLY WHEN SIGNED AND DATED.				
No.	**Resolutions relating to:**	**For**	**Against**	**Abstain**
	ORDINARY BUSINESS			
1.	To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2022 together with the Auditors' Report thereon.			
2.	To approve the payment of Directors' fees of up to S$150,000 for the financial year ending 31 March 2023 (FY2022: S$105,000).			
3.	To re-elect Mr Chay Yiowmin as a Director.			
4.	To receive and adopt the re-issued and restated Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2019 together with the Auditors' Report thereon.			
	SPECIAL BUSINESS			
5.	To authorise Directors to allot and issue shares.			
6.	To authorise Directors to issue shares under the Mary Chia Holdings Limited Performance Share Plan 2022.			

* Delete as appropriate

Dated this __________ day of __________________ 2022

Total number of Shares in	**Number of Shares**
(i) CDP Register	
(ii) Register of Members	
Total (Note 2)	

____
Signature(s) Member(s)/
common seal of Corporate Member(s)
IMPORTANT: PLEASE READ NOTES OVERLEAF.

IMPORTANT: PLEASE READ THE FOLLOWING NOTES

Notes:

1. Each of the resolutions to be put to the vote of members at the AGM (and at any adjournment thereof) will be voted on by way of a poll.

2. Unless a lesser number of shares is specified by the member on the form itself, the instrument appointing a proxy(ies) shall be deemed to relate to all the shares held by the member in the account for which this form was issued.

3. No printed copies of this proxy form will be sent by post to members. This proxy form can be accessed at the SGXNet at the URL https://www.sgx.com/securities/company-announcements.

4. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

   A member can appoint the Chairman of the Meeting as his/her/its proxy, but this is not mandatory.

5. A proxy need not be a member of the Company.

6. The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged at the office of the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896; or
   (b) if submitted electronically, be submitted via email to the Company's Share Registrar at main@zicoholdings.com.

   in either case, not later than 10.00 a.m. on 26 November 2022, being forty-eight (48) hours before the time appointed for holding the AGM.

7. Completion and return of the instrument appointing a proxy(ies) by a member will not prevent him/her from attending, speaking and voting at the AGM if he/she so wishes. The appointment of the proxy(ies) for the AGM will be deemed to be revoked if the member attends the AGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the AGM.

8. The instrument appointing a proxy(ies), if submitted by post or electronically via email, must be signed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy(ies) is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

9. A corporation which is a member may authorise by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act 1967.

General:

The Company shall be entitled to reject an instrument appointing a proxy(ies) if it is incomplete, improperly completed or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instrument appointing a proxy(ies) (including any related attachment). In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy(ies) lodged or submitted if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at seven-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of the AGM dated 11 November 2022.

COMPANY INFORMATION

COMPANY REGISTRATION NUMBER

200907634N

REGISTERED OFFICE

183 Thomson Road
Goldhill Shopping Centre
Singapore 307628
Tel: 6252 9651
Fax: 6255 6862

BOARD OF DIRECTORS

Ho Yow Ping (He YouPing)
(Executive Chairman / Chief Executive Officer)
Chay Yiowmin (Lead Independent Director)
Sim Eng Huat (Independent Director)
Gillian Ng Lee Eng (Independent Director)

COMPANY SECRETARY

Shirley Lim Guat Hua

SHARE REGISTRAR

B.A.C.S Private Limited
77 Robinson Road
#06-03 Robinson 77
Singapore 068896
Email: main@zicoholdings.com

SPONSOR

SAC Capital Private Limited
(Resigned on 28 October 2022)
1 Robinson Road
#21-00 AIA Tower
Singapore 048542

Evolve Capital Advisory Private Limited
(Appointed on 29 October 2022)
138 Robinson Road
#13-02 Oxley Tower
Singapore 068906

AUDIT COMMITTEE

Chay Yiowmin (Chairman)
Sim Eng Huat
Gillian Ng Lee Eng

NOMINATING COMMITTEE

Sim Eng Huat (Chairman)
Chay Yiowmin
Gillian Ng Lee Eng

REMUNERATION COMMITTEE

Gillian Ng Lee Eng (Chairman)
Sim Eng Huat
Chay Yiowmin

BANKERS

DBS Bank Ltd

INDEPENDENT AUDITOR

Mazars LLP
Public Accountants and
Chartered Accountants
135 Cecil Street
#10-01
Singapore 069536
Partner-in-charge: Chin Chee Choon
(since financial year ended 31 March 2022)

MARY CHIA
HOLDINGS LIMITED