MARY CHIA
HOLDINGS LIMITED

2017
ANNUAL REPORT

MARY CHIA | URBAN HOMME | MCU BEAUTITUDES | MASEGO | ORGANICA | HUANG AH MA | GO60 | LPG ENDERMOSPA | SCINN

MARY CHIA
HOLDINGS LIMITED

CORPORATE PROFILE

Mary Chia Holdings Limited ("MCH" and together with its subsidiaries, the "Group") is one of Singapore's leading lifestyle and wellness service providers. Listed on the SGX-ST Catalist on 11 August 2009, MCH is principally engaged in the provision of lifestyle and wellness services for both women and men at its lifestyle and wellness centres under the "Mary Chia" (for women), "Urban Homme" (for men), "GO60" (for professionals, managers, executives and businessmen ("PMEBs")), "Masego" (for families), "Huang Ah Ma" (for tourists and PMEBs), "LPG Endermospa" (for PMEBs), "Organica" (for direct selling), "Scinn Medical Centre" and "MCU Beautitudes" (for medical aesthetics) brands.

The Group's core services can be broadly categorized into (i) beauty and facial services; (ii) slimming services; and (iii) spa and massage services. Its ancillary business is in the sale of lifestyle and wellness products under the "MU" brand at its lifestyle and wellness centres, as well as the distribution of "Organica" range of products through its direct selling network.

MCH has also achieved the prestigious ISO 9001:2008 certification and was awarded with Singapore Prestige Brand Award in 2005, Superbrands – Singapore's Choice in 2004/2005 and 2009 respectively, and was awarded one of the Top 3 Wellness Providers by AsiaOne's readers in 2010. In 2014, the Group is also proud to be presented the Singapore Service Class by Spring Singapore in recognition of the Group's commendable performance in service excellence. In 2016, Mary Chia is awarded the ASEAN Outstanding Business Award – Master Class Award in Beauty and Slimming Industry Development.

CONTENTS

MARY CHIA™
body • face • spa

With over 35 years of specialized expertise in the field of weight management and skincare, Mary Chia Beauty and Slimming Specialist remains to be the preferred choice for many female customers looking for a trusted name in helping them achieve their desired physique and complexion.

In May 2016, Mary Chia's exclusive skincare, body care and nutrition product range "MU", launched its Limited Edition MU V.TIVATE Mist Spray with Taiwanese Actress Chen Meifeng. Presenting her a unique packaging in crisp white, tipped in platinum, as well as a pink-hued crystal shaped flaçon, specially designed for Chen. Mary Chia also hosted a beauty seminar on 14 May 2016 at the Marina Bay Sands Convention Centre with MU Ambassadors Li Nanxing and Constance Song, to a crowd of 400, sharing the use of its skincare and nutrition products and showcasing its new face slimming treatment from Japan for keeping youthful.

In September 2016, Mary Chia is proud to be presented the ASEAN Outstanding Business Award – Master Class Award in Beauty and Slimming Industry Development.

urban Homme™
Face and Body Studio For Men

Urban Homme Face and Body Studio for Men has established itself as a pioneer brand in Singapore specializing in professional skincare and physique management services developed for men. The brand offers a full spectrum of clinically tested and proven skincare and weight management programmes. The best testimony of Urban Homme's expertise lies in the successful real-life transformations from our customers, who have personally experienced our face and physique management programmes.

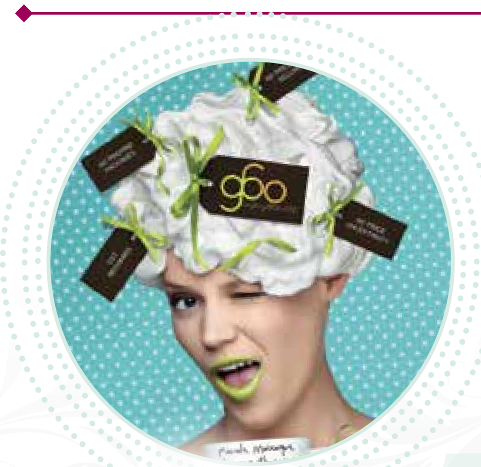
MASEGO
THE SAFARI SPA

Masego The Safari Spa is Singapore's first and largest safari-themed spa situated in SAFRA Jurong. The 6,500 sq ft spa houses 14 safari tents as treatment rooms, and can be used for holding corporate events and private functions.

Huang Ah Ma is a hotel spa situated within Porcelain Hotel along Chinatown in Singapore. Decorated in an Oriental setting within the heart of the city, the hotel spa offers a relaxing haven catering to the needs of tourists and locals.

Huang Ah Ma also provides Maternity Spa services, offering pre and postnatal massage and recuperation therapies.

皇阿瑪
THE ORIENTAL SPA CHAMBER
时 尚 养 身 馆



g60
everything GOes at 60

GO60 is registered as a subsidiary brand under the Spa Menu business unit. The concept was developed based on evolving consumers' preference and trends, centred on a "back to basics" service philosophy to provide quality treatments and products at S$60 nett. This is seen as a refreshing alternative and has been favorably received by media and consumers alike since its launch in June 2012.

endermospa

LPG® Endermospa is synonymous with professionally trained personnel and targeted treatment protocols to provide non-invasive face and body programmes with its patented Endermologie® technique.

LPG® Endermospa in Singapore is also the exclusive centre with the full array of facial and body care products from the French LPG Institute, to complement the LPG Endermologie® technique and enhances cellular stimulation.

scinn
Medical Centre

Buoyed by FDA-proven technologies such as CoolSculpting® and Ultherapy®, Scinn Medical Centre focuses on providing each client with a 360° experience to a better complexion and body shape.

Scinn Medical Centre is the synthesis of bespoke medical aesthetics and beauty therapies, coupled with professional medical expertise, to help clients lead a holistic lifestyle.

With our flagship clinic located at Sunway Pyramid, adjacent to our Mary Chia Sunway Pyramid outlet, 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 tourists and business travellers visiting this popular tourist destination in the Klang Valley.

MCU
BEAUTITUDES
· PERFECTION IS AN ATTITUDE ·

欧佳丽卡
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.

Today, Organica is enabling cosmopolitan Asians to rediscover the youthful zest and beauty of life. Each of our products is made from natural ingredients painstakingly sourced from the best growing regions around the world, and are tailored for Asians in an innovative way. It is a sophisticated form of art that brings back simple goodness from Mother Nature.

Our signature product, the JUVE Daily Essence, is backed by science and powered by nature. The strength of JUVE lies in its unique formulation of delicate botanical ingredients, fine-tuned to suit Asian skin types. In JUVE, potent antioxidants are bio-activated to enhance collagen production for firm, youthful-looking skin.

Organica has received great reception since its launch. Regular marketing network sessions are organised to reach out to members and new prospects.

FINANCIAL AND OPERATIONS REVIEW

The financial year ended 31 March 2017 ("FY2017") proved to be a challenging year for the Group due to a shortage of manpower and intense competition in the beauty industries of Singapore and Malaysia.

FINANCIAL PERFORMANCE

The Group recorded revenue of S$9.2 million in FY2017, a decrease of S$4.3 million or 32% from S$13.5 million in FY2016. The decrease in revenue was mainly due to beauty, slimming and spa treatment for both women and men and sales of products, mainly attributed to:-

1) Closure of three outlets in Singapore and one outlet in Malaysia, in line with the Company's operational streamlining; and

2) Shortage of operation manpower due to the suspension on hiring of foreign workers imposed by the authorities.

The Group's other operating income decreased by S$163,000 or 23% from S$716,000 in FY2016 to S$553,000 in FY2017. The decrease was mainly due to lower government grant and lower training income for health management.

The Group's purchases and related costs decreased by S$25,000 or 5% from S$477,000 in FY2016 to S$452,000 in FY2017 due to lower purchases, in line with lower sales for the financial year.

Changes in inventories arose from utilization and obsolete stocks written off during the financial year.

Depreciation decreased by S$436,000 or 45% from S$976,000 in FY2016 to S$541,000 in FY2017 due to the full depreciation of certain property, plant and equipment and write off of assets partially offset by new purchases.

Staff costs decreased by S$0.9 million or 13% from S$6.8 million in FY2016 to S$5.9 million in FY2017. The decrease was mainly due to a shortage of manpower as a result of the suspension on hiring imposed by the authorities and lower commission payout in line with lower sales.

Operating lease expenses decreased by S$23,000 mainly due to savings from closure of two outlets in Singapore and one outlet in Malaysia, offset by rental increase in prime areas of Singapore.

Other operating expenses decreased by S$0.3 million or 9% from S$3.7 million in FY2016 to S$3.4 million in FY2017. The decrease was mainly due to lower spending on advertising and promotion, consultation fees, exhibitions costs, offset by an increase in fair valuation of investment property.

The Group's finance costs increased by S$168,000 or 23% from S$723,000 in FY2016 to S$891,000 in FY2017 due to imputed interest on directors loans.

As a result of the above factors, the Group reported a total comprehensive loss attributable to equity holders of the Company of S$6.2 million in FY2017, as compared to S$3.8 million in FY2016.

STATEMENT OF FINANCIAL POSITION

Property, plant and equipment decreased by S$0.8 million from S$4.9 million as at 31 March 2016 to S$4.1 million as at 31 March 2017 mainly due to the depreciation charge, write-off and impairment of property, plant and equipment and foreign exchange translation difference, which was partially offset by investment in new motor vehicle and beauty, slimming and spa equipment.

Investment property decreased by S$0.2 million from S$57.2 million as at 31 March 2016 to S$57.0 million as at 31 March 2017 due to fair valuation carried out during the financial year.

Other assets (non-current) decreased by S$0.5 million from S$0.9 million as at 31 March 2016 to S$0.4 million as at 31 March 2017, due to a reclassification of lease deposits from non-current to current assets.

Inventories decreased by S$0.3 million from S$0.7 million as at 31 March 2016 to S$0.4 million as at 31 March 2017 in line with lower sales.

Trade and other receivables decreased by S$21,000 from S$407,000 as at 31 March 2016 to S$386,000 as at 31 March 2017 due to debt settlement by debtors.

Other assets (current) increased by S$0.1 million from S$0.9 million as at 31 March 2016 to S$1.0 million as at 31 March 2017 due to reclassification of deposits from non-current to current.

Borrowings (non-current) decreased by S$2.2 million from S$24.7 million as at 31 March 2016 to S$22.5 million as at 31 March 2017 mainly due to repayment during the financial year and reclassification of borrowings to current when they fall due in the next twelve months. Borrowings (current) increased by S$4.5 million from S$2.3 million as at 31 March 2016 to S$6.8 million as at 31 March 2017 mainly due to increase in short term borrowings for working purposes and reclassification from non-current borrowings.

Trade and other payables increased by S$1.0 million from S$5.9 million as at 31 March 2016 to S$6.8 million as at 31 March 2017, due to restatement of prior year figure.

Amount due to directors increased by S$1.3 million from S$2.2 million as at 31 March 2016 to S$3.5 million as at 31 March 2017 due to loan advances provided by directors.

REVIEW OF CASH FLOW

Net cash outflow from operating activities in FY2017 of S$3.4 million was mainly due to the loss before income tax, offset by fair value adjustments of property, adjustments for depreciation of property, plant and equipment, finance costs and property, plant and equipment written off.

The Group had a net cash outflow of S$0.4 million from investing activities in FY2017 due to the purchase of property, plant and equipment.

The Group's net cash inflow from financing activities of S$3.8 million in FY2017 was mainly due to proceeds of bank borrowings of S$4.0 million and loan advances from directors of S$2.1 million, partially offset by repayment of bank borrowings of S$1.5 million and interest paid of S$0.7 million.

OUTLOOK FOR THE FINANCIAL YEAR ENDING 31 MARCH 2018

Singapore's economic growth is expecting a modest growth with forecast of 1% to 3% in 2017/2018 (source: https://www.gov.sg/news/content/channel-newsasia---economists-raise-singapores-2017-growth-forecast), which the local retail industry will be able to reap a modest share of the growth.

Notwithstanding that, the Group expects to face operating challenges for the financial year ending 31 March 2018. A tight labour market and the tightening foreign labour measures in Singapore have led to higher cost of hiring and limited the Group's expansion of its business operations. The Group also faces higher utility costs and property rentals within the competitive local beauty and aesthetics industry.

To overcome this, the Group is looking into renewing its brands and developing new product lines, to cater to the changing needs of customer and bring presence of Organica (direct sales business) to other international markets.

The Group will continue to consolidate its operations and review its processes to improve operational efficiency, as well as conducting regular training services for employees to retain skilled workers, so as to help create enduring customer relationships. The Group will also look to invest in research and development efforts to promote product innovation and expansion of the range of services.

CHAIRMAN AND CEO'S STATEMENTS

DEAR FELLOW SHAREHOLDERS,

On behalf of the Board of Directors of Mary Chia Holdings Limited ("Mary Chia", or the "Company" and together with its subsidiaries, the "Group"), I am pleased to present the Annual Report of Mary Chia for the financial year ended 31 March 2017 ("FY2017").

FY2017 had been a challenging year for the Group. Some of the challenges we faced were the tight labour market with increasing rental pressures, intense competition and slowing growth within the local Spa and Wellness industry.

The Group continues to face multiple challenges from industry competition to manpower scarcity, which limits the capacity for growth. With the tightening of foreign labour measures in Singapore, the Group has seen higher staff cost and challenges in business operations.

Consumers are more cautious with their spending due to an uncertain global economic outlook. The Group adopts an integrated approach to improve service quality levels and customer retention, while engaging new customers. Such solutions include incentive schemes, service quality training and creative marketing executions.

The Group continued to focus on efforts in marketing MU retail products and product development as new revenue streams. In FY2016, we have introduced well-known veteran artistes, Li Nanxing and Constance Song, as brand ambassadors for MU range of products and highlight on MU's age-defying brand philosophy, "50s is the new 30s". In FY2017, we invited popular Taiwanese actress Ms Chen Meifeng, and both of our MU brand ambassadors, to grace our beauty events hosted in Singapore and Malaysia. At the same time, the Group launched our limited edition MU V.TIVATE Mist Spray, packaged in an intricate crystal flacon at a media reception in Marina Bay Sands Convention Centre.

Further into product development, the Group had set up Organica International in year 2015 as a strategic business unit in direct selling, focusing on the exclusive distribution of premium nutrition and skincare products. JUVE Daily Essence skincare product is developed and formulated by the Company to cater specially for Asian skin types, with superior antiaging and face lifting properties. Under the lead of an experienced management team to operate Organica in Singapore and Malaysia, we have established a strong network of direct sales representatives, conducting regular marketing outreach programmes for members and prospects. Organica is also looking at introducing new products regularly to excite our network of direct sales representatives with results-proven, high quality skincare and nutrition products.

Moving forward, the Group has invested resources to enhance its market share in the regional medical aesthetics industry. Both MCU Beautitudes and Scinn Medical Centre are continuously introducing new, safe and effective aesthetic procedures to attract locals and potential clients from neighbouring countries.

Together with the Company's management team, we will continue to seek out new markets both locally and regionally for business growth.

On behalf of the Board, I would like to extend my utmost appreciation to every member of our staff and management. Our people are the foundation upon which our every success lies.

I am grateful for their continued and consistent passion, loyalty and commitment to the Group.

I wish to thank my fellow Board members for their wise counsel and support throughout the financial year.

Finally, to all shareholders, customers, suppliers, and business partners, my sincere thanks for your continued confidence and support to the Group.

Yours sincerely,

MARY CHIA
Non-Executive Chairman

WENDY HO
Chief Executive Officer

BOARD OF DIRECTORS

MARY CHIA

Non-Executive Chairman

Ms Mary Chia is our Non-Executive Chairman and the founder of Mary Chia Holdings Limited. She was appointed to our Board on 30 April 2009 and has been the Executive Chairman of Mary Chia Beauty & Slimming since its incorporation in 1994 till 24 August 2017 when she was redesignated as Non-Executive Chairman of the Company. Ms Mary Chia is responsible for the overall management, formulation of business plans, strategic positioning and business expansion of our Group. She has more than 30 years of experience in the lifestyle and wellness industry. Ms Mary Chia was awarded the Entrepreneur of the Year organised by Rotary–ASME in 2004.

Ms Mary Chia has attended several courses including the "Comprehensive Course incorporating Medical Beauty, Face Lifting and Cosmetic Acupuncture" organised by the International Medical Beauty Research Association and the "Beauty Lecturer Course" organised by the S.E. Asia (International) Beauty & Hair Research Association in 1989.

WENDY HO

Chief Executive Officer

Ms Wendy Ho is our Chief Executive Officer ("CEO") and was appointed to our Board on 30 April 2009. Ms Wendy Ho has been the CEO of Mary Chia Beauty & Slimming since August 2003 and an executive director of Mary Chia Beauty & Slimming since its incorporation in 1994. She is responsible for the daily management and operations and directing our Group's overall strategy and growth. Ms Wendy Ho has more than 20 years of experience in the lifestyle and wellness industry and was awarded the Entrepreneur of the Year Award organized by Rotary-ASME in 2004.

Ms Wendy Ho is conferred the Advanced Certificate in Training and Assessment (Facilitated Training), professionally accredited by Singapore Workforce Development Agency in August 2015. Ms Ho also holds a CIBTAC Diploma in Aesthetic Treatments - Credit and a Certificate from Singtrain Academy in Infant & Child massage/tuina which is accredited by CIBTAC. She has also attended several courses including the "Comprehensive Course incorporating Medical Beauty, Face Lifting and Cosmetic Acupuncture" organized by the International Medical Beauty Research Association and the "Beauty (Theories & Techniques) Course" organized by the S.E. Asia (International) Beauty & Hair Research Association in 1989.

YEUNG KOON SANG @ DAVID YEUNG

Independent Director

Mr Yeung Koon Sang @ David Yeung was appointed as our Independent Director on 11 June 2009. Mr David Yeung is the Chairman of Audit Committee and Remuneration Committee, and also a member of the Nominating Committee of the Company. Currently, he is the Lead Independent Director of the Company.

Mr David Yeung is currently a Director of Kreston David Yeung PAC, a professional company providing auditing, accounting and tax services, which was first founded by him as a sole proprietorship in 1987. He has over 30 years of experience in public accountancy and had worked previously with Deloitte & Touche, UK and Ernst and Young, Singapore and US.

Mr David Yeung also serves on several Boards listed on the SGX-ST – Ace Achieve Infocom Ltd, AEI Corporate Limited, Southern Packaging Group Co Limited, Citic Envirotech Ltd. And CNA Group Ltd.

Mr David Yeung holds a Master of Social Science (Accounting) degree from the University of Birmingham, England. He is a Public Accountant and a fellow of the Institute of Singapore Chartered Accountants and the Association of Chartered Certified Accountants, United Kingdom. Mr David Yeung was a council member of the National Council of Social Services, Chairman of the School Advisory Committee of Ang Mo Kio Secondary School and an honorary treasurer of the Radin Mas Citizen Consultative Committee. In 2001, he was conferred the Public Service Medal by the President of the Republic of Singapore.

BOARD OF DIRECTORS

PERIOWSAMY OTHARAM, JP (P O RAM)

Independent Director

Mr Periowsamy Otharam was appointed as an Independent Director on 17 April 2017 and is also a committee member of the Audit, Remuneration and Nominating Committees.

Mr Periowsamy Otharam, more affectionately known as P O Ram, is a consultant with Straits Law Practice LLC's Litigation and Dispute Resolution Practice. He was appointed a Justice of the Peace in 2015 (JP). He commenced his legal career in the Singapore Legal Service as Deputy Public Prosecutor in the Attorney-General's Chambers. Thereafter, he served in various appointments including appointed as Senior State Counsel.

Mr P O Ram also has extensive experience in the field of parliamentary work. He served as Clerk of Parliament and Secretary of the Presidential Council for Minority Rights from 1995 to 2005. He was later appointed as Secretary-General of the ASEAN Inter-Parliamentary Association from 2013 to 2016. After an illustrious career in public service, P O Ram entered into private practice. His areas of practice include civil and criminal litigation.

For his contributions to public service, Periowsamy Otharam was conferred the Public Service Star (Bar) in 2012 for his services as Chairman of the Board of Visitors (Drug Rehabilitation Centres and Anti-Inhalant Abuse Centres).

Mr P O Ram is a Barrister at Law and he holds a Master of Law degree from The National University of Singapore ('NUS').

PAO KIEW TEE

Independent Director

Mr Pao was appointed as our Independent Director on 10 December 2012. He is currently the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees.

Mr Pao was a senior government auditor holding the position of Senior Group Director. He retired in July 2016 after serving the Civil Service for 37 years. As a senior government auditor, he was overall in charge of a group responsible for auditing the financial statements and operation audits of government ministries and statutory boards. Prior to joining the Singapore Government in 1979, Mr Pao was with an accounting firm in New Zealand between 1977 and 1978. From graduation in 1974 to 1977, Mr Pao worked for the Commercial Bank of Australia in New Zealand.

Mr Pao is currently an independent director of three other public listed companies in Singapore, namely New Silkroutes Group Limited, Boldtek Holdings Limited and Wong Fong Industries Limited. He held the position of honorary treasurer or honorary secretary of the Serangoon Gardens Country Club for several years between 1998 and 2012. He is also active in various grassroots organisations and is a member of the Audit Committee of Seletar Country Club.

Mr Pao graduated with a Bachelor of Commerce (Accounting) degree from the University of Otago, Dunedin, New Zealand in 1974. He is a Fellow of Institute of Chartered Accountant of Singapore and a member of the Singapore Institute of Directors.

KEY MANAGEMENT

MR SIMON OOI

Managing Director
(MCU Holdings Sdn Bhd and MCU Beautitudes Sdn Bhd, Malaysia)

Mr Simon Ooi joined our Group as Managing Director of MCU Holdings Sdn Bhd in May 2009. He is responsible for overseeing the Group's Malaysia operations and business development.

Prior to joining our Group, he worked in Herbaline Beauty Group as an executive and marketing Director from 2007 to 2009. From 2006 to 2007, he was the general manager of LuXOR Beauty World Sdn Bhd and prior to that, he was the marketing and operation manager of Adonis Beauty Group for 7 years from 2000 to 2006.

Mr Ooi is a professional advisor in Beauty and Slimming Nutrition, a columnist in the beauty and slimming section of various newspapers and magazines and starred as a specialist guest on Ai FM radio channel, 8TV channel, NTV7 channel's slimming, healthy and beauty sessions in Malaysia.

He holds a Bachelor of Science degree from National Taiwan University. He also received a Public Speaking certification from the accredited Malaysian Speakers' Association.

FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

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 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 in the financial year ended 31 March 2017 ("FY2017"), with specific reference made to each of the principles of the Code of Corporate Governance 2012 (the "Code") and the disclosure guide developed by the Singapore Exchange Trading Limited (the "SGX-ST") in January 2015 (the "Guide").

The Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable. Appropriate explanations have been provided in the relevant sections below where there are any deviations from the Code and/or the Guide.

Board Matters

1. The Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with the management to achieve this objective and the management remains accountable to the Board.

The Board is involved in the supervision of the management of the Group's operations. 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:

- corporate strategies, business plan and direction of the Group;
- major funding and investment proposals;
- nomination and appointment of directors to the Board and appointment of key personnel;
- interested person transactions;
- half and full year financial results announcement, the annual report and reporting accounts;
- declaration of interim dividends and proposal of final dividends;
- material acquisition and disposal of assets; and
- all other matters of strategic importance relating to the Group.

The Board has delegated specific responsibilities to three Board committees, namely the Audit Committee, Remuneration Committee and Nominating Committee. These committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis.

The Board meets at least twice in each financial year to coincide with the announcements of the Group's half year and full year financial results. Additional ad-hoc 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:

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
Directors	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Mary Chia Ah Tow[1]	4	4	2	2	2	-	1	-
Ho Yow Ping (He YouPing)[1]	4	4	2	2	2	1	1	-
Yeung Koon Sang @ David Yeung	4	4	2	2	2	2	1	1
Pao Kiew Tee[2]	4	4	2	2	2	2	1	1
Periowsamy Otharam[3]	-	-	-	-	-	-	-	-
Chia Chor Leong[4]	4	3	2	2	2	2	1	1

Note:

(1) Ms Mary Chia Ah Tow and Ms Ho Yow Ping (He YouPing) attended the Audit Committee meetings, Nominating Committee meetings and Remuneration Committee meetings as invitees.

(2) Mr Pao Kiew Tee was appointed as Chairman of Nominating Committee on 17 April 2017.

(3) Mr Periowsamy Otharam was appointed as an Independent Director on 17 April 2017 and also appointed as a member of the Audit Committee, Nominating Committee and Remuneration Committee on the same day.

(4) Mr Chia Chor Leong resigned as an Independent Director on 17 January 2017.

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 to improve themselves in discharging of their duties as Directors. The Company also works closely with professionals as and when appropriate to provide its Directors with updates in changes to relevant laws, regulations and accounting standards.

Mr Periowsamy Otharam who was appointed as an Independent Director of the Company on 17 April 2017 has signed a formal letter of appointment with the Company.

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.

In FY2017, the Company's external auditors, Messrs Foo Kon Tan LLP, updated the Board on the changes in accounting standards.

News releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("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.

2. Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from management and substantial 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

In FY2017, the Board consisted of two executive and three independent directors as follows, who bring a wide range of business, legal and financial experience relevant to the Group:

Mary Chia Ah Tow	Executive Chairman[1]
Ho Yow Ping (He YouPing)	Chief Executive Officer
Yeung Koon Sang @ David Yeung	Lead Independent Director
Pao Kiew Tee	Independent Director
Periowsamy Otharam (appointed on 17 April 2017)	Independent Director
Chia Chor Leong (resigned on 17 January 2017)	Independent Director

The Company endeavours to maintain a strong and independent element on the Board. There were three independent directors ("IDs") on the Board for the financial year under review which made up more than half of the Board, thereby meeting the requirement of the Code which stipulates that where (1) the Executive Chairman and the CEO are immediate family members; (2) the Executive Chairman is part of the management; or (3) the Executive Chairman is not an independent director, independent directors should make up at least half of the Board.

All the Board committees are chaired by the IDs. The IDs had confirmed that they did not have any relationship with the Company, its related corporations, its officers or its shareholders with shareholding of at least 10% or more in the voting shares of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of the Company and its shareholders. The Company adopts the Code's definition of what constitutes an independent director in their review.

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender.

[1] Re-designated to Non-Executive Chairman on 25 August 2017

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

Balance and Diversity of the Board		
	Number of Directors	**Proportion of Board**
Core Competencies		
- Accounting or finance	2	40%
- Business management	4	80%
- Legal or corporate governance	3	60%
- Relevant industry knowledge or experience	3	60%
- Strategic planning experience	3	60%
- Customer based experience or knowledge	4	80%

The Board has taken the following steps to maintain or enhance its balance and diversity:

- by assessing the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and

- 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.

The Board members comprise seasoned professionals with management, financial, accounting, legal 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 Nominating Committee ("NC") is responsible for reviewing the independence of the IDs 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 IDs 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 IDs 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 is appropriate in facilitating effective decision making.

The IDs 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 IDs 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).

There are no Independent Directors who have served beyond nine (9) years since the date of their first appointment. There is no Director who is deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.

3. Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

In FY2017, the Company had a separate Executive Chairman[1] and CEO. Ms Mary Chia Ah Tow was the Executive Chairman of the Board and Ms Ho Yow Ping (He YouPing); daughter of Ms Mary Chia Ah Tow, is the CEO.

The Executive Chairman[1] 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. She also assists in ensuring compliance with the Group's guidelines on corporate governance.

The CEO is responsible for the day-to-day management of the business. She has 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.

Although the Executive Chairman[1] and the CEO are related to each other, the Board is of the view that the process of decision making by the Board in FY2017 is independent and based on collective decisions without any individual or group of individuals exercising any considerable concentration of power or influence. All Board committees are chaired by the IDs and more than half of the Board consists of IDs. As such, there are adequate accountability and safeguards to ensure an appropriate balance of power and authority for good corporate governance.

Shareholders with concerns may contact the Lead Independent Non-Executive Director - Mr Yeung Koon Sang @ David Yeung (at email: auditcommittee@marychia.com) directly, when contact through the normal channels via the Non-Executive Chairman, 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: There should be a formal and transparent process for the appointment and reappointment of directors to the Board.

As at the date of this report, the NC comprised Mr Pao Kiew Tee, Mr Yeung Koon Sang @ David Yeung and Mr Periowsamy Otharam (appointed on 17 April 2017), all of whom, including the Chairman of the NC, are IDs.

---

1 Re-designated to Non-Executive Chairman on 25 August 2017

The Chairman of the NC is Mr Pao Kiew Tee. He and Mr Chia Chor Leong, the previous chairman who resigned on 17 January 2017, are not directly associated to a substantial shareholder of the Company.

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) Determining on an annual basis whether or not a Director is independent;

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

(e) 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 recommendation 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 to the Company's Constitution.

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; 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 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 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 Mr Periowsamy Otharam and Ms Ho Yow Ping (He YouPing) be nominated for re-election at the forthcoming AGM, having reviewed and being satisfied with the overall contributions and performance of Mr Periowsamy Otharam and Ms Ho Yow Ping (He YouPing). With the Directors offering themselves for re-election, the Board has accepted the recommendations of the NC. Upon re-election, Ms Ho Yow Ping (He YouPing) will remain as the CEO of the Company, while Mr Periowsamy Otharam will remain as an Independent Director of the Company, a member of the Audit Committee, Nominating Committee and Remuneration Committee. Mr Periowsamy Otharam will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

Mr Periowsamy Otharam, being a member of the NC, who is retiring at the AGM abstained from voting on the resolution in respect of his re-nomination and re-appointment as a Director.

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 three years)	Principal Commitment
Mary Chia Ah Tow	30 April 2009	28 July 2016	Nil	Nil	Nil
Ho Yow Ping (He YouPing)	30 April 2009	28 July 2015	Nil	Nil	Nil
Yeung Koon Sang @ David Yeung	11 June 2009	28 July 2016	1. Ace Achieve Infocom Limited 2. AEI Corporation Ltd 3. Southern Packaging Group Ltd 4. Citic Envirotech Ltd	1. China Flexible Packaging Holdings Ltd 2. CNA Group Ltd	Kreston David Yeung PAC
Pao Kiew Tee	10 December 2012	28 July 2015	1. Boldtek Holdings Limited[1] 2. Wong Fong Industries Limited 3. New Silkroutes Group Limited	1. Jubilee Industries Holdings Ltd 2. Imperium Crown Ltd	Independent Director
Periowsamy Otharam	17 April 2017	N.A.	Nil	Nil	Straits Law Practice LLC

[1] Logistics Holdings Limited has changed its name to Boldtek Holdings Limited with effect from 11 August 2017.

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 in FY2017, two of the Independent Directors holding 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: There should be formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each Director to the effectiveness of the Board.

The NC evaluates the performance of the Board as a whole and Board Committees 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.

During FY2017, 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 for the evaluation process in FY2017.

The NC had assessed the current Board's and Board Committees's performance to-date and is of the view that the performance of the Board as a whole was satisfactory. Given the relatively small size of the Board, the NC is of the view that there is no immediate need to conduct a formal assessment of the contribution of individual Directors to the effectiveness of the Board.

The NC has assessed the current Board's performance to-date and is of the view that the performance of the Board as a whole is satisfactory.

6. Access to information

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

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 actions 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. A half yearly report of the Group's activities is also provided to the Directors.

The Board, either individual 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 Committees' 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:

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

2. 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;

3. Ensure safe custody and proper use of the common seal;

4. Ensure that the directors' disclosure of interests are brought up at board meetings and minuted;

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

6. Ensure that the annual return and financial statements and any other filing required by ACRA are filed within the timeframe; and

7. Disseminate information to the public via the SGXNET.

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.

7. Remuneration Committee

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his or her own remuneration.

As at the date of this report, the Remuneration Committee ("RC") comprised Mr Yeung Koon Sang @ David Yeung, Mr Pao Kiew Tee and Mr Periowsamy Otharam (appointed on 17 April 2017), all of whom, including the Chairman of the RC, are IDs.

The Chairman of the RC is Mr Yeung Koon Sang @ David Yeung. Mr Chia Chor Leong resigned as a member of the RC on 17 January 2017.

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

(a) to review and recommend to the Board the terms of renewal for those Executive Directors whose current employment contracts will be expiring or had expired;

(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 each Executive Director and the CEO or executive of relevant rank if the CEO is not a Director;

(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 Executive Officer, 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 and benefits-in-kind 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.

8. Level and mix of remuneration

Principle 8: The level and structure of remuneration should be aligned with the long term interest and risk policies of the Company. Appropriate remuneration to attract, retain and motivate directors and key management but should avoid paying more than is necessary for this purpose.

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 service agreements with the Executive Directors, Ms Mary Chia Ah Tow and Ms Ho Yow Ping (He YouPing), in relation to their appointments as Executive Chairman and CEO respectively, was renewed on 11 August 2015 for a period of 3 years. On 24 August 2017, Ms Mary Chia resigned from her position as the Executive Chairman of the Company and from all executive positions within the Group with immediate effect. Ms Mary Chia has been re-designated as the Non-Executive Chairman of the Company. Ms Mary Chia shall also resign as a director of the Company with effect from the day immediately after the close of the offer (Please refer to the offer announcement on SGXNET dated 24 August 2017).

The IDs are compensated based on fixed directors' fees taking into considerations their contributions, responsibilities and time spent. 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.

If necessary, the RC may seek expert advice outside the Company on remuneration of the Directors and key executives. The RC ensures that in the event of such advise being sought, existing relationships, if any, between its Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The Company has not appointed any remuneration consultants for FY2017.

9. Disclosure on remuneration

Principle 9: Clear disclosure on remuneration policy, level and mix of remuneration and the procedure for setting remuneration.

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 FY2017. 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 of 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 Directors and the key management personnel for FY2017. The inclusion of the performance conditions in the service agreement of the Executive Directors and key management personnel is done in a review conducted prior to the renewal of the service agreement of the Executive Directors and performance evaluation for key executives.

The breakdown of the remuneration of the Directors for FY2017 is as follows:

Directors	Salary %	Bonus %	Fees %	Other Benefits %	Total %
$250,000 to $500,000					
Mary Chia Ah Tow	100	-	-	-	100
Ho Yow Ping (He YouPing)	100	-	-	-	100
Below $250,000					
Yeung Koon Sang @ David Yeung	-	-	100	-	100
Chia Chor Leong [1]	-	-	100	-	100
Pao Kiew Tee	-	-	100	-	100

Note:

(1) Mr Chia Chor Leong resigned as a director on 17 January 2017.

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 five key management personnel on a named basis. Instead, the remuneration paid to each Director and the top five key management personnel for the financial year shall be presented in bands of S$250,000.

Remuneration of Key Management Personnel

The top five key management personnel of the Group (excluding the CEO) in each remuneration band in FY2017 were as follows:

Key Management Personnel	**Salary %**	**Bonus %**	**Fees %**	**Other Benefits %**	**Total %**
Below $250,000					
Simon Ooi See Keng	87.7	-	-	12.3	100
Ng Wee Seng	97.4	2.0	-	0.6	100
Tan Lay Lee [1]	90.8	4.6	-	4.6	100
Chua Sai Pheng [2]	100.0	-	-	-	100
Chua Goh Boon Hua [3-]	89.7	-	-	10.3	100

Notes:

1) Ms Tan Lay Lee resigned on 10 March 2017.

2) Ms Chua Sai Pheng was appointed on 1 November 2016.

3) Mr Chua Goh Boon Hua was appointed on 1 September 2016.

None of the key management personnel above is related in any way to the Chairman or the CEO and Directors of the Company.

The aggregate of the total remuneration paid to the top five key management personnel (who were not Directors or CEO) was approximately $320,000.

During the financial year under review, Ho Yuen Kwan, business development manager, who is the son of the Chairman and the brother of the CEO, has an annual remuneration not exceeding $50,000. Ho Yuen Kwan resigned in February 2017. Wai Lee Chien, sales and operations manager, who is the daughter-in-law of the Chairman and the sister-in-law of the CEO, has an annual remuneration between $50,000 to $100,000.

The Company does not have any employee share option scheme.

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

10. Accountability and audit

Accountability

Principle 10: Board to present balanced and understandable assessment of the Company's performance, position and prospects.

The Board is accountable to shareholders and disseminates information on the Group's performance, position and prospects through the half year and full year financial results announcement as well as the annual report. The Board also furnishes timely information and ensures full disclosure of material information to shareholders via SGXNET or press releases.

The auditors of the Company's subsidiaries are disclosed in note 7 to the financial statements in this annual report.

11. Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the company's assets, and should determine the nature and extent of the significant risk which the Board is willing to take in achieving its strategic objectives.

The Company does not have a 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.

In FY2017, the Board had received assurance from the CEO that:

(a) the financial records have been properly maintained and the financial statements for FY2017 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 appointed Kreston John & Gan, a professional consultancy firm based in Malaysia, to carry out an internal audit on revenue and payroll of the Malaysian subsidiary of the Group. In its findings, Kreston John & Gan had reported on internal control deficiencies which included inconsistency in sales and payroll documentations. The Management have taken steps to rectify the shortcomings and exceptions. The AC have recommended for Kreston John & Gan to conduct a follow-up audit to ensure all implementations by the Management have been carried out and the internal control deficiencies rectified. The Management will arrange for the follow-up audit to be conducted in the following financial year.

The Board has also appointed BDO LLP to carry out (i) an internal audit on Human Resource and Payroll Management; and (ii) a review on the Corporate Governance practices of the Company. BDO LLP had reported internal control deficiencies, which included inconsistencies in commission payout documentation and late renewal of staff insurance policies, as well as several areas of corporate governance practices which require enhancement. The Management have taken steps to rectify the shortcomings and exceptions.

In light of the recent charges under the Employment of Foreign Manpower Act and Massage Establishment Act which centered on the employment of foreign employees, the Company has since engaged a Corporate Affairs Senior Manager who has been tasked to review and improve on the standard operating procedures relating to hiring, retention, training and development of foreign and local employees.

Based on the foregoing, the Board with the concurrence of the AC recognises that there were control weaknesses as highlighted by both BDO LLP and Kreston John & Gan and the Management have subsequently implemented controls to address the stated deficiencies above. The Board with the concurrence of the AC is of the opinion that the Group's internal controls in addressing financial, operational and compliance risks have since become adequate and effective.

The Board notes that the system of internal controls provide 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.

12. Audit Committee

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly sets out its authority and duties.

As at the date of this report, the Audit Committee ("AC") comprised Mr Yeung Koon Sang @ David Yeung, Mr Pao Kiew Tee and Mr Periowsamy Otharam (appointed on 17 April 2017), all of whom including the Chairman of the AC are IDs.

The Chairman of the AC is Mr Yeung Koon Sang @ David Yeung. Mr Chia Chor Leong resigned as a member of the AC on 17 January 2017.

None of the AC members were previous partners or directors of the Company's external audit firm within the last twelve months 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 twice 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 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 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.

The AC met with the external auditors without the presence of any Executive Director and Management personnel in FY2017.

Messrs Foo Kon Tan LLP had been appointed as the Company's external auditors since 28 March 2016 and Mr Toh Kim Teck is the current audit engagement partner in charge of the audit of the Company.

The AC, having reviewed the scope and value of the non-audit services in relation to the audit of services provided by Messrs Foo Kon Tan LLP to the Group, are satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

The AC is also satisfied with the level of co-operation rendered by the Management to the external auditors and the adequacy of the scope and quality of their audits.

The Company confirms that Rules 712 and 715 of the Catalist Rules are complied with.

The AC had recommended to the Board the nomination of Messrs Foo Kon Tan LLP for re-appointment as auditors of the Company at the forthcoming AGM.

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 or mail. Once a complaint is lodged, the AC will direct Management to investigate and review any report findings as well as follow up actions taken.

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.

13. Internal Audit

Principle 13: The Company should establish an internal audit function that is independent of the activities it audits.

The Company engaged BDO LLP in FY2017 to conduct a review of Corporate Governance practices and an internal audit on Human Resource and Payroll Management of the Company (collectively, the "Reviews").

BDO LLP performs planning of the Reviews in consultation with, but independent of the Management. The plans are submitted to the AC for approval prior to the commencement of the Reviews. 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. BDO LLP is provided with access to the Company's properties, information and records and performs their reviews in accordance with the BDO Global IA methodology which is consistent with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. As the Company's outsourced internal auditors, BDO LLP is required to provide staff of adequate expertise and experience to conduct the internal audits.

BDO LLP reports to the AC on internal audit matters. The AC also reviews and approves the annual internal audit plans and resources to ensure that BDO LLP has the necessary resources to adequately perform its functions.

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.

During the financial year, the Company's internal audits conducted by both BDO LLP (on the review of Corporate Governance practices, Human Resource and Payroll Management) and Kreston John Gan (on the review of revenue and payroll of the Malaysian subsidiary) were received by the AC with the inclusion of the Management's response. The AC also reviews the effectiveness of actions taken by the Management on the recommendations made by the internal auditors in this respect. The AC is satisfied that the internal audit function is adequately resourced and has the appropriate standing within the Group.

14. Communication with Shareholders

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Principal 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Principle 16: Companies should encourage greater shareholder participation at annual general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

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:

- The annual report that is despatched to all shareholders within the mandatory period;
- announcements on the SGXNET at www.sgx.com; and
- the Company's website at www.marychia.com through which shareholders can access information on the Group. An email address is also provided at the Company's website for shareholders and potential investors to send their enquiries.

All shareholders of the Company will receive the notice of annual general meeting and/or extraordinary general meeting and such notice will also be advertised in the newspapers. 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 in July 2016. 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.

Shareholders are encouraged to attend, to participate effectively, to vote in the general meetings of the Company, to stay informed of the Company's strategy and goals, in order to ensure a high level of accountability. 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 investors at least once a year at the AGM of the Company.

The Company currently does not have an investor relations policy but 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 arises.

The Constitution of the Company allow members of the Company to appoint not more than two proxies to attend and vote on their behalf.

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. Taking into consideration these factors, the Group did not declare any dividends for FY2017.

Minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management will be prepared and shall be made available to shareholders upon their request.

The Company ensures that there are separate resolutions at general meetings on each distinct issue. Resolutions are put to vote by poll at the general meetings of the Company from August 2015 in compliance with the Catalist Rules.

15. 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 one (1) month prior to the announcement of the Company's half year and 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.

16. Interested Persons 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 FY2017 by the Group were as follows:-

Name of Interested Person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) $	Aggregate value of all IPTs conducted under shareholder's mandate pursuant to Rule 920 (excluding transactions less than S$100,000) $
JL Asia Resources Pte Ltd [(1)] Operating lease rental income	1,560,000	-

Notes:

(1) JL Asia Resources Pte Ltd ("JL Asia") is wholly-owned by Mr Lee Boon Leng ("Mr Lee"), who is the spouse of Ms. Ho Yow Ping (He YouPing), the Chief Executive Officer of the Company. The lease of the premises to operate the hotel entered into between Hotel Culture Pte Ltd and JL Asia was renewed on 14 February 2015 for a term of three years. JL Asia leases and operates the hotel. As announced on SGXNET, the Company had on 24 April 2017 further renewed the said lease for a new term of 3 years commencing on 15 February 2017 and expiring on 14 February 2020.

17. Material Contracts

Pursuant to Rule 1204(8) of the Catalist Rules, the Company confirms that except as disclosed in the above section on IPTs, and as disclosed in Notes to the Financial Statements in this Annual Report. the services agreements between the Company and the Executive Chairman and CEO respectively, 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 FY2017 or if not then subsisting, entered into since the end of the previous financial year.

18. Non-Sponsor Fees

There were no non-sponsor fees paid to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd., in FY2017.

19. Non-Audit Fee

The audit and non-audit services that were rendered by the Company's external auditors, Messrs Foo Kon Tan LLP, to the Group and their related fees in FY2017 were as follows:

	$
Audit Fees	108,000
Non-Audit Fees	-
Total	108,000

20. CORPORATE SOCIAL RESPONSIBILITY

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 in our daily operations. We encourage the use of recycled paper in the office and other activities to reduce the pollution to earth and water.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

The directors submit this statement to the members together with the audited consolidated financial statements of Mary Chia Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the financial year ended 31 March 2017.

Opinion of the directors

In the opinion of the directors,

(a) the accompanying statements of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows, together with the notes thereon, 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 2017 and the financial performance, changes in equity and cash flows of the Group for the year ended 31 March 2017 in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards; and

(b) at the date of this statement, after considering the measures taken by the Group and the Company with respect to the Group's and the Company's ability to continue as a going concern as described in Note 2 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Names of directors

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

Mary Chia Ah Tow (Non-Executive Chairman/Non-Executive Director)
Ho Yow Ping (He YouPing) (Chief Executive Officer)
Yeung Koon Sang @ David Yeung (Lead Independent Director)
Pao Kiew Tee (Independent Director)
Periowsamy Otharam (Independent Director) (appointed on 17 April 2017)

Arrangements to enable directors to acquire shares or debentures

During and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement of which the object was to enable the directors to acquire benefits through the acquisition of shares in or debentures of the Company or of any other corporate body other than as disclosed in this statement.

Directors' interest in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, none of the directors who held office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Number of ordinary shares			
	Shares registered in the name of director		Shares in which director is deemed to have an interest	
The Company - Mary Chia Holdings Limited	As at 1.4.2016	**As at 31.3.2017**	As at 1.4.2016	**As at 31.3.2017**
Mary Chia Ah Tow	99,707,046	**99,707,046**	-	**-**
Ho Yow Ping (He YouPing)	32,680,000	**32,680,000**	-	**-**
The Subsidiary - Hotel Culture Pte Ltd				
Ho Yow Ping (He YouPing)	-	**-**	245,000	**245,000**

There was no change in any of the above-mentioned interests between the end of the financial year and 21 April 2017.

Ms Mary Chia Ah Tow, who by virtue of her interest of not less than 20% of the issued share capital of the Company, is deemed to have an interest in the issued share capital of the subsidiaries held by the Company.

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.

Audit Committee

The audit committee at the end of the financial year comprises the following members:

Yeung Koon Sang @ David Yeung (Chairman)
Pao Kiew Tee
Periowsamy Otharam (appointed on 17 April 2017)
Chia Chor Leong (resigned on 17 January 2017)

The audit committee performs the functions set out in Section 201B(5) of the Companies Act, Cap. 50, the SGX Listing Manual and the Code of Corporate Governance. In performing those functions, the committee reviewed the following:

(i) overall scope of external audit and the assistance given by the Company's officers to the auditors. It met with the Company's external auditor to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls;

(ii) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;

(iii) the adequacy, effectiveness and efficiency of the Company's risk management, internal financial systems and operating controls, including computerised information system control and security, compliance controls and risk management systems via reviews carried out by the internal auditors, and all other material controls, and any related significant findings and recommendations of the auditors, together with management's responses thereto at least on an annual basis;

(iv) the half yearly financial information and the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2017 as well as the auditor's report thereon; and

(v) interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

The audit committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The audit committee also recommends the appointment of the external auditor and reviews the level of audit and non-audit fees.

The audit committee is satisfied with the independence and objectivity of the external auditor and has recommended to The Board of Directors that the auditor, Foo Kon Tan LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company and subsidiaries, we have complied with Rules 712 and 715 of the SGX Listing Manual.

Independent auditor

The independent auditor, Foo Kon Tan LLP, Public Accountants and Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the directors

....
MARY CHIA AH TOW

....
HO YOW PING (HE YOUPING)

Dated: 7 September 2017

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mary Chia Holdings Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the financial statements, which indicates that the Group incurred a net loss of $6,412,000 and total comprehensive loss of $6,483,000, and had a net cash outflows from operating activities of $3,377,000 for the year ended 31 March 2017. As at that date, the Company has a deficit in equity of $5,170,000 and the Group and the Company has net current liabilities of $11,607,000 and $6,435,000 respectively. These factors indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as going concerns. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment property (Refer to Note 6 to the financial statements)

Risk:

The Group owns an investment property for commercial use. Investment property represents the largest category of asset on the statement of financial position amounting to $57,000,000 as at 31 March 2017. During the financial year, the Group recognised a fair value loss of $176,000 on investment property in the statement of comprehensive income - profit or loss.

This investment property is stated at fair value based on an independent external valuation.

The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. These estimates include rate of capitalisation and adjustments made for differences between the subject properties and comparables, taking into consideration differences such as location, size and tenure.

Our response:

We assessed the Group's processes for the determination of the scope of work of the valuers, and the review and acceptance of the valuations reported by the external valuers.

We have also evaluated whether the auditor's expert has the necessary competence, capabilities and objectivity for our purposes. Through our appointed auditor's expert, we considered the valuation methodologies used against those applied by management valuers for similar property types. We assessed the capitalisation rate and adjustments made for differences between the subject properties and comparables, taking into consideration differences such as location, size and tenure used in the valuation. Where the rates were outside the expected range, we undertook further procedures to understand the effect of additional factors and, when necessary, held further discussions with the valuers.

We also considered the adequacy of the disclosure in the financial statements regarding the inherent degree of subjectivity and key assumptions used in the estimates. This includes the relationships between the key unobservable inputs to fair value.

Key Audit Matters (Cont'd)

Valuation of investment property (Refer to Note 6 to the financial statements) (Cont'd)

Our findings:

The Group has a structured process in appointing and instructing valuers, and in reviewing, assessing and accepting their valuations. The valuers are members of generally-recognised professional bodies for valuers and have considered their own independence in carrying out their work. The valuation methodologies used are in line with generally-accepted market practices and the key assumptions used are within the range of market data. The approach to the methodologies and in deriving the assumptions in the valuations is supported by market practices and data and the disclosures included in Notes 6 and 34 to the financial statements are appropriate.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and take appropriate actions in accordance with SSAs.

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 FRSs, 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have 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 Toh Kim Teck.

Foo Kon Tan LLP
Public Accountants and Chartered Accountants
Singapore

7 September 2017

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2017

		The Group		The Company	
		2017	2016	**2017**	2016
	Note	**$'000**	$'000	**$'000**	$'000
ASSETS			(Restated)		
Non-Current Assets					
Property, plant and equipment	5	**4,047**	4,862	**-**	-
Investment property	6	**57,000**	57,176	**-**	-
Investments in subsidiaries	7	**-**	-	**1,265**	3,444
Deferred tax assets	8	**-**	14	**-**	-
Other current assets	11	**386**	858	**-**	-
		61,433	62,910	**1,265**	3,444
Current Assets					
Inventories	9	**402**	662	**-**	-
Trade and other receivables	10	**386**	407	**932**	3,521
Other current assets	11	**1,002**	885	**4**	8
Cash and bank balances	12	**767**	867	*****	79
		2,557	2,821	**936**	3,608
Total assets		**63,990**	65,731	**2,201**	7,052
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	13	**4,818**	4,818	**4,818**	4,818
Reserves	14	**(335)**	5,688	**(9,988)**	(3,005)
Attributable to equity holders of the Company		**4,483**	10,506	**(5,170)**	1,813
Non-controlling interests	15	**19,209**	19,493	**-**	-
Total equity		**23,692**	29,999	**(5,170)**	1,813
Non-Current Liabilities					
Borrowings	16	**22,478**	24,708	**-**	230
Amounts due to directors	18	**3,461**	2,175	**-**	-
Provision	20	**195**	356	**-**	-
		26,134	27,239	**-**	230
Current Liabilities					
Trade and other payables	17	**6,821**	5,857	**7,141**	4,721
Amount due to non-controlling interest	18	**24**	24	**-**	-
Borrowings	16	**6,789**	2,268	**230**	288
Current tax liabilities		**268**	245	**-**	-
Provision	20	**262**	99	**-**	-
		14,164	8,493	**7,371**	5,009
Total liabilities		**40,298**	35,732	**7,371**	5,239
Total equity and liabilities		**63,990**	65,731	**2,201**	7,052

** denotes amount less than $1,000*

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	**Year ended 31 March 2017 $'000**	Year ended 31 March 2016 $'000
Revenue	4	**9,177**	13,482
Other operating income	21	**553**	716
Purchases and related costs		**(452)**	(477)
Changes in inventories		**(250)**	(67)
Depreciation of property, plant and equipment	5	**(540)**	(976)
Staff costs	22	**(5,929)**	(6,843)
Operating lease expenses		**(4,457)**	(4,480)
Other operating expenses	23	**(3,426)**	(3,744)
Finance costs	24	**(891)**	(723)
Loss before income tax		**(6,215)**	(3,112)
Income tax expense	25	**(197)**	(415)
Loss for the year, net of tax		**(6,412)**	(3,527)
Other comprehensive loss, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(71)**	(8)
Other comprehensive loss for the year, net of tax		**(71)**	(8)
Total comprehensive loss for the year		**(6,483)**	(3,535)
Loss attributable to:			
Equity holders of the Company		**(6,128)**	(3,838)
Non-controlling interest		**(284)**	311
		(6,412)	(3,527)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(6,199)**	(3,846)
Non-controlling interest		**(284)**	311
		(6,483)	(3,535)
Loss per share attributable to equity holders of the Company (Cents)			
- Basic and diluted loss per share	26	**(3.75)**	(2.35)

The annexed 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 2017

	Share capital $'000	Merger reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 April 2015	4,818	(927)	201	10,260	14,352	18,467	32,819
Loss for the year	-	-	-	(3,838)	(3,838)	311	(3,527)
Other comprehensive loss for the year							
- Exchange differences on translation of foreign operations	-	-	(8)	-	(8)	-	(8)
Total comprehensive loss for the year	-	-	(8)	(3,838)	(3,846)	311	(3,535)
Non-controlling interest arising from incorporation of a new subsidiary	-	-	-	-	-	715	715
Balance at 31 March 2016	4,818	(927)	193	6,422	10,506	19,493	29,999
Balance at 1 April 2016	**4,818**	**(927)**	**193**	**6,422**	**10,506**	**19,493**	**29,999**
Loss for the year	**-**	**-**	**-**	**(6,128)**	**(6,128)**	**(284)**	**(6,412)**
Other comprehensive loss for the year							
- Exchange differences on translation of foreign operations	**-**	**-**	**(71)**	**-**	**(71)**	**-**	**(71)**
Total comprehensive loss for the year	**-**	**-**	**(71)**	**(6,128)**	**(6,199)**	**(284)**	**(6,483)**
Interest on shareholders' loans (Note 18)	**-**	**-**	**-**	**176**	**176**	**-**	**176**
Total transactions with owners, recognised directly in equity	**-**	**-**	**-**	**176**	**176**	**-**	**176**
Balance at 31 March 2017	**4,818**	**(927)**	**122**	**470**	**4,483**	**19,209**	**23,692**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	**Year ended 31 March 2017 $'000**	Year ended 31 March 2016 $'000 (Restated)
Cash Flows from Operating Activities			
Loss before taxation		**(6,215)**	(3,112)
Adjustments for:			
Depreciation of property, plant and equipment		**540**	976
Fair value loss on investment property		**176**	-
Finance costs		**891**	723
Property, plant and equipment written off		**436**	32
Impairment of property, plant and equipment		**373**	200
Interest income		**(1)**	(1)
Operating loss before working capital changes		**(3,800)**	(1,182)
Changes in inventories		**273**	67
Changes in trade and other receivables		**254**	(128)
Changes in trade and other payables		**84**	(1,324)
Cash used in operations		**(3,189)**	(2,567)
Income tax paid		**(188)**	(145)
Net cash used in operating activities		**(3,377)**	(2,712)
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment		**(417)**	(734)
Non-controlling interest		**-**	4,906
Interest received		**1**	1
Net cash (used in)/generated from investing activities		**(416)**	4,173
Cash Flows from Financing Activities			
Capital injection from non-controlling interest		**-**	492
Proceeds from bank borrowings		**4,000**	3,390
Repayment of bank borrowings		**(1,505)**	(6,260)
Interest paid		**(715)**	(723)
Repayment of finance lease liabilities		**(122)**	(184)
Increase in amounts due to directors		**2,109**	879
Net cash generated from/(used in) financing activities		**3,767**	(2,406)
Net changes in cash and cash equivalents		**(26)**	(945)
Cash and cash equivalents at beginning of year		**685**	1,623
Effects of foreign exchange on cash and cash equivalents		**8**	7
Cash and cash equivalents at end of year	12	**667**	685

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

1 General information

The financial statements of Mary Chia Holdings Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 March 2017 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

The Company is incorporated as a limited liability company and domiciled in Singapore and listed on the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office of the Company is located at 26 Tai Seng Street, #01-03A, Singapore 534057.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements.

The ultimate controlling parties of the Company are Ms Mary Chia Ah Tow and Ms Ho Yow Ping (He YouPing). Subsequent to the balance sheet date, there was a change in the ultimate controlling party of the Company as disclosed in Note 35(b).

2 Going concern

The financial statements have been prepared on a going concern basis. The Group incurred losses and total comprehensive loss of $6,412,000 and $6,483,000 (2016 - $3,527,000 and $3,535,000) and reported net operating cash outflows of $3,377,000 (2016 - $2,712,000) for the financial year ended 31 March 2017; and as at that date, the Company has a deficit in equity of $5,170,000 (2016 - equity of $1,813,000) and the Group's and the Company's current liabilities exceeded the Group's and the Company's current assets by $11,607,000 and $6,435,000 (2016 - $5,672,000 and $1,401,000) respectively. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern and for its listing status to be maintained.

As at 31 March 2017, the Group's current liabilities included deferred revenue related to non-refundable payments received in advance from customers amounting to $1,996,000 (2016 - $1,966,000). Excluding this amount, the Group's current liabilities would have been $12,168,000 (2016 - $6,527,000) compared to current assets of $2,557,000 (2016 - $2,821,000) as at 31 March 2017.

As at 31 March 2017, the Company's current liabilities included amounts due to wholly-owned subsidiaries of $6,732,000 (2016 - $4,329,000). The directors of the Company have the power and authority to manage the payment obligations to the said wholly-owned subsidiaries if the need ever arises.

Notwithstanding the above, the directors of the Company believe that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 31 March 2017 is still appropriate after taking into consideration the following:

(a) On 24 August 2017, the new ultimate controlling shareholder, Suki Sushi Pte Ltd, has given an undertaking to provide financial support to the Company and the Group for the next 12 months after the date of the auditor's report to operate without any curtailment of operations.

2 Going concern (Cont'd)

(b) In addition, a director of a subsidiary, who is also the beneficiary of the new ultimate controlling shareholder, has committed a personal loan of S$2 million to the Group effective 15 August 2017. As at 31 August 2017, S$1.2 million of the loan has been drawn down and the remaining balance of S$800,000 is available for disbursement at any time within 12 months after 15 August 2017.

(c) The ultimate controlling shareholders as at 31 March 2017, who are also directors of the Company, have given personal undertakings to provide continuing financial support to the Company and the Group to meet its liabilities and its normal operating expenses to be incurred. Further, as disclosed in Note 18, they will not demand repayment of the amounts due to them by the Group within the next 36 months from the balance sheet date or until the cash flows of the Group permit, whichever is later.

Accordingly, the directors of the Company consider it is appropriate that these financial statements should be prepared on a going concern basis and do not include any adjustments that would be required should the Group and the Company fail to continue as a going concern.

3(a) Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations promulgated by the Accounting Standards Council ("ASC"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented to the nearest thousand (S$'000) in Singapore dollar which is the Company's functional currency. All financial information is presented in Singapore dollar, unless otherwise stated.

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3(a) Basis of preparation (Cont'd)

The critical accounting estimates and assumptions used and areas involving a high degree of judgement are described below.

Critical judgements in applying accounting policies

Probability of success of litigation case (Note 35)

A subsidiary of the Group is a defendant in an arbitration brought against the Group by a joint venture partner for alleged breaches of the joint venture agreement. The subsidiary shall pay S$315,420 as damages for expectation loss and S$238,552 and JPY 2,479,409 (about S$30,000) as costs. However, the Group has applied to set aside the arbitration results in the High Court. Further details are given in Note 35 to the financial statements.

Litigation is inherently unpredictable and the outcome of these matters cannot presently be determined. Therefore, at the end of the reporting period, the Group has not recognised the award amount in the accompanying financial statements.

Income tax (Note 25)

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be 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 provisions in the period in which such determination is made. The carrying amount of the Group's current tax liabilities as at 31 March 2017 was $268,000 (2016 - $245,000).

Deferred taxation on investment property (Note 6)

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment property that is measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment property is not held under the business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, but rather through sale. Therefore, in determining the Group's deferred taxation on investment property, the directors have determined that the presumption that the carrying amount of investment property measured using the fair value model is recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment property as the Group is not subject to any income taxes on the fair value changes of the investment property on disposal. The carrying amount of the Group's investment property as at 31 March 2017 was $57,000,000 (2016 - $57,176,000).

3(a) Basis of preparation (Cont'd)

Key sources of estimation uncertainty

In addition to the going concern assumption disclosed in Note 2, the other key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, 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. The Group based its assumptions and estimates on parameters available when the financial statements are prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumption when they occur.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of property, plant and equipment to be within 2 to 75 years. In particular, management estimates the useful lives of plant and equipment to be 2 to 12 years. The carrying amount of the Group's property, plant and equipment at the end of the reporting period is disclosed in Note 5 to the financial statements. The estimation of useful lives is based on assumptions about wear and tear, ageing, changes in demand and the Group's historical experience with similar assets. The Group performs annual reviews on whether the assumptions made on useful lives continue to be valid. As changes in the expected level of usage, maintenance programmes and technological developments could affect the economic useful lives and the residual values of these assets, future depreciation charges could be revised. If depreciation on the Group's property, plant and equipment increases/decreases by 10% from management's estimates, the Group's loss for the year will increase/decrease by $54,000 (2016 - $97,600).

Impairment of property, plant and equipment

Property, plant and equipment are assessed at the end of each reporting period whether there is any indication of impairment. If any such indication exists, the recoverable amounts of the assets are estimated to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Such impairment loss is recognised in profit or loss.

Significant judgement and estimates by management are required in the area of asset impairment, particularly in assessing: (i) whether an event has occurred that may indicate that the related asset value may not be recoverable; (ii) whether the carrying value of an asset can be supported by its market value based on comparable assets or the net present value of future cash flows which are estimated based upon the continuing use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are extrapolated using a suitable growth rate and then discounted using an appropriate discount rate. Changing the assumptions selected by management to determine the level of impairment, including the growth rate and discount rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result, may potentially affect the Group's results. The carrying amount of the Group's property, plant and equipment at the end of the reporting period, and the assumptions used to estimate value in use as the recoverable amount, are disclosed in Note 5 to the financial statements.

3(a) Basis of preparation (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Valuation of investment property (Note 6)

The Group's investment property is stated at estimated fair value based on the valuation performed by a firm of independent professional valuers using the direct comparison method and income method. The estimated fair value may differ from the price at which the Group's assets could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. A 5% (2015: 5%) difference in the fair value of these assets from management's estimates would not have any material impact on the Group's profit or loss for the financial year.

Impairment of investments in subsidiaries

The Company assesses at the end of each reporting period whether there is any indication that the investments in subsidiaries may be impaired. If any such indication exists, the investment in subsidiary is tested for impairment. The determination of the recoverable amount requires an estimation of the fair value less costs to sell of the underlying assets or the value in use of the cash-generating units. Estimating the fair value less costs to sell requires the Company to make an estimate of the expected selling prices of the underlying assets and the estimated cash outflows to settle the obligations in respect of the underlying liabilities. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the cash-generating units, a suitable growth rate to extrapolate the future cash flows, and an appropriate discount rate in order to calculate the present value of the future cash flows. The carrying amount of the Company's investments in subsidiaries at the end of the reporting period, and the basis used to determine fair value less costs to sell or the assumptions used to estimate value in use as the recoverable amount, are disclosed in Note 7 to the financial statements.

Impairment of loans and receivables

The Group and the Company assess at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is any objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's and the Company's loans and receivables at the end of the reporting period are disclosed in Note 28 to the financial statements. If the present value of estimated future cash flows decreases/increases by 2% from management's estimates, the Group's and the Company's allowance for impairment of loans and receivables will increase/decrease by $49,000 (2016 - $58,000) and $18,600 (2016 - $72,000), respectively. The carrying amount of the Group's loans and receivables as at 31 March 2017 was $2,450,000 (2016 - $2,908,000).

Valuation of loans from directors (Note 18)

The determination of fair values of interest-free loans from directors at inception requires the Group to make assumptions and estimates regarding the discount rate.

3(b) Interpretations and amendments to published standards effective in 2016/2017

The directors do not anticipate that the adoption of the FRSs will have a material impact on the financial statements of the Group and the Company in the period of their initial adoption except for the following new or amended FRSs and INT FRSs issued and effective in year 2016/2017:

Reference	Description
Amendments to FRS 1	Disclosure Initiative

3(b) Interpretations and amendments to published standards effective in 2016/2017 (Cont'd)

The amendments to FRS 1 – Presentation of Financial Statements clarify, rather than significantly change, existing FRS 1 requirements. The amendments clarify:

- The materiality requirements in FRS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities should adopt a systematic order in which they present the notes to the financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. The amendments to FRS 1 are effective for annual periods beginning on or after 1 January 2016.

Following application of these standards, they have had no material impact to the financial position or performance of the Group and the Company.

3(c) FRS not yet effective

The Accounting Standards Council announced on 29 May 2014 that Singapore-incorporated companies listed on the SGX-ST will apply a new financial reporting framework identical to the International Financial Reporting Standards ("IFRS") for financial year ending 31 December 2018 onwards. Singapore-incorporated companies listed on the SGX-ST will have to assess the impact of IFRS 1: First-time adoption of IFRS when transitioning to the new reporting framework. The Group is currently assessing the impact of transitioning to the new reporting framework on its financial statements.

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and Amendments to FRS that are relevant to the Group and the Company were issued but not yet effective.

Reference	Description	Effective date (Annual periods beginning on or after)
FRS 115	Revenue from Contracts with Customers	1 January 2018
FRS 116	Leases	1 January 2019
FRS 109	Financial Instruments	1 January 2018
INT FRS 122	Foreign Currency Transaction and Advance Consideration	1 January 2018
Amendments to:		
FRS 115	Clarification to FRS 115: Revenue from Contracts with Customers	1 January 2018

3(c) FRS not yet effective (Cont'd)

The directors do not anticipate that the adoption of the above FRSs in future periods will have a material impact on the financial statements of the Company and the Group in the period of their initial adoption, except for the following:

FRS 115 – Revenue from Contracts with Customers

FRS 115 – Revenue from Contracts with Customers establishes a framework for determining when and how to recognise revenue. The objective of the standard is to establish the principles that an entity shall apply to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard replaces FRS 11 – Construction Contracts, FRS 18 – Revenue, INT FRS 113 – Customer Loyalty Programmes, INT FRS 115 – Agreements for Construction of Real Estate, INT FRS 118 – Transfer of Assets from Customers and INT FRS 31 – Revenue – Barter Transactions involving Advertising Services. The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall into the scope of other standards.

FRS 115 is effective for annual periods beginning on or after 1 January 2018.

The amendments to FRS 115 – Revenue from Contracts with Customers clarify how to:

- Identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract
- Determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided)
- Determine whether the revenue from granting a licence should be recognised at a point in time or over time.

The amendments have the same effective date as the standard, FRS 115, i.e. on 1 January 2018. The Group and the Company is currently assessing the impact to the financial statements.

FRS 116 – Leases

FRS 116 – Leases replaces accounting requirements introduced more than 30 years ago in accordance with FRS 17 – Leases that are no longer considered fit for purpose, and is a major revision of the way in which companies where it is required lessees to recognise most leases on their balance sheets. Lessor accounting is substantially unchanged from current accounting in accordance with FRS 17. FRS 116 – Leases will be effective for accounting periods beginning on or after 1 January 2019. Early adoption will be permitted, provided the Group and the Company have adopted FRS 115. The Group and the Company is currently assessing the impact to the financial statements.

3(c) FRS not yet effective (Cont'd)

FRS 109 – Financial Instruments

FRS 109 – Financial Instruments replaces FRS 39 and it is a package of improvements introduced by FRS 109 which include a logical model for:

- Classification and measurement;
- A single, forward-looking "expected loss" impairment model; and
- A substantially reformed approach to hedge accounting.

FRS 109 is effective for annual periods beginning on or after 1 January 2018. The Group and the Company is currently assessing the impact to the financial statements.

INT FRS 122 – Foreign Currency Transactions and Advance Consideration

This Interpretation provides requirements about which exchange rate to use in reporting foreign currency transactions (such as revenue transactions) when payment is made or received in advance.

The Interpretations are effective from 1 January 2018.

On initial application, entities would have the option of applying the Interpretations either retrospectively or prospectively in accordance with FRS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The Group and the Company is currently assessing the impact to the financial statements.

3(d) Summary of significant accounting policies

The accounting policies used by the Group have been applied consistently to all periods presented in these financial statements.

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Losses and other comprehensive income are attributable to the non-controlling interest even if that results in a deficit balance.

3(d) Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

Subsidiary

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, the Group controls an investee if and only if the Group has all of the following:

(i) power over the investee;
(ii) exposure, or rights, to variable returns from its involvement with the investee; and
(iii) the ability to use its power over the investee to affect its returns

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of the voting rights relative to the size and dispersion of holdings of other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant authorities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Non-controlling interest

Non-controlling interest represents the equity in subsidiary not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income, and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in ownership interests in subsidiaries without change of control

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

3(d) Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

Changes in ownership interests in subsidiaries resulting in loss of control

When the Group loses control of a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts as at that date when control is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained; and
- Recognises any gain or loss in profit or loss.

A gain or loss is recognised in profit or loss and 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 amounts of the assets and liabilities of the subsidiary and any non-controlling interest.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRS).

The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amount of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

3(d) Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

Business combination (Cont'd)

If the business combination is achieved in stages, the acquisition–date carrying value of the acquirer's previously–held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

Bargain purchase

If the total consideration transferred, non-controlling interest recognised and previously–held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses, if any. Depreciation is computed utilising the straight-line method to write off the cost of these assets over their estimated useful lives as follows:

Leasehold property	75 years
Motor vehicles	5 years
Beauty, slimming and spa equipment	4 to 12 years
Renovations	5 years
Furniture and office equipment	2 to 5 years

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. 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 asset. Cost may also include transfers from equity of any gains/ losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

3(d) Summary of significant accounting policies (Cont'd)

Property, plant and equipment (Cont'd)

Subsequent expenditure relating to property, plant and equipment that has been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at the end of each reporting period as a change in estimates.

Investment properties

Investment properties are properties held to earn rental income and/or for capital appreciation and are not occupied by the Group.

Investment properties are treated as non-current investments and are initially recognised at cost and subsequently carried at fair value, representing open market value determined on annual basis by independent professional valuers. Gross changes in fair values and the related tax impact are recognised in profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is recognised as additions and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvement is charged to profit or loss when incurred.

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from the disposal. On disposal or retirement of an investment property, the difference between any disposal proceeds and the carrying amount is recognised in profit or loss.

<u>Transfers</u>

Transfers to, or from, investment properties are made when there is a change in use, evidenced by:

- commencement of owner occupation, for a transfer from investment properties to property, plant and equipment;
- commencement of development with a view to sell, for a transfer of investment properties to development properties; or
- end of owner occupation, for a transfer from property, plant and equipment to investment properties.

3(d) Summary of significant accounting policies (Cont'd)

Investment properties (Cont'd)

Transfers (Cont'd)

For transfer to investment properties from development properties for sale, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner–occupied property to investment property, the property is measured at revalued amount and accounted for in accordance with the accounting policy for property, plant and equipment up to the date of change in use.

Subsidiaries

Subsidiaries are entities controlled by the Company. In the Company's separate statement of financial position, subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

Financial assets

Financial assets, other than hedging instruments, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated and classification may be changed at the end of the reporting period with the exception that a financial asset shall not be reclassified into or out of the fair value through profit or loss category while it is held or issued.

All financial assets are recognised on their trade date, the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

The Group does not hold any financial assets at fair value through profit or loss, held-to-maturity investments or available-for-sale financial assets.

3(d) Summary of significant accounting policies (Cont'd)

Financial assets (Cont'd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Loans and receivables include trade and other receivables (excluding tax recoverable and prepayments) and cash and bank balances and fixed deposits. They are subsequently measured at amortised cost using the effective interest method, less allowance for impairment. If there is objective evidence that the asset has been impaired, the financial asset is measured at the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or write-back is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis, and includes all costs in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank deposits with financial institutions which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents exclude cash restricted in use, and are presented net of bank overdraft which is repayable on demand and which forms an integral part of cash management.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

3(d) Summary of significant accounting policies (Cont'd)

Financial liabilities

The Group's financial liabilities include loans from financial institutions, balances with directors and trade and other payables, excluding deferred revenue and goods and services tax payable.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges are recognised as an expense in "finance costs" in profit or loss. Financial liabilities are derecognised if the Group's obligation specified in the contract expires or is discharged or cancelled.

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial liabilities are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method.

The differences between the amounts of interest-free loans from directors cum shareholders and their present values are accounted for as capital contribution within equity. Interest is recognised at the incremental rate of borrowing over the loan tenures and the loans accrete back up to their par values.

Borrowings

Borrowings are recognised initially at the 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 profit or loss over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Borrowings which are due to be settled more than 12 months after the end of the reporting period are included in current borrowings in the statement of financial position, if the loan facility agreements include an overriding repayment on demand clause, which gives the lender the right to demand repayment at any time, at its sole discretion and irrespective of whether a default event has occurred, or when the Group has defaulted or breached a provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the borrowings become payable on demand, even if the lender agreed, after the reporting period and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach. These borrowings are classified as current because, at the end of the reporting period, the Group does not have an unconditional right to defer its settlement for at least 12 months after that date.

3(d) Summary of significant accounting policies (Cont'd)

Financial liabilities (Cont'd)

Borrowings (Cont'd)

However, those borrowings with breaches or defaults of loan agreement terms are classified as non-current if the lender agreed by the end of the reporting period to provide a period of grace ending at least 12 months after the reporting period, within which the Group can rectify the breach and/or during which the lender cannot demand immediate repayment. Other borrowings due to be settled more than 12 months after the end of the reporting period are included in non-current borrowings in the statement of financial position.

Finance lease liabilities are measured at initial value less the capital element of lease repayments (see policy on finance leases).

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Present obligations arising from onerous contracts are recognised as provisions.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of the time is recognised as finance costs.

Asset dismantlement, removal or reinstatement

The Group recognises the estimated cost of dismantlement, removal or reinstatement of items of property, plant and equipment arising from the acquisition or use of assets. This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration the time value of money.

Changes in the estimated timing or amount of the expenditure or discount rate for asset dismantlement, removal and reinstatement costs are adjusted against the cost of the related property, plant and equipment, unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately.

Financial guarantees

The Company has issued corporate guarantees to financial institutions for the borrowings of certain subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the financial institutions if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

3(d) Summary of significant accounting policies (Cont'd)

Financial guarantees (Cont'd)

Financial guarantee contracts, if assessed to be material, are initially recognised at their fair values plus transaction costs in the statement of financial position.

Financial guarantee contracts are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless the Group has incurred an obligation to reimburse the financial institutions for an amount higher than the unamortised amount. In this case, the financial guarantee contracts shall be carried at the expected amount payable to the financial institutions.

Leases

Where the Group is the lessee,

Finance leases

Where assets are financed by lease agreements that give rights approximating to ownership, the assets are capitalised as if they have been purchased outright at values equivalent to the lower of the fair values of the leased assets and the present value of the total minimum lease payments during the periods of the leases. The corresponding lease commitments are included under liabilities. The excess of lease payments over the recorded lease obligations are treated as finance charges which are amortised over each lease to give a constant effective rate of charge on the remaining balance of the obligation.

The leased assets are depreciated on a straight-line basis over their estimated useful lives as detailed in the accounting policy on "property, plant and equipment".

Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Rentals on operating leases are charged to profit or loss on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, and contingent rents are recognised in profit or loss when incurred.

Where the Group is the lessor,

Operating leases

Assets leased out under operating leases are included in investment property and are stated at revalued amounts and not depreciated. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

3(d) Summary of significant accounting policies (Cont'd)

Income taxes

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary 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.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Such deferred tax assets and liabilities are not recognised:

- Where the deferred tax arises from initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.
- In respect of deductible temporary differences and carry forward of unutilised tax losses, if it is not probable that there will be sufficient taxable profits against which those deductible temporary differences and carry forward of unutilised tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at the balance sheet date 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 deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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 on the same taxable entity or on different tax entities, provided the Group intends to settle its current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

3(d) Summary of significant accounting policies (Cont'd)

Income taxes (Cont'd)

Deferred tax (Cont'd)

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefit embodied in the investment property over time, rather than through sale.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at the date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in the accounting for the business combination.

Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as Central Provident Fund in Singapore and Employee's Provident Fund in Malaysia 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. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

3(d) Summary of significant accounting policies (Cont'd)

Related parties

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 the 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 the Company or of a parent of the Company.

(b) An entity is related to the Group and the 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.

<u>Key management personnel</u>

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain management executives are considered key management personnel.

Impairment of non-financial assets

The carrying amounts of the Group's and the Company's non-financial assets subject to impairment are reviewed at end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the asset belongs will be identified.

3(d) Summary of significant accounting policies (Cont'd)

Impairment of non-financial assets (Cont'd)

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

An impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case, it is charged to equity.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

A reversal of an impairment loss is recognised as income in profit or loss. For revalued asset, a reversal is recognised as income in profit or loss to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss. Subsequent reversal of an impairment on a revalued asset is credited directly to equity.

Revenue recognition

Revenue for the Group comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of business, net of goods and services tax, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

<u>Sale of goods</u>

Revenue on the sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the customer. Revenue is not recognised to the extent that there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

3(d) Summary of significant accounting policies (Cont'd)

Revenue recognition (Cont'd)

Beauty, slimming and spa service treatments

Revenue from beauty, slimming and spa treatments is 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 deferred revenue and included in trade and other payables.

Interest income

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

Rental income

Rental income receivable under operating leases is recognised in profit or loss on a straight-line basis over the term of the lease.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period, using the effective interest method in which they are incurred.

Government grants

Government grants are recognised at their fair values where there is reasonable assurance that the grants will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss on a straight-line basis over the estimated useful life of the relevant asset.

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 Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

3(d) Summary of significant accounting policies (Cont'd)

Functional currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Group and the Company are presented in Singapore dollar, which is also the functional currency of the Company.

Conversion of foreign currencies

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at that date.

Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing exchange rates at the balance sheet date are recognised in profit or loss, unless they arise from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in the consolidated financial statements and transferred to profit or loss as part of the gain or loss on disposal of the foreign operation.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the exchange rates prevailing at 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.

Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing exchange rates at the end of the reporting period;
- Income and expenses for each statement presenting profit and loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the accumulated exchange differences in respect of that foreign operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

3(d) Summary of significant accounting policies (Cont'd)

Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer ("CEO") to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Additional disclosures on each of these segments are shown in Note 31 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the financial period to acquire property, plant and equipment.

Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial period.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effect of all dilutive potential ordinary shares, which comprise any convertible bonds and warrants.

4 Revenue

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

	2017	2016
	$'000	$'000
Sales of goods	**3,407**	3,613
Beauty, slimming and spa service treatments	**4,210**	8,307
Rental income	**1,560**	1,562
	9,177	13,482

5 Property, plant and equipment

The Group	Leasehold property $'000	Motor vehicles $'000	Beauty, slimming and spa equipment $'000	Renovations $'000	Furniture and office equipment $'000	Total $'000
Cost						
At 1 April 2015	3,268	346	3,926	4,609	2,156	14,305
Additions	-	-	314	449	194	957
Write-off	-	-	-	(209)	-	(209)
Exchange differences	-	(1)	(28)	8	(26)	(47)
At 31 March 2016	**3,268**	**345**	**4,212**	**4,857**	**2,324**	**15,006**
Additions	**-**	**184**	**70**	**218**	**93**	**565**
Write-off	**-**	**-**	**(83)**	**(393)**	**-**	**(476)**
Exchange differences	**-**	**(2)**	**(43)**	**(73)**	**(21)**	**(139)**
At 31 March 2017	**3,268**	**527**	**4,156**	**4,609**	**2,396**	**14,956**
Accumulated depreciation/impairment						
At 1 April 2015	226	206	3,165	3,908	1,663	9,168
Depreciation for the year	44	32	338	400	162	976
Write-off	-	-	-	(177)	-	(177)
Impairment losses recognised	-	-	-	152	48	200
Exchange differences	-	(1)	(21)	9	(10)	(23)
At 31 March 2016	**270**	**237**	**3,482**	**4,292**	**1,863**	**10,144**
Depreciation for the year	**43**	**55**	**222**	**123**	**97**	**540**
Write-off	**-**	**-**	**(2)**	**(38)**	**-**	**(40)**
Impairment losses recognised	**-**	**-**	**41**	**75**	**257**	**373**
Exchange differences	**-**	**(2)**	**(36)**	**(59)**	**(11)**	**(108)**
At 31 March 2017	**313**	**290**	**3,707**	**4,393**	**2,206**	**10,909**
Net book value						
At 31 March 2017	**2,955**	**237**	**449**	**216**	**190**	**4,047**
At 31 March 2016	2,998	108	730	565	461	4,862

5 Property, plant and equipment (Cont'd)

The Company	Furniture and office equipment $'000
Cost	
At 1 April 2015, 31 March 2016 and 31 March 2017	**1**
Accumulated depreciation	
At 1 April 2015, 31 March 2016 and 31 March 2017	**1**
Net book value	
At 31 March 2017	-
At 31 March 2016	-

(a) The carrying amount of motor vehicles, beauty, slimming and spa equipment, renovations and furniture and office equipment held under finance lease arrangements (Note 16) for the Group as at 31 March 2017 amounted to $247,000 (2016 - $107,000), $16,000 (2016 - $2,000), $Nil (2016 - $74,000) and $Nil (2016 - $3,000), respectively.

(b) During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $565,000 (2016 - $957,000) of which $148,000 (2016 - $Nil) was acquired by way of finance lease arrangement and $368,000 (2016 - $728,000) by cash. Additions to renovations include provision for reinstatement cost amounting to $49,000 (2016 - $6,000) (Note 20). Acquisition of property, plant and equipment via capital contribution by a non-controlling shareholder of a subsidiary was $223,000 during the year ended 31 March 2016.

(c) As at 31 March 2017, leasehold property with a net total carrying amount of $2,955,000 (2016 - $2,998,000) are mortgaged to Amalgamated Term Loan and Working Capital Loan (Note 16).

Details of the leasehold property held by the Group as at 31 March 2017 is as follows:

Location	**Tenure**	**Approximate floor area (sq m)**	**Use of property**
48, 49, 50 Mosque Street Singapore 059526/27/28	99-year leasehold commencing 28 August 2002	257.6	Retail outlet

5 Property, plant and equipment (Cont'd)

Impairment testing of property, plant and equipment

The Group has been incurring losses. The Group conducted an impairment test on the property, plant and equipment of its cash-generating units ("CGUs"). As a result of that test, the Group determined that the carrying values of certain of its assets exceeded their recoverable amounts as at the reporting date and recorded an impairment loss of $373,000 for the year ended 31 March 2017 (2016 - $200,000).

The recoverable amounts of the CGUs were estimated based on the higher of fair value less costs to sell and value in use. The estimate of value in use was determined based on cash flow projections from formally approved financial budgets and forecasts covering a five-year period, and using a pre-tax discount rate of 9.3% (2016: 8.8%) and a 2% (2016: 2%) terminal value growth rate. The fair value less costs to sell of property, plant and equipment (Level 3 valuation) was determined using the cost approach. The cost approach is based on cost to reproduce or replace under new condition with current market prices for similar assets, with allowance for accrued depreciation arising from the conditions, utility, age, wear and tear, or obsolescence present (physical, functional or economic), taking into consideration past and present maintenance policy and rebuilding history.

6 Investment property

The Group	**2017** **$'000**	2016 $'000
At beginning of year	**57,176**	57,176
Fair value loss on investment property	**(176)**	-
At end of year	**57,000**	57,176

The fair value of the investment property is determined by an independent firm of professional valuers who has appropriate recognised professional qualification and recent experience in the location and category of the investment property being valued. The fair value is based on the market value, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction. The valuation is based on a direct comparison method which is checked against the income method.

Investment property are valued on a highest and best used basis. For the Group's investment property, the current use is considered to be the highest and best use.

The investment property is leased to an entity, in which a director of a subsidiary has an interest, under operating leases. As at 31 March 2017, the investment property with a total carrying amount of $57,000,000 (2016 - $57,176,000) was mortgaged to secure bank loans (Note 16).

6 Investment property (Cont'd)

The following amounts are recognised in the Group's profit or loss.

The Group	**2017 $'000**	2016 $'000
Rental income (Note 4)	**1,560**	1,562
Direct operating expenses	**(19)**	(28)
	1,541	1,534

All direct operating and other expenses arising from the investment property were borne, as per the rental agreement, by the related party of the Group.

The investment property held by the Group as at 31 March 2017 is as follows:

Description and location	**Tenure**	**Approximate floor area (sq m)**	**Use of property**
A 4-storey refurnished shophouse development with mezzanine floor comprising 84 hotel rooms 48, 49, 50 Mosque Street Singapore 059526/27/28	99 - year leasehold commencing 28 August 2002	1,883.0	Commercial

7 Investments in subsidiaries

The Company	**2017 $'000**	2016 $'000
Unquoted equity investments, at cost		
At beginning and end of year	**4,258**	4,258
Allowance for impairment losses		
At beginning of year	**(814)**	(814)
Allowance made	**(2,179)**	-
At end of year	**(2,993)**	(814)
Carrying amount	**1,265**	3,444

7 Investments in subsidiaries (Cont'd)

Impairment testing of investments in subsidiaries

During the financial year ended 31 March 2017, having regard to the financial performance of certain subsidiaries that had been loss making, an impairment loss of approximately $2,179,000 (2016 - $Nil) was recognised in respect of the Company's investments in these subsidiaries to reduce the carrying amounts of the investments to their recoverable amounts.

The recoverable amount of the investment was determined based on value in use. The value in use calculation was based on cash flow projections from formally approved financial budgets and forecasts covering a five-year period, and using a pre-tax discount rate of 9.3% (2016 – 8.8%) and a terminal value growth rate of 2% (2016 – 2%) from year six.

Details of investments in subsidiaries as at 31 March 2017 and 2016 are as follows:

Name	Country of incorporation/ principal place of business	Attributable equity interest of the Group		Principal activities
		2017	2016	
Held by the Company				
Mary Chia Beauty & Slimming Specialist Pte. Ltd. [(1)]	Singapore	**100**	100	Provision of lifestyle and wellness treatment services
Mary Chia Beauty & Slimming Specialist (Orchard) Pte. Ltd. [(1)]	Singapore	**100**	100	Provision of lifestyle and wellness treatment services
Urban Homme Face and Body Studio For Men Pte. Ltd.[(1)]	Singapore	**100**	100	Provision of lifestyle and wellness treatment services for men
Spa Menu Pte. Ltd. [(1)]	Singapore	**100**	100	Provision of lifestyle and wellness treatment services and retailing of lifestyle and wellness products
Organica International Holdings Pte Ltd [(1)]	Singapore	**100**	100	Investment holding
Hotel Culture Pte. Ltd. [(1)]	Singapore	**51**	51	Investment holding
MCU Holdings Sdn. Bhd. [(2)]	Malaysia	**100**	100	Provision of lifestyle and wellness treatment services
Held by Organica International Holdings Pte Ltd.				
Organica International (M) Sdn Bhd [(2)]	Malaysia	**100**	100	Direct selling of skin care and health supplements

7 Investments in subsidiaries (Cont'd)

Details of investments in subsidiaries as at 31 March 2017 and 2016 are as follows: (Cont'd)

Name	**Country of incorporation/ principal place of business**	**Attributable equity interest of the Group**		**Principal activities**
		2017	2016	
Held by Mary Chia Beauty & Slimming Specialist Pte. Ltd.				
Scinn Pte Ltd [(1)]	Singapore	**70**	70	Clinic and other general medical services
MSB Beauty Pte Ltd [(3)]	Singapore	**51**	51	Provision of lifestyle and wellness treatment services
Held by MCU Holdings Sdn Bhd				
MCU Beautitudes Sdn Bhd [(2)]	Malaysia	**100**	100	Provision of lifestyle and wellness treatment services

(1) Audited by Foo Kon Tan LLP, principal member firm of HLB International in Singapore.
(2) Audited by HLB Ler Lum, member firm of HLB International in Malaysia.
(3) To be liquidated.

Summarised financial information in respect of Group subsidiaries that has a material non-controlling interest (NCI) is set out below:

Name of subsidiary	Country of incorporation/ principal place of business	Proportion of ownership interests and voting rights held by non-controlling interest		Profit allocated to non-controlling interest		Accumulated non-controlling interest	
		2017	2016	**FY2017**	FY2016	**2017**	2016
				$'000	$'000	**$'000**	$'000
Hotel Culture Pte Ltd	Singapore	**49%**	49%	**324**	484	**19,274**	18,950
Scinn Pte Ltd	Singapore	**30%**	30%	**(121)**	(122)	**(18)**	103
MSB Beauty Pte Ltd	Singapore	**49%**	49%	**(487)**	(51)	**(47)**	440

7 Investments in subsidiaries (Cont'd)

Summarised financial information in respect of Group subsidiaries that has a material non-controlling interest (NCI) is set out below. The summarised financial information without adjusting for equity interest of NCI in the subsidiaries represents amounts before inter-company eliminations.

	Hotel Culture Pte Ltd		Scinn Pte Ltd		MSB Beauty Pte Ltd		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Summarised statement of comprehensive income								
Revenue	**1,793**	1,804	**185**	311	**-**	-	**1,978**	2,115
Profit/(loss) for the year and total comprehensive income	**918**	988	**(404)**	(406)	**(993)**	(104)	**(479)**	478
Profit/(loss) for the year representing total comprehensive income								
- attributable to equity holders of the company	**594**	504	**(283)**	(284)	**(506)**	(53)	**(195)**	167
- attributable to NCI	**324**	484	**(121)**	(122)	**(487)**	(51)	**(284)**	311
	918	988	**(404)**	(406)	**(993)**	(104)	**(479)**	478
Summarised statement of financial position								
Current								
Assets	**8,975**	4,576	**187**	172	**507**	663	**9,669**	5,411
Liabilities	**(7,858)**	(2,523)	**(448)**	(110)	**(604)**	(210)	**(8,910)**	(2,843)
Net current assets/(liabilities)	**1,117**	2,053	**(261)**	62	**(97)**	453	**759**	2,568
Non-Current								
Assets	**64,800**	65,000	**201**	281	**-**	443	**65,001**	65,724
Liabilities	**(22,272)**	(24,326)	**-**	-	**-**	-	**(22,272)**	(24,326)
Net non-current assets/(liabilities)	**42,528**	40,674	**201**	281	**-**	443	**42,729**	41,398
Equity								
Equity attributable to equity holders of the company	**24,371**	23,777	**(42)**	240	**(50)**	456	**24,279**	24,473
Non-controlling interest	**19,274**	18,950	**(18)**	103	**(47)**	440	**19,209**	19,493
	43,645	42,727	**(60)**	343	**(97)**	896	**43,488**	43,966
Other summarised information								
Net cash inflow/(outflow) from operating activities	**1,070**	(2,739)	**(44)**	(366)	**21**	(90)	**1,047**	(3,195)
Net cash outflow from investing activities	**(3,747)**	-	**(5)**	(114)	**(102)**	(335)	**(3,854)**	(449)
Net cash inflow/(outflow) from financing activities	**2,698**	1,656	**10**	526	**8**	1,000	**2,716**	3,182
Net cash changes for the year	**21**	(1,083)	**(39)**	46	**(73)**	575	**(91)**	(462)

8 Deferred tax assets

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 the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on different entities which intend to settle on a net basis, or realise the assets and liabilities simultaneously in the future. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

	The Group		The Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Deferred tax assets	**-**	14	**-**	-
Deferred tax liabilities	**-**	-	**-**	-
	-	14	**-**	-

	The Group		The Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
At beginning of year	**14**	260	**-**	-
Recognised in profit or loss (Note 25)	**(14)**	(228)	**-**	-
Effect of currency translation difference	**-**	(18)	**-**	-
At end of year	**-**	14	**-**	-

Deferred taxation is attributable to the following:

The Group	Property, plant and equipment $'000	Unutilised tax losses $'000	Others $'000	Total $'000
At 1 April 2015	12	215	33	260
Recognised in profit or loss (Note 25)	(8)	(189)	(31)	(228)
Effect of currency translation difference	(1)	(15)	(2)	(18)
At 31 March 2016	**3**	**11**	**-**	**14**
Recognised in profit or loss (Note 25)	**(3)**	**(11)**	**-**	**(14)**
Effect of currency translation difference	**-**	**-**	**-**	**-**
At 31 March 2017	-	**-**	**-**	**-**

8 Deferred tax assets (Cont'd)

	The Group		The Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Deferred tax assets				
- To be recovered within one year	**-**	-	**-**	-
- To be recovered after one year	**-**	14	**-**	-
	-	14	**-**	-
Deferred tax liabilities				
- To be settled within one year	**-**	-	**-**	-
- To be settled after one year	**-**	-	**-**	-
	-	-	**-**	-
	-	14	**-**	-

9 Inventories

	2017	2016
The Group	**$'000**	$'000
Products held for sale, at cost	**402**	662

The costs of inventories recognised in the consolidated statement of comprehensive income - profit or loss amounted to $452,000 (2016 - $477,000) for the financial year ended 31 March 2017.

10 Trade and other receivables

	The Group		The Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Trade receivables	**354**	317	**2**	3
Allowance for impairment losses	**(18)**	(18)	**-**	-
	336	299	**2**	3
Other receivables:				
Goods and services tax receivable	**16**	10	**2**	-
Amounts due from subsidiaries (non-trade)	**-**	-	**5,586**	3,691
Sundry receivables	**74**	138	**-**	-
	90	148	**5,588**	3,691
Allowance for impairment losses	**(40)**	(40)	**(4,658)**	(173)
	50	108	**930**	3,518
	386	407	**932**	3,521

10 Trade and other receivables (Cont'd)

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

	The Group		The Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
At beginning of year	**58**	58	**173**	220
Allowance made	**-**	-	**4,485**	-
Allowance utilised	**-**	-	**-**	(47)
At end of year	**58**	58	**4,658**	173
Trade receivables	**18**	18	**-**	-
Other receivables	**40**	40	**4,658**	173
	58	58	**4,658**	173

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.

The non-trade amounts due from subsidiaries, which represent advances to and payments on behalf of the subsidiaries, are unsecured, interest-free and repayable on demand.

Trade and other receivables are denominated in the following currencies:

	The Group		The Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Singapore dollar	**319**	365	**932**	3,521
Malaysia ringgit	**67**	42	**-**	-
	386	407	**932**	3,521

The Group generally extends credit period of 30 to 90 days (2016 – 30 to 90 days) to customers for sales of goods, depending on the length of business relationship, payment history, background and financial strength of the customers. The Group actively reviews the trade receivable balances and follow up on outstanding debts with the customers.

10 Trade and other receivables (Cont'd)

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

The Group	**2017 $'000**	2016 $'000
By geographical area		
Singapore	**285**	257
Malaysia	**51**	42
	336	299

The ageing analysis of trade receivables is as follows:

The Group	**Gross 2017 $'000**	**Impairment losses 2017 $'000**	Gross 2016 $'000	Impairment losses 2016 $'000
Not past due	**154**	**-**	89	-
Past due 0 to 90 days	**23**	**-**	45	-
Past due 91 to 182 days	**-**	**-**	65	-
Past due 183 to 365 days	**-**	**-**	58	-
Past due over 365 days	**177**	**(18)**	60	(18)
	354	**(18)**	317	(18)

Except as disclosed, the Group believes that no further impairment allowance is necessary in respect of trade receivables past due and not past due.

11 Other current assets

	The Group		The Company	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Current				
Prepayments	**75**	99	**4**	8
Deposits	**927**	786	**-**	-
	1,002	885	**4**	8
Non-current				
Deposits	**386**	858	**-**	-

Deposits relate to rental deposits paid for the group's offices and operating outlets. The fair value of non-current deposits approximate its carrying amount and is disclosed in Note 34 to the financial statements.

12 Cash and bank balances

	The Group		The Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Cash and bank balances	**707**	837	*****	64
Fixed deposits	**60**	30	**-**	15
	767	867	*****	79

The fixed deposits at the balance sheet date have a maturity of approximately 3 months (2016 – 3 – 8 months) from the end of the financial year and earned effective interest at the rate of approximately 0.35% (2016 – 0.25% - 0.45%) per annum.

Cash and bank balances and fixed deposits are denominated in the following currencies:

	The Group		The Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Singapore dollar	**700**	777	*****	79
Malaysian ringgit	**67**	90	**-**	-
	767	867	*****	79

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

	2017	2016
The Group	**$'000**	$'000
Cash and bank balances as above	**707**	837
Bank overdraft (Notes 16 and 19)	**(100)**	(182)
Fixed deposits	**60**	30
	667	685

* *denotes amount less than $1,000*

13 Share capital

	2017	2016	**2017**	2016
The Company	Number of ordinary shares		**$'000**	$'000
Issued and fully paid with no par value				
At beginning and at end of year	**163,495,140**	163,495,140	**4,818**	4,818

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 Company. All shares rank equally with regard to the Company's residual assets.

14 Reserves

	The Group		The Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Merger reserve	**(927)**	(927)	**-**	-
Foreign currency translation reserve	**122**	193	**-**	-
Retained earnings/(accumulated losses)	**470**	6,422	**(9,988)**	(3,005)
	(335)	5,688	**(9,988)**	(3,005)

Merger reserve

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

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.

15 Non-controlling interest

	2017	2016
The Group	**$'000**	$'000
Balance at beginning of year	**19,493**	18,467
Share of (loss)/profit for the year	**(284)**	311
Incorporation of a new subsidiary	**-**	715
Balance at end of year	**19,209**	19,493

16 Borrowings

	The Group		The Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Non-current				
Obligations under finance leases (Note 16.1)	**206**	152	**-**	-
Loans from financial institutions (Note 16.2)	**22,272**	24,556	**-**	230
	22,478	24,708	**-**	230
Current				
Obligations under finance leases (Note 16.1)	**74**	102	**-**	-
Loans from financial institutions (Note 16.2)	**6,615**	1,984	**230**	288
Bank overdraft (Note 19)	**100**	182	**-**	-
	6,789	2,268	**230**	288
	29,267	26,976	**230**	518

Loans from financial institutions and bank overdraft are secured by the following:

(a) legal mortgage over the Group's leasehold property (Note 5); and
(b) corporate guarantees by the Company.

16.1 Obligations under finance leases

The Group has acquired certain property, plant and equipment under finance leases. These leases have no terms of renewal, purchase options and escalation clauses. The interest rate implicit in the leases ranges from 1.9303 % to 7.0767% (2016 – 1.9303% to 7.0759%) per annum. Future minimum lease payments under the finance lease arrangements together with the present values of the net minimum lease payments are as follows:

The Group	**2017**	2016
	$'000	$'000
Minimum lease payments payable:		
No later than one year	**85**	108
Later than one year and not later than five years	**200**	143
Later than five years	**26**	17
	311	268
Less: Finance charges allocated to future years	**(31)**	(14)
Present value of minimum lease payments	**280**	254
Present value of minimum lease payments:		
No later than one year	**74**	102
Later than one year and not later than five years	**182**	150
Later than five years	**24**	2
	206	152
	280	254

16 Borrowings (Cont'd)

16.1 Obligations under finance leases (Cont'd)

Finance lease liabilities are secured by certain property, plant and equipment of the Group (see Note 5), joint and several personal guarantees from two directors of the Company, namely Ms Mary Chia Ah Tow and Ms Ho Yow Ping (He YouPing) and corporate guarantee by the Company.

16.2 Loans from financial institutions

	The Group		The Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Repayable:				
Current				
No later than one year	**6,615**	1,984	**230**	288
Non-current				
Later than one year and no later than five years	**5,907**	6,915	**-**	230
Later than five years	**16,365**	17,641	**-**	-
	22,272	24,556	**-**	230
	28,887	26,540	**230**	518

	The Group		The Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Current				
Term loans	**417**	195	**230**	288
Amalgamated term loan	**1,167**	1,209	**-**	-
Revolving working capital loans	**5,031**	580	**-**	-
	6,615	1,984	**230**	288
Non-Current				
Term loans	**3,091**	4,202	**-**	230
Amalgamated term loan	**19,181**	20,354	**-**	-
	22,272	24,556	**-**	230

Term loans

The term loans have weighted average interest rate of 2.45% (2016: 2.53%) per annum, and are repayable on monthly instalment and secured by the investment/leasehold property (the "Properties") of the Group.

16 Borrowings (Cont'd)

16.2 Loans from financial institutions (Cont'd)

Amalgamated term loan

The loan bears interest at 2.38% (2016: 2.38%) per annum.

The amalgamated loan is secured by the Properties, fixed and floating charges on personal properties associated with the Properties, existing deed of proportionate guarantee from a non-controlling interest of a subsidiary, and a corporate guarantee from the Company.

Revolving working capital loans

Revolving working capital loans bear interest at rates ranging from 2.94% to 2.99% (2016: 3.00% to 3.25%) per annum. The loans are repayable on monthly instalment, and are secured by the investment/ leasehold property of the Group, personal guarantees from two directors of the Company namely, Ms Mary Chia Ah Tow and Ms Ho Yow Ping (He YouPing), and a corporate guarantee from the Company.

17 Trade and other payables

	The Group		The Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
		(Restated)		
Trade payables – third parties	**2,911**	2,727	**152**	241
Amounts due to subsidiaries (non-trade)	**-**	-	**6,732**	4,329
Deferred revenue	**1,996**	1,966	**-**	-
Goods and services tax payable	**101**	55	**-**	-
Deposits received	**253**	254	**-**	-
Accrued operating expenses	**1,560**	855	**257**	151
	6,821	5,857	**7,141**	4,721

Deferred revenue

Deferred revenue represents services for beauty, slimming and spa treatments which have not been rendered as at the end of reporting period.

Amounts due to subsidiaries (non-trade)

Amounts due to subsidiaries are unsecured, interest free and repayable on demand.

Trade and other payables are denominated in the following currencies:

	The Group		The Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Singapore dollar	**5,770**	5,204	**7,141**	4,721
Malaysian ringgit	**1,051**	653	**-**	-
	6,821	5,857	**7,141**	4,721

18 Amounts due to directors and due from/to non-controlling interest

Current

The amount due to non-controlling interest is non-trade in nature, unsecured, interest-free and repayable on demand.

Non-current

Amounts due to directors

	The Group		The Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
		(Restated)		
Loans	**1,741**	663	**-**	-
Accrued salaries	**1,720**	1,512	**-**	-
	3,461	2,175	**-**	-

The amounts due to directors, who are also shareholders of the Company, are unsecured and interest-free. The directors, namely Ms Mary Chia Ah Tow and Ms Ho Yow Ping (He YouPing), have given an undertaking not to demand repayment of the loans, and the salaries in arrear within the next 36 months from the balance sheet date or until the cash flows of the Group permit, whichever is later.

19 Bank overdraft

Bank overdraft of the Group is secured by the following:

(i) Joint and several personal guarantees from two directors of the Company namely, Ms Mary Chia Ah Tow and Ms Ho Yow Ping (He YouPing);
(ii) Corporate guarantee from the Company; and
(iii) Negative pledge over all assets of a subsidiary.

During the financial year, interest on bank overdraft was 9.85% (2016 – 8.85%) per annum over the prevailing prime rate of the bank.

20 Provision

The Group	**2017** **$'000**	2016 $'000
Balance at beginning of year	**455**	449
Provision made during the year	**49**	6
Provision used during the year	**(47)**	-
Balance at end of year	**457**	455
Presented as:		
Current	**262**	99
Non-current	**195**	356
	457	455

Provision for dismantlement, removal or reinstatement is the 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 property, plant and equipment.

21 Other operating income

The Group	**2017** **$'000**	2016 $'000
Interest income – fixed deposits	**1**	1
Government grants	**440**	472
Income from training	**-**	90
Sundry income	**112**	153
	553	716

22 Staff costs

The Group	2017 $'000	2016 $'000
Salaries, wages, commissions and bonuses	**5,306**	5,992
Contributions to defined contribution plans	**495**	543
Foreign Worker Levy and Skill Development Levy	**126**	274
Other staff benefits	**2**	34
	5,929	6,843

23 Other operating expenses

The Group	2017 $'000	2016 $'000
Audit fees paid/payable to:		
- Auditors of the Company	**97**	90
- Other auditors	**6**	13
Advertising and marketing expenses	**440**	904
Bank charges	**217**	250
Impairment loss on property, plant and equipment	**373**	200
Consultation fee	**120**	401
Exhibition expenses	**98**	137
Foreign exchange loss	**-**	3
Internet and networking charges	**33**	140
Legal and professional fees	**153**	153
Property, plant and equipment written off	**436**	32
Recruitment expenses	**15**	20
Utilities	**171**	224
Repair and maintenance expenses	**165**	259
Fair value loss on investment property	**176**	-
Other operating expenses	**926**	918
	3,426	3,744

24 Finance costs

The Group	2017 $'000	2016 $'000
Interest expenses:		
- Bank overdraft	**13**	22
- Borrowings	**866**	685
- Finance lease liabilities	**12**	16
	891	723

25 Income tax expense

The Group	**2017** **$'000**	2016 $'000
Current taxation		
- current year	**205**	187
- adjustment for prior years	**6**	-
	211	187
Deferred taxation		
- origination and reversal of temporary differences	**(14)**	228
(Note 8)	**(14)**	228
Total taxation	**197**	415

<u>Reconciliation of effective tax rate</u>

The Group	**2017** **$'000**	2016 $'000
Loss before taxation	**(6,215)**	(3,112)
Tax at statutory rate of 17% (2016 : 17%)	**(1,057)**	(529)
Effect of different tax rate of foreign subsidiaries	**172**	(55)
Tax effect on non-deductible expenses	**53**	205
Tax effect on non-taxable income	**(52)**	(72)
Tax exemption and rebate	**(36)**	(46)
Deferred tax assets on temporary differences not recognised	**1,111**	922
Adjustment for prior years	**6**	-
Utilisation of group relief	**-**	(10)
	197	415

As at the end of reporting period, the Group had estimated unutilised tax losses amounting to approximately $12,075,000 (2016 - $5,749,000) that are available for offset against future taxable profits of those companies. 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 $2,182,000 (2016 - $1,071,000) 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.

26 Loss per share

The Group	**2017**	2016
Loss attributable to equity holders of the Company ($'000)	**(6,128)**	(3,838)
Weighted average number of ordinary shares in issue for basic earnings per share	163,495,140	163,495,140
Basic and diluted loss per share (cents)	**(3.75)**	(2.35)

27 Significant related party transactions

27.1 Related party transactions

Other than as disclosed elsewhere in the financial statements, there were no other transactions with related parties during the financial year.

27.2 Key management personnel compensations

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

The Group	**2017** **$'000**	2016 $'000
Directors' fees	**105**	93
Salaries and other short term employee benefits	**720**	720
Contributions to defined contribution plans	**18**	18
	738	738

28 Financial instruments

The carrying amounts of financial assets and financial liabilities at the reporting date by categories of FRS 39 are as follows:

The Group	Loans and receivables (at amortised cost) $'000	Financial liabilities (at amortised cost) $'000	Total $'000
2017			
Financial assets			
Trade and other receivables#	**370**	**-**	**370**
Other assets#	**1,313**	**-**	**1,313**
Cash and bank balances	**767**	**-**	**767**
	2,450	**-**	**2,450**
Financial liabilities			
Loans from financial institutions	**-**	**28,887**	**28,887**
Obligations under finance leases	**-**	**280**	**280**
Bank overdraft	**-**	**100**	**100**
Amount due to directors	**-**	**3,461**	**3,461**
Amount due to non-controlling interest	**-**	**24**	**24**
Trade and other payables##	**-**	**4,724**	**4,724**
		37,476	**37,476**
2016 (Restated)			
Financial assets			
Trade and other receivables#	397	-	397
Other assets#	1,644	-	1,644
Cash and bank balances	867	-	867
	2,908	-	2,908
Financial liabilities			
Loans from financial institutions	-	26,540	26,540
Obligations under finance leases	-	254	254
Bank overdraft	-	182	182
Amount due to directors	-	2,175	2,175
Amount due to non-controlling interest	-	24	24
Trade and other payables##	-	3,836	3,836
	-	33,011	33,011

Exclude goods and services tax and prepayments

Exclude deferred revenue and goods and services tax

28 Financial instruments (Cont'd)

The Company	Loans and receivables (at amortised cost) $'000	Financial liabilities (at amortised cost) $'000	Total $'000
2017			
Financial assets			
Trade and other receivables#	**930**	**-**	**930**
Cash and bank balances	*	**-**	*
	930	**-**	**930**
Financial liabilities			
Loans from financial institutions	**-**	**230**	**230**
Trade and other payables	**-**	**7,141**	**7,141**
	-	**7,371**	**7,371**
2016			
Financial assets			
Trade and other receivables#	3,521	-	3,521
Cash and bank balances	79	-	79
	3,600	-	3,600
Financial liabilities			
Loans from financial institutions	-	518	518
Trade and other payables	-	4,721	4,721
	-	5,239	5,239

\# *Exclude goods and services tax and prepayments*

* *Denote amount less than $1,000*

29 Commitments

Operating lease commitments

29.1 Where the Group is a lessee

The Group leases office premises and service outlets under non-cancellable operating leases. These leases have an average tenure of between one and three years with renewal option and contingent rent provision included in the contracts. The Group is required to pay either absolute fixed annual increase to the lease payments or contingent rents computed based on their sales achieved during the lease period. The Group is restricted from sub-leasing some of its service outlets.

29 Commitments (Cont'd)

Operating lease commitments (Cont'd)

29.1 Where the Group is a lessee (Cont'd)

The future aggregate minimum lease payable under the non-cancellable operating leases contracted as at the balance sheet date but not recognised as liabilities in the financial statements, are analysed as follows:

The Group	**2017 $'000**	2016 $'000
Not later than one year	**2,718**	5,207
Later than one year and not later than five years	**1,950**	5,791
Later than five years	**-**	-

These operating leases expire between 2017 and 2019.

29.2 Where the Group is a lessor

The Group has entered into an operating lease on its investment property. This non-cancellable lease has remaining lease term of less than one year with contingent rent provision included in the contract. The Group receives an absolute fixed annual lease receipts and variable rent component computed based on the sales achieved by the lessee during the lease period. The lease includes a clause to enable upward revision of the rental charge on an annual basis based on the prevailing market conditions.

Contingent rent recognised as an income in profit or loss during the financial year amounted to $60,000 (2016 - $62,000).

The future minimum rental receivable under the non-cancellable operating lease contracted as at the end of reporting period but not recognised as assets in the financial statements, are analysed as follows:

The Group	**2017 $'000**	2016 $'000
Not later than one year	**1,500**	1,512
Later than one year and not later than five years	**2,938**	-
Later than five years	**-**	-

30 Corporate guarantees

The Company

As at 31 March 2017, the Company has provided corporate guarantees amounting to $15,226,000 (2016 - $14,226,000) in respect of financial lease arrangements, loans from financial institutions and corporate credit card facilities.

The fair value of these corporate guarantees is estimated to be insignificant as the subsidiaries have the ability to generate sufficient cash flows from their operations to finance their continuing operations and repay the borrowings.

31 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
- Investment holding

Inter-segment transactions are determined on an arm's length basis.

Segment assets comprise of cash and bank balances, trade and other receivables, inventories, investment property, property, plant and equipment and other current assets. Segment assets exclude deferred tax assets.

Segment liabilities comprise primarily trade and other payables, specific borrowings, provisions and amounts due to directors and non-controlling interest which can be attributable to the specific segments. Segment liabilities exclude items such as general borrowings, general finance lease and 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.

31 Segments information (Cont'd)

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 mainly tax expenses and provision for taxation. Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties.

(a) Business segments

(i) The following table presents revenue and results information regarding the Group's business segments for the years ended 31 March 2017 and 2016:

	Beauty, slimming and spa treatment for women		Beauty, slimming and spa treatment for men		Investment holding		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Revenue	**6,754**	10,456	**1,111**	1,855	**1,793**	1,803	**9,658**	14,114
Inter-segment revenue	**(248)**	(391)	**-**	-	**(233)**	(241)	**(481)**	(632)
Revenue from external customers	**6,506**	10,065	**1,111**	1,855	**1,560**	1,562	**9,177**	13,482
Other information:								
Other income	**502**	620	**50**	52	**-**	43	**552**	715
Interest income	**1**	-	**-**	-	**-**	1	**1**	1
Purchases and related costs	**(452)**	(328)	**-**	(149)	**-**	-	**(452)**	(477)
Staff costs	**(5,166)**	(5,871)	**(763)**	(972)	**-**	-	**(5,929)**	(6,843)
Changes in inventories	**(200)**	(123)	**(50)**	56	**-**	-	**(250)**	(67)
Depreciation of property, plant and equipment	**(464)**	(771)	**(32)**	(162)	**(44)**	(43)	**(540)**	(976)
Operating leases expenses	**(3,117)**	(3,012)	**(1,340)**	(1,468)	**-**	-	**(4,457)**	(4,480)
Other operating expenses	**(2,601)**	(2,872)	**(455)**	(565)	**(370)**	(307)	**(3,426)**	(3,744)
Finance costs	**(303)**	(130)	**(75)**	(6)	**(513)**	(587)	**(891)**	(723)
Loss before taxation							**(6,215)**	(3,112)
Income tax expense							**(197)**	(415)
Loss for the year							**(6,412)**	(3,527)

31 Segments information (Cont'd)

(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 2017 and 2016:

	Beauty, slimming and spa treatment for women		Beauty, slimming and spa treatment for men		Investment holding		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Assets and liabilities:								
Segment assets	**(12,020)**	(5,371)	**2,278**	1,515	**73,732**	69,573	**63,990**	65,717
Unallocated assets								
- Deferred tax assets							**-**	14
Total assets							**63,990**	65,731
Segment liabilities	**5,438**	6,000	**4,774**	2,882	**29,818**	26,605	**40,030**	35,487
Unallocated liabilities								
- Income tax payables							**268**	245
Total liabilities							**40,298**	35,732
Other segment information:								
Capital expenditure	**516**	950	**49**	7	**-**	-	**565**	957
Depreciation of property, plant and equipment	**464**	771	**32**	162	**44**	43	**540**	976
Fair value loss on investment property	**-**	-	**-**	-	**176**	-	**176**	-
Impairment loss on property, plant and equipment	**253**	-	**120**	200	**-**	-	**373**	200
Property, plant and equipment written off	**436**	32	**-**	-	**-**	-	**436**	32

31 Segments information (Cont'd)

(b) Geographical segments

The following table presents revenue and certain assets information regarding the Group's geographical segments for the years ended 31 March 2017 and 2016:

	Singapore		Malaysia		Total	
	2017	2016	**2017**	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Revenue - Sales to external customers	**8,102**	11,310	**1,075**	2,172	**9,177**	13,482
Non-current assets #	**60,812**	61,642	**235**	396	**61,047**	62,038

Note # - exclude deferred tax assets and deposits

The Group's non-current assets comprising property, plant and equipment are mainly located in Singapore.

<u>Information about major customer</u>

The Group did not derive any significant revenue from any single customer during the financial year except for the rental income of $1,560,000 (2016 - $1,562,000) in the investment holding segment.

32 Financial risk management objectives and policies

The Group's activities exposed it to a variety of financial risks, including the effects of interest rate risk, credit risk, foreign currency risk and liquidity risk arising in the normal course of the Group's business. The Group's risk management policy seeks to minimise the potential adverse effects from these exposures. Management continuously monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

The Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

The following section provide details regarding the Group's and Company's exposure to the above mentioned financial risks and the objectives, policies and processes for the management of these risks.

32.1 Interest rate risk

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

The Group's and the Company's exposure to interest rate risk relates primarily to variable rate bank loans.

32 Financial risk management objectives and policies (Cont'd)

32.1 Interest rate risk (Cont'd)

Cash flow sensitivity analysis for variable rate instruments

For the variable rate financial assets and liabilities, 100 basis points ("bp") increase/decrease at the reporting date would have the impact as shown below. The magnitude represents management's assessment of the likely movement in interest rates under normal economic conditions. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular foreign currency rates, remain constant.

	Increase/(Decrease) in loss before tax		**Increase/(Decrease) in equity**	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
The Group	$'000	$'000	$'000	$'000
At 31 March 2017				
Loans from financial institutions	**286**	**(286)**	**(286)**	**286**
At 31 March 2016				
Loans from financial institutions	260	(260)	(260)	260

32.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's exposure to credit risk arises primarily from trade and other receivables. For trade receivables, the Group adopts the practice of dealing only with those customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

The Group has established a credit policy under which the creditworthiness of each new customer is evaluated individually before the Group grants credit to the customer. Credit limits are established for each customer, which represents the maximum open amount without requiring approval from the directors. Payments will be required to be made upfront by customers which do not meet the Group's credit requirements.

Amounts due from customers are closely monitored and reviewed on a regular basis to identify any non-payment or delay in payment, and to understand the reasons, so that appropriate actions can be taken promptly. Through on-going credit monitoring and existing collection procedures in place, credit risk is mitigated substantially.

32 Financial risk management objectives and policies (Cont'd)

32.2 Credit risk (Cont'd)

The Group evaluates whether there is any objective evidence that trade and other receivables are impaired, and determines the amount of impairment loss as a result of the inability of the debtors to make required payments. The Group bases the estimates on the ageing of the trade receivable balances, creditworthiness of the debtors and historical write-off experience. If the financial conditions of the debtors were to deteriorate, actual write-offs would be higher than estimated.

Amount not paid after the credit period granted will be considered past due. The credit terms granted to customers are based on the Group's assessment of their creditworthiness and in accordance with the Group's policy.

In determining the recoverability of trade and other receivables, the Group considers any change in the credit quality of the trade and other receivables from the date credit was initially granted up to the end of the reporting period.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

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 statements of financial position.

Financial assets that are neither past due nor impaired

Cash and bank balances are mainly deposits placed with reputable banks. Trade and other receivables and deposits that are neither past due nor impaired are with customers with a good collection track records with the Group.

Financial assets that are past due and/or impaired

There is no other class of financial assets that are past due and/or impaired as at the end of reporting period except for trade and other receivables which is disclosed in Note 10 to the financial statements.

Corporate guarantees

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries. The maximum exposure of the Company in respect of the intra-group financial guarantees (see Note 30) at the reporting date is if the facility is drawn down by the subsidiary in the amount of $15,226,000 (2016: $14,226,000). At the reporting date, the Company has considered it is not probable that a claim will be made against the Company under the intra-group financial guarantees.

32 Financial risk management objectives and policies (Cont'd)

32.3 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 one of the Company's controlling shareholders to meet its liabilities and normal operating expenses to be incurred.

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

The Group	Carrying amount S$'000	Contractual cash flows S$'000	Less than 1 year S$'000	Between 1 and 5 years S$'000	More than 5 years S$'000
2017					
Trade and other payables #	**4,724**	**4,724**	**4,724**	**-**	**-**
Amounts due to directors and non-controlling interest	**3,485**	**3,485**	**24**	**3,461**	**-**
Obligations under finance leases	**280**	**311**	**85**	**200**	**26**
Loans from financial institutions	**28,887**	**35,023**	**7,446**	**8,575**	**19,002**
Bank overdraft	**100**	**100**	**100**	**-**	**-**
	37,476	**43,643**	**12,379**	**12,236**	**19,028**
2016 (Restated)					
Trade and other payables #	3,836	3,836	3,836	-	-
Amounts due to directors and non-controlling interest	2,199	2,199	24	2,175	-
Obligations under finance leases	254	268	108	143	17
Loans from financial institutions	26,540	31,350	2,598	8,907	19,845
Bank overdraft	182	182	182	-	-
	33,011	37,835	6,748	11,225	19,862

Exclude deferred revenue and goods and services tax

32 Financial risk management objectives and policies (Cont'd)

32.3 Liquidity risk (Cont'd)

The Company	Carrying amount S$'000	Contractual cash flows S$'000	Less than 1 year S$'000	Between 1 and 5 years S$'000	More than 5 years S$'000
2017					
Trade and other payables	**7,141**	**7,141**	**7,141**	**-**	**-**
Financial corporate guarantees	**15,226**	**15,226**	**15,226**	**-**	**-**
Loans from financial institutions	**230**	**236**	**236**	**-**	**-**
	22,597	**22,603**	**22,603**	**-**	**-**
2016					
Trade and other payables	4,721	4,721	4,721	-	-
Financial corporate guarantees	14,226	14,226	14,226	-	-
Loans from financial institutions	518	549	313	236	-
	19,465	19,496	19,260	236	-

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

33 Capital management

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 or issue new shares.

Management monitors capital with reference to net debt to total capital ratio including the maintenance of the net worth of the Company and certain subsidiaries according to the financial covenants of the Group's borrowings (Note 16). The Group's strategies are to maintain a prudent balance between the advantage and flexibility afforded by a strong capital position and the higher return on equity that is possible with greater leverage.

33 Capital management (Cont'd)

The net debt to total capital ratio is calculated as net debt divided by total capital. Net debt is calculated as total loans from financial institutions, obligations under finance leases, bank overdraft, amounts due to directors and non-controlling interest plus trade and other payables less cash and bank balances. Total equity is calculated as share capital plus reserves and non-controlling interest. Total capital is calculated as total equity plus net debt.

The net debt to total capital ratio is calculated as follows:

The Group	**2017** **$'000**	2016 $'000 (Restated)
Loans from financial institutions	**28,887**	26,540
Obligations under finance leases	**280**	254
Bank overdraft	**100**	182
Amounts due to directors	**3,461**	2,175
Amount due to non-controlling interest	**24**	24
Trade and other payables	**6,821**	5,857
Less: Cash and bank balances	**(767)**	(867)
Net debt	**38,806**	34,165
Total equity	**23,692**	29,999
Total capital	**62,498**	64,164
Net debt to total capital ratio	**62%**	53%

The Group and the Company are in compliance with loan covenants attached to the loans during the financial years ended 31 March 2017 and 2016. Except as disclosed, the Group and the Company are not subject to any externally imposed capital requirement. There were also no changes in the Group's approach to capital management during the financial years ended 31 March 2017 and 2016.

34 Financial instruments

Fair value measurement

Definition of fair value

FRSs 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.

34 Financial instruments (Cont'd)

Fair value measurement (Cont'd)

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 non-financial assets

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis:

The Group	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 March 2017				
Investment property	**-**	**-**	**57,000**	**57,000**
31 March 2016				
Investment property	-	-	57,176	57,176

The management has assessed that the fair value of the investment property (Note 6) is based on the current market prices of properties in the vicinity ("direct comparison") which is checked against the income method. The fair value of this property is classified under Level 3 of the fair value hierarchy.

The reconciliation of the carrying amounts of non-financial assets – investment property is disclosed in Note 6 to the financial statements.

34 Financial instruments (Cont'd)

Valuation technique and significant unobservable inputs

The following table shows the Group's valuation technique used in measuring the fair value of investment property, as well as the inter-relationship between significant unobservable inputs used and fair value measurement.

Valuation technique	**Inter-relationship between key unobservable inputs and fair value measurement**
The Group used the direct comparison method and the income method for its investment property. The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment property. The income method takes into consideration the estimated net rent at a capitalisation rate applicable to the nature and type of asset in question. The discounted cash flows method considers the present value of net cash flows to be generated from the property.	The estimated fair value would increase/(decrease) if: Price per square meter was higher/(lower); Occupancy rate was higher/(lower); Room rate was higher/(lower); Operating expenses and property tax were lower/(higher); Capitalisation rate was lower/(higher).

<u>Fair value measurement of financial assets and financial liabilities</u>

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

Non-current financial assets and financial liabilities

The carrying amounts of these non-current deposits, borrowings, amounts due to directors, and obligations under finance leases approximate their fair values. The fair values of long term deposits, borrowings and obligations under finance leases are estimated by discounted cash flow analysis, using interest rates currently being offered for loans, and market rates for similar instruments as at the reporting date. The fair values of interest-free loans from directors 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 amounts due from/(to) related companies and non-controlling interest) which have a maturity of less than one year approximate their fair value because of the short term period of maturity.

35 Events after the reporting period

(a) Legal suit and damages against the Group

Mary Chia Beauty & Slimming Specialist Pte Ltd ("MCBSS") has on 27th May 2016 received a notice from Slimming Beauty House Pte Ltd ("SBH") purporting to terminate the Joint Venture (the "Notice"). SBH had also served a notice on 27th May 2016 expressing its intent to commence arbitration against MCBSS for a sum of S$3.8 million for alleged breaches of the joint venture agreement.

The Singapore International Arbitration Centre concluded an arbitration over a 3-day period and issued an award (the "Award") on 7 July 2017 in favour of SBH. MCBSS shall pay SBH $315,420 as damages for expectation loss and S$238,552 and JPY 2,479,409 (about S$30,000) as costs.

As at 31 March 2017, the outcome of the alleged breaches cannot be ascertained, and accordingly, no provision has been made in the financial statements in respect thereof.

On 25 July 2017, MCBSS made an application to the High Court of Singapore (the "Court") to set aside the Award (the "Application"). In connection with the Application, MCBSS has transferred a sum of S$584,716.92 (the "Sum") to its solicitors' trust account, upon which its solicitors have furnished an undertaking to SBH's solicitors to (i) hold the Sum by way of security for the sums awarded to SBH under the Award; and (ii) release the same to SBH's solicitors or SBH without set-off, unless the Court otherwise orders, in the event that the Application and all other appeals by MCBSS therefrom, are dismissed and the matter is finally disposed of in SBH's favour.

(b) Change of ultimate controlling shareholder

On 24 August 2017, Suki Sushi Pte Ltd acquired in aggregate 99,707,046 ordinary shares representing approximately 60.98% from Ms Mary Chia Ah Tow resulting in Suki Sushi Pte Ltd becoming the ultimate controlling shareholder. Arising from this acquisition, Suki Sushi Pte Ltd has given an undertaking to provide sufficient financial support to the Company and the Group for the next 12 months after the date of the auditor's report to operate without any curtailment of operations.

(c) Personal loan injection

A director of a subsidiary, who is also the beneficiary of the new ultimate controlling shareholder, has committed a personal loan of S$2 million to the Group effective 15 August 2017. As at 31 August 2017, S$1.2 million of the loan has been drawn down and the remaining balance of S$800,000 is available for disbursement at any time within 12 months after 15 August 2017.

36 Comparative figures

Certain comparative figures were reclassified due to error in classification in the previous year.

	2016 As reported $'000	Reclassification $'000	**2016** As restated $'000
Consolidated statement of financial position			
Non-current			
Amounts due to directors (Note 18)	1,352	823	2,175
Current			
Trade and other payables (Note 17)			
- Trade payables - third parties	166	2,561	2,727
- Other payables	2,561	(2,561)	-
- Accrued operating expenses	1,678	(823)	855
Consolidated statement of cash flows			
Cash flows from operating activities			
Effect of foreign exchange rate changes	22	(22)	-
Changes in trade and other payables	(523)	(801)	(1,324)
Cash flows from financing activities			
Increase in amounts due to directors	56	823	879

STATISTICS OF SHAREHOLDINGS

AS AT 31 AUGUST 2017

NO OF ISSUED AND FULLY PAID-UP SHARES	:	163,495,140
NO OF TREASURY SHARES AND SUBSIDIARY HOLDINGS	:	NIL
CLASS OF SHARES	:	Ordinary Shares
VOTING RIGHTS	:	1 Vote Per Share

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	0	0.00	0	0.00
100 - 1,000	163	27.91	157,700	0.10
1,001 - 10,000	152	26.03	1,040,000	0.64
10,001 - 1,000,000	261	44.69	16,897,800	10.33
1,000,001 & ABOVE	8	1.37	145,399,640	88.93
TOTAL	584	100.00	163,495,140	100.00

LIST OF TOP TWENTY SHAREHOLDERS AS AT 31 AUGUST 2017

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	%
1	DBS NOMINEES PTE LTD	101,226,046	61.91
2	HO YOW PING (HE YOUPING)	32,680,000	19.99
3	WONG MING KWONG	4,908,094	3.00
4	SEAH BOON LOCK	1,660,000	1.02
5	MORGAN STANLEY ASIA (S) SECURITIES PTE LTD	1,500,000	0.92
6	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,410,000	0.86
7	LEE LAY TING JANE	1,010,300	0.62
8	LIM SING TAT	1,005,200	0.62
9	SHARAD PANDURANG VISHWASRAO	821,000	0.50
10	NG LEE CHEH	800,000	0.49
11	UOB KAY HIAN PTE LTD	502,000	0.31
12	OCBC SECURITIES PRIVATE LTD	500,000	0.31
13	LEE LIAN CHOON	332,000	0.20
14	SHEN MAU SNG	330,000	0.20
15	NG SIN KIAN	318,000	0.19
16	CITY LIFE ADVERTISING PTE LTD	297,000	0.18
17	WONG LOKE TAN	292,000	0.18
18	EST OF LEOW SAU CHING HELENA, DECEASED	280,000	0.17
19	TANG CHWOON HWEE	280,000	0.17
20	LEONG AH CHUE	250,000	0.15
		150,401,640	91.99

STATISTICS OF SHAREHOLDINGS

AS AT 31 AUGUST 2017

SUBSTANTIAL SHAREHOLDERS

As shown in the Register of Substantial Shareholders as at 31 August 2017

NAME OF SHAREHOLDERS	DIRECT INTEREST NO. OF SHARES	%	DEEMED INTEREST NO. OF SHARES	%
Suki Sushi Pte. Ltd.	-	-	99,707,046[1]	60.98
Ho Yow Ping (He YouPing)	32,680,000	19.99	99,707,046[2]	60.98
Lee Boon Leng	-	-	99,707,046[2]	60.98

Notes:

(1) Suki Sushi Pte. Ltd. holds 99,707,046 of shares in the Company through DBS Nominees Pte Ltd. The shareholders of Suki Sushi Pte. Ltd are Mr Lee Boon Leng (73.75%), Ms Ho Yow Ping (He YouPing) (21.70%), Ms Low Xiu Li Elvelyn (2.84%), Mr Khoo Chee Been (1.14%) and Mr Seow Bao Shuen (0.57%).

(2) Ms Ho Yow Ping (He YouPing) and Mr Lee Boon Leng are deemed to have an interest in the Company by virtue of their 73.75% and 21.70% respective shareholdings interest in Suki Sushi Pte. Ltd.

PUBLIC FLOAT

Based on the information available to the Company as at 31 August 2017, approximately 19.03% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Mary Chia Holdings Limited (the "**Company**") will be held at SAFRA Toa Payoh, 293 Toa Payoh Lorong 6, Level 3, Everest Room, Singapore 319387 on Monday, 2 October 2017 at 9.00 a.m. to transact the following businesses:

AS ORDINARY BUSINESS:

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 March 2017 together with the Auditors' Report thereon. **Resolution 1**

2. To approve the payment of Directors' fees of S$105,000 for the financial year ending 31 March 2018 (FY2017: S$105,000). **Resolution 2**

3. To re-elect Ms Ho Yow Ping (He YouPing) who is retiring by rotation pursuant to Regulation 98 of the Company's Constitution. **Resolution 3**

4. To re-elect Mr Periowsamy Otharam who is retiring pursuant to Regulation 102 of the Company's Constitution. **Resolution 4**

   Mr Periowsamy Otharam will, upon re-election as a Director of the Company, remain as a member of the Audit Committee, Nominating Committee and Remuneration Committee. The Board considers Mr Periowsamy Otharam to be independent pursuant to Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.

5. To re-appoint Messrs Foo Kon Tan LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **Resolution 5**

6. To transact any other ordinary business which may be properly transacted at an annual general meeting.

AS SPECIAL BUSINESS:

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution, with or without any modifications:-

7. **Authority to allot and issue shares in the capital of the Company (the "Share Issue Mandate")**

   That pursuant to Section 161 of the Companies Act, Chapter 50 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,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors 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 was in force,

provided that:

(1) the aggregate number of Shares to be 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) (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, of which the aggregate number of Shares to be 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) (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 and Instruments 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) new Shares arising from exercising of share options or vesting of share awards outstanding and/or subsisting at the time this Resolution is passed, provided that share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

  (iii) any subsequent bonus issue, consolidation or sub-division of Shares.

(3) in exercising the authority conferred by this Ordinary Resolution 6, the Company shall comply with the requirements imposed 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 annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law and the Catalist Rules to be held, whichever is the earlier.
[See Explanatory Note] **Resolution 6**

BY ORDER OF THE BOARD

Shirley Lim Guat Hua
Company Secretary

Date: 11 September 2017

Explanatory Note:

The Ordinary Resolution 6 proposed in item 7, if passed, will empower the Directors of the Company, effective until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting 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 issue Shares and convertible securities in the Company, 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 would be in the best interests of the Company. The number of Shares and convertible securities that the Directors may allot and 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.

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting may appoint not more than two proxies to attend and vote instead of him.

2. Where a member appoints two proxies, he shall specify the proportion of his shareholdings to be represented by each proxy in the instrument appointing the proxies.

3. Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend and vote at the Annual General Meeting. A relevant intermediary is either:

    (a) A banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

    (b) A person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or

    (c) The Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. If the member is a corporation, the instrument appointing the proxy must be executed under an officer or attorney duly authorised.

5. A proxy need not be a member of the Company.

6. The instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 26 Tai Seng Street #01-03A, J'Forte, Singapore 534057 not less than 48 hours before the time set for the Annual General Meeting.

PERSONAL DATA PRIVACY:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder 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) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

Mary Chia Holdings Limited
(Incorporated in the Republic of Singapore)
(Registration No: 200907634N)

IMPORTANT
1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than 2 proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF monies to buy shares in Mary Chia Holdings Holdings Limited, 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 them. CPF/SRS investors should contact their CPF Approved Nominees if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notes to this Proxy Form.

PROXY FORM
ANNUAL GENERAL MEETING

I / We ______________________ NRIC/ Passport/ Co. Reg. No. ______________________

of ____ (Address)

being a member/members of Mary Chia Holdings Limited (the "Company"), hereby appoint

Name	NRIC/Passport Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting ("AGM") as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the AGM of the Company to be held at SAFRA Toa Payoh, 293 Toa Payoh Lorong 6, Level 3, Everest Room, Singapore 319387 on Monday, 2 October 2017 at 9.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick "√" within the box provided)

No.	Resolutions relating to:	Number of Votes For	Number of Votes Against
	Ordinary Business		
1	Adoption of Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 March 2017 together with the Auditors' Report thereon		
2	Approval of Directors' fees of S$105,000 for the financial year ending 31 March 2018 (FY2017: S$105,000)		
3	Re-election of Ms Ho Yow Ping (He YouPing) as a Director of the Company		
4	Re-election of Mr Periowsamy Otharam as a Director of the Company		
5	Re-appointment of Messrs Foo Kon Tan LLP as Auditors of the Company and to authorise the Directors of the Company to fix their remuneration		
	Special Business		
6	Authority to allot and issue shares pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore		

Dated this __________ day of ____________ 2017

Total number of Shares held

____
Signature(s) of member(s) or common seal
IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. (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 Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholdings 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 Annual General Meeting, 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 means:

   (i) A banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity.

   (ii) A person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or

   (iii) The Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

3. A proxy need not be a member of the Company.

4. Where a member appoints more than one proxy, the member must specify the proportion of shareholdings to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry 100% of the shareholdings of his/her appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 26 Tai Seng Street #01-03A, J'Forte, Singapore 534057 not less than 48 hours before the time appointed for holding the Annual General Meeting.

6. Completion and return of the instrument appointing a proxy or proxies by a member shall not preclude him from attending and voting at the Annual General Meeting if he so wishes. Any appointment of a proxy or proxies by a member shall be deemed to be revoked if a member attends the Annual General Meeting in person, and in such event, the Company reserves the right to admit any person or persons appointed under the instrument of proxy to the Annual General Meeting.

7. The instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorized. A corporation which is a member may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting.

8. Where an instrument appointing a proxy or proxies 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 instrument of proxy, failing which the instrument may be treated as invalid.

9. The Company shall be entitled to reject an instrument of proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, 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 Annual General Meeting dated 11 September 2017.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mary Chia Ah Tow (Non-Executive Chairman)

Ho Yow Ping (He YouPing) (CEO)

Yeung Koon Sang @ David Yeung (Independent Director)

Pao Kiew Tee (Independent Director)

Periowsamy Otharam (Independent Director)

COMPANY SECRETARY

Shirley Lim Guat Hua, ACIS

REGISTERED OFFICE

26 Tai Seng Street

#01-03A

J'Forte

Singapore 534057

SHARE REGISTRAR

B.A.C.S Private Limited

8 Robinson Road #03-00

ASO Building

Singapore 048544

SPONSOR

PrimePartners Corporate Finance Pte. Ltd.

16 Collyer Quay

#10-00 Income at Raffles

Singapore 049318

AUDITORS

Foo Kon Tan LLP

Public Accountants and Chartered Accountants

24 Raffles Place #07-03

Clifford Centre

Singapore 048621

Partner-in-charge: Mr Toh Kim Teck

(Appointed from the financial year ended 31 March 2016)

ADMINISTRATION OFFICE

26 Tai Seng Street J'Forte #07-02 Singapore 534057 Tel: 6252 9651

MARY CHIA LIFESTYLE & WELLNESS CENTRES (SINGAPORE) **HOTLINE: 1800 250 2001**

Income @ Tampines Junction 6786 6188 300 Tampines Avenue 5 #01-01 Singapore 529653
Jurong Point Shopping Centre 6793 0166 63 Jurong West Central 3 #B1-100/102 Singapore 648331
Nex 6286 6616 23 Serangoon Central #04-47/48 Singapore 556083
Novena 6250 7949 183/185 Thomson Road Goldhill Centre Singapore 307628
Parkway Parade 6344 2866 80 Marine Parade Road #05-15/16 Singapore 449269
The Clementi Mall 6659 1161 3155 Commonwealth Avenue West #03-01/02 Singapore 129588

MARY CHIA LIFESTYLE & WELLNESS CENTRES (MALAYSIA) **HOTLINE: 1700 80 0661**

Mid Valley City +6016 713 1664 Unit 53-1, 1st Floor, The Boulevard, Lingkaran Syed Putra, 59200 Kuala Lumpur
Plaza Pelangi +6016 702 1664 Lot No. 1.19A, Level 1, Jalan Kuning Taman Pelangi, 80400 Johor Bahru
Sunway Pyramid +6016 920 1664 Lot LG2, 122C, Lower Ground 2, 3 Jalan PJS 11/15, Bandar Sunway, 46150 Petaling Jaya, Selangor
Sutera Mall +6016 229 1664 Jalan Suntera Tanjung 8/4, L3-032, Taman Sutera Utama, 81300 Skudai, Johor

www.marychia.com

URBAN HOMME LIFESTYLE & WELLNESS CENTRES (SINGAPORE) **HOTLINE: 1800 250 2001**
Jurong Point Shopping Centre 6316 0166 63 Jurong West Central 3 #B1-103 Singapore 648331
NEX 6284 6166 23 Serangoon Central #04-47/48 Singapore 556083
Parkway Parade 6344 6166 80 Marine Parade Road #05-15/16 Singapore 449269
The Clementi Mall 6570 6626 3155 Commonwealth Avenue West #03-03 Singapore 129588
www.urbanhommeformen.com

LPG ENDERMOSPA LIFESTYLE & WELLNESS CENTRE (SINGAPORE)
Ngee Ann City 6734 6626 391B Orchard Road #05-22A Tower B Singapore 238872
sg.endermospa.com

MASEGO LIFESTYLE & WELLNESS CENTRE (SINGAPORE)
Safra Jurong 6790 1661 333 Boon Lay Way #4-01 Level 3 Leisure Wing Singapore 649848
www.masego.com.sg

HUANG AH MA LIFESTYLE & WELLNESS CENTRE (SINGAPORE)
Porcelain Hotel 6536 1661 50 Mosque Street Singapore 059528
www.huangahma.com

GO60 LIFESTYLE & WELLNESS CENTRE (SINGAPORE)
Esplanade Xchange 6338 0660 90 Bras Basah #B1-24 Singapore 189562
www.go60.sg

SCINN MEDICAL CENTRE (SINGAPORE)
Ngee Ann City 6235 8066 391B Orchard Road #05-22 Tower B Singapore 238872
www.scinn.sg

ORGANICA INTERNATIONAL HOLDINGS (SINGAPORE)
J'Forte 6252 9651 26 Tai Seng Street #01-03A Singapore 534057
www.organicaintl.com

ORGANICA INTERNATIONAL (MALAYSIA)
Puchong 03-8052 3333 No. 18, Jalan PPU 3A, Pusat Teknolog Sinar Puchong, 47150 Puchong, Selangor Darul Ehsan, Malaysia
www.organicaintl.com

MCU BEAUTITUDES LIFESTYLE & WELLNESS CENTRE (MALAYSIA)
Sunway Pyramid +6016 920 4522 Lot LG2, 122A, Lower Ground 2, 3 Jalan PJS 11/15, Bandar Sunway, 46150 Petaling Jaya, Selangor
www.mcubeautitudes.com