2021 ANNUAL REPORT

MARY CHIA
HOLDINGS LIMITED

OUR PROFILE

Mary Chia Holdings Limited ("MCH" and together with her subsidiaries, the "Group) remains one of Singapore's leading lifestyle and wellness service providers. Listed on the SGX-ST Catalist since 11 August 2009, the Group has grown from strength to strength with wellness centres under the brand names "Mary Chia", "Urban Homme", "Masego", "Huang Ah Ma", "Organica", "Scinn Medical Centre", "Dr Scinn", "Monsoon Hair House", "M Nature", "M+", "Hatsuga", and "Dr Moto Hair Aesthetic Clinic".

As announced on 24 November 2020, MCH's wholly-owned subsidiary, M2 Group Pte. Ltd. completed the acquisition of an 80% stake in 5 companies under the Monsoon Hairdressing Group ("Monsoon") for a total consideration of approximately S$3.0 million.

Brands under the Group's umbrella serve strategic market segments such as discerning women, metropolitan males, thematic relaxation for families, traditional oriental wellness therapies for tourists and PMEBs, growing demand for gold standard non-invasive face augmentation, cutting edge laser therapies, solution-based medical spa treatments, and top-notch hair couture with premium services.

The Group's core services can be broadly categorised into beauty and facial services, slimming services, spa and wellness therapies, medical aesthetic services, wellness products, skincare products, haircare services, scalp therapies, hair care products and investment. "MU" is the Group's skincare arm that distributes skincare and wellness products, both consumable and topically, to all wellness and lifestyle centres under its umbrella, while "Organica" range of premium products are marketed through its extensive direct selling network.

The Group will continue to display tenacity, strong leadership and nimbleness during this challenging period.

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MARYCHIA

Embracing Beauty

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

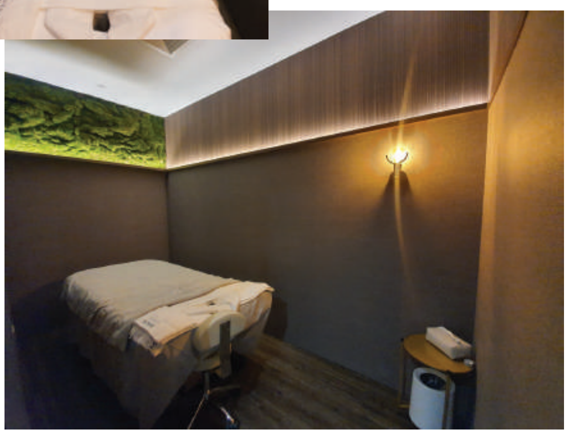
On International Women's Day 2021, Mary Chia is honoured to partner with Dr Chen Ming Li of AIA and Ms Annie Chan, the President of The International Women's Federation of Commerce and Industry, who shared with us their experiences and stories of how they reached the pinnacle of success to inspire and empower females around the world.

The Ministry of Social and Family Development has dedicated 2021 as the Year of Celebrating SG which is timely as we many women stepped up during Singapore's circuit breaker in 2020. They struggled to juggle work and employment and look after the family, including their children and home-based learning needs following the nationwide closures of schools, workplaces and childcare facilities. Hence this Mothers' Day we spoke to working mums such as singer Rachel Chua, prominent socialite Nina Ng and our CEO Wendy Ho who candidly inspired us with their triumphs, joys and challenges as a mum, wife, daughter and entrepreneur during this period.

URBAN HOMME
be your own man

Urban Homme Face and Body Studio for Men is a pioneering business in Singapore that specializes in professional skincare and physique management services for men. The brand offers a wide range of clinically verified and validated skincare and weight-loss programs. The most convincing evidence of Urban Homme's skill can be seen in the successful real-life makeovers of men who placed their trust in us.

As a brand, we are constantly evolving to meet the needs of our customers, either in bringing in the latest in beauty and body aesthetic, and providing customers with a sense of familiarity that exudes calm and tranquility with elements of outdoor gardenscape. We have moved a step further in our continuous rebranding effort with the facelift of our wellness centre at Nex Mall that was unveiled to appreciative acclamation in October 2020.



Mu
bodycare skincare nutrition

MCH has created a revolutionary product line in MU.

This comprehensive collection includes nutritional food supplements, as well as cosmetics and body care items, all aimed at combating and reversing the effects of aging.

In 2020, MU successfully launched CHOJU that is expertly curated help to achieve a good pH balance and support the immune system by removing excess toxins in order that essential nutrients can be absorbed in order to strengthen the overall immune system. CHOJU is the essence of total well being that harnesses the power of nature and Reishi - the food of longevity.

The successful introduction of CHOJU is followed by Quintessence. Quintessence harnesses the nutrients from the extraction of Sialic Acid and Peptide from 100% natural bird's nest. The formulation is further enhanced with Sakura Extract and Glutathione to optimise bodily immunity while stimulating cell growth proliferation that promotes regeneration of collagen to improve skin elasticity.

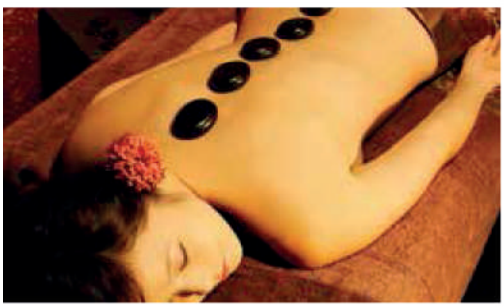
MASEGO
THE SAFARI SPA

Masego The Safari Spa, located in SAFRA Jurong, is Singapore's first and largest safari-themed spa. The 6,500-square-foot spa features 14 safari tents that may be rented for corporate gatherings and private occasions. Masego Spa focuses on providing clients with holistic massages and facials.

In 2021, scalp services are drafted to be part of Masego's services, making it a one-stop beauty and wellness hub.

皇阿瑪
THE ORIENTAL SPA CHAMBER
时 尚 养 身 馆

Huang Ah Ma, is an oriental wellness centre located within Porcelain Hotel along Chinatown in Singapore. Decorated in traditional chinese artifacts and cultural relics that transport one back to ancient China, Huang Ah Ma offers spa lovers a relaxing haven catering to the needs of tourists and locals.



scinn Medical Centre

Scinn Medical Centre is the synthesis of bespoke medical aesthetics and beauty therapies, guided by professional medical expertise to help its clients attain and achievable beauty ideal. Employing the latest in FDA-proven technologies, Scinn is focused on providing each client with a 360-degree experience to a better complexion and body shape. Scinn has recently relocated to a new 2,300 sq ft facility at TripleOne Somerset.

Scinn Medical Centre offers individualized treatments for a variety of skin and cosmetic concerns. Acne, pigmentation, wrinkles, dull skin, scars and markings, and sagging skin are some of the conditions that are successfully treated.

Scinn is led by Dr Tan Yan Yuan who is experienced in both aesthetic injectable and medical laser. His expertise is backed by the clinic's acquisition of advanced technology such as Fotona 4D laser. The Fotona 4D Laser Lift tightens the deeper skin and tissues of the lower and mid-face, as well as increases volume and suppleness. Appearance will continue to improve for up to 9-10 months after the treatment series is completed owing to collagen and elastin renewal.

Dr Tan graduated with a Bachelor of Medicine and Bachelor of Surgery from the National University of Singapore. After graduation, he acquired broad based training in Primary Care, Emergency Medicine, Dermatology, Oncology, Occupational Health, and Aesthetics after graduation.

Dr Tan actively participates in the latest local and international aesthetic conferences, to stay abreast of the latest aesthetic trends.

Dr scinn Aesthetics

Dr Scinn Aesthetics is a medispa which offers treatments employing non-invasive and non-surgical procedures for different skin and body types.

Dr Scinn Aesthetics is one of the first 5 centres in Singapore to launch the Venus Versa, a versatile, multi-application platform for non-invasive aesthetic procedures, including photorejuvenation/ photofacial, hair removal and skin resurfacing. Other procedures include chemical peel, face lifting, fat reduction, cryolipolysis, pigmentation removal and underarms whitening.

MCU CLINIC

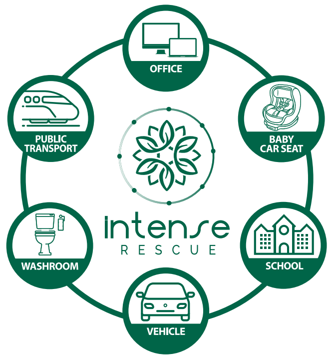
· PERFECTION IS AN ATTITUDE ·

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

欧佳丽卡
ORGANICA

Established in year 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 by the Group.

Each of our products is made from natural ingredients sourced from the best growing regions of the world, and are tailored for Asians in an innovative way.



INTENSE RESCUE Natural Sanitiser and INTENSE RESCUE Multipurpose Disinfectant Spray were launched in 2020 and continue to be well received amidst the second wave of COVID-19 in Singapore.

INTENSE RESCUE Natural Sanitiser is a safe, non-toxic, natural sanitiser without any undesirable side and addictive effects. The active Nano-Silver liquid was formulated to provide a natural sanitiser that can positively provide effective anti-microbial functions based on the silver nanotechnology.

INTENSE RESCUE Multipurpose Disinfectant Spray is listed in NEA's Interim List of Household Products Effective Against Coronavirus. It is ready-to-use with a neutral pH and gentle to the skin. It is produced from a blend of wide spectrum Quaternary Ammonia Compound (Benzalkonium Chloride) and Glutaraldehyde to provide the best sanitising properties. Efficacy tests are conducted and have shown great anti-bacterial and anti-fungal properties.

In this challenging pandemic era, we are happy to do our part when presented the opportunity in donating INTENSE RESCUE Natural Sanitiser and Disinfectant Spray to the underprivileged residents in Cheng San and Teck Whye GRC.

Also as part of our ongoing Corporate Social Responsibiliy outreach. we had donated cartons of the sanitiser and disinfectant to Ren Ci Nursing Home as a way of giving back to the society.

MONSOON®
THE HAIR PHENOMENON

M2 Group Ptd Ltd ("M2 Group")
M2 Group Pte Ltd was incorporated on 9 October 2020 by Mary Chia Holdings Ltd for the purpose of acquiring 80% of the Monsoon Hairdressing group of 5 companies comprising Monsoon Hair House Pte Ltd, M Nature Pte Ltd, M Plus Hair Pte Ltd, Hatsuga Enterprise Pte Ltd and Starting Line Trading Pte Ltd (collectively "Monsoon"). The acquisition from Mr Lee Eng Tat ("Addy Lee") was completed on 24 November 2020.

With the acquisition of a similarly established brand, Mary Chia would be able to offer a more holistic suite of beauty, wellness and haircare services and products to enhance customer experience. At the same time, the enlarged group would benefit from the synergies achieved from leveraging on each other's strengths, cross selling, economies of scale, cost management, etc.

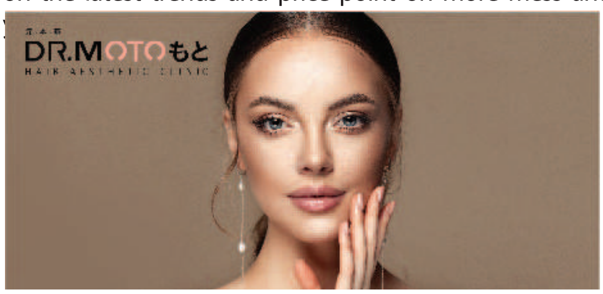
Mary Chia Group and Monsoon are well-established brands that will allow better entrenched consumers from cross-selling of products and services and it is leveraging each other's strengths. Monsoon, which is majoring in hairdressing and hair care and Mary Chia in beauty and wellness, to offer a holistic suite of enhanced hair, beauty and wellness services products to existing consumers.

Monsoon
Monsoon established a different style strategy for its industry by combining innovative technology and skills. Addy Lee has rapidly channelled into local celebrity stylists in the market. His expertise has tapped into the celebrity stylists in the market with his knowledge and skills, in many institutions, companies such as Singapore Mediacorp, hair shows and including clients from top notch local socialites.

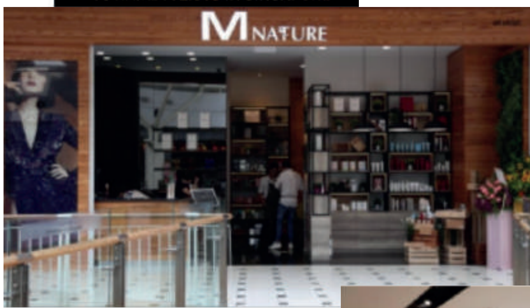
M Nature Ptd Ltd ("M Nature")

M Nature, one of M2 Group Pte Ltd's subsidiaries, earns acclamations from local online media for Ogranic hair dye and products to cater for different demand. It has different diversification for consumers who are concerned about chemical products. This addresses another market platform for hair wellness.

M Plus Pte Ltd ("M+")
M+ gains a strong foothold in the local market among new genz aged 18 to 30 with its creative team equipped with stylists skills and hair color technicians with their fingers on the pulse of latest hair trends and techniques. All stylists are on the latest trends and price point on more mess and



▲ Gracing their flagship shop at Novena Square are local celebrities such as Michelle Chia, Mark Lee, Pornsak, Denise Tan, Tay Ying, Joshua Tan, Charlie Goh and Guo Liang. Thus it is commonly referred to as the celebrity hub



M NATURE

M+

元·本·基
DR.MOTOもと
HAIR AESTHETIC CLINIC

Dr Moto Hair Aesthetic ("Dr Moto")
According to a research study, the global market value of hair transplant in 2019 was estimated to be USD 5,612.89 million and is expected to reach USD 25,116.67 million by 2026 (Source: Globe Newswire, 3 March 2021). Dr Moto, part of Monsoon, provides both invasive and non-invasive treatment for hair loss and scalp care, tapping into Monsoon's group of high propensity clientele.

With vast experience on hair, scalp and follicles, Monsoon has identified the growing number of consumers seeking professional help for hair loss, including invasive medical procedures such as Follicular Unit Extraction.

Follicular unit extraction (FUE) is done by taking hair follicles from skin and transplanting to another part of the body where hair is thinner or absent. The FUE procedure is a safe, effective and permanent solution to hair loss.

STREAMING WITH THE TIMES

Covid-19 has brought about a change in shopping behaviours, business dynamics and a new set of challenges for the retail industry. In response to this, Mary Chia had to quickly re-strategise and change gears to maintain sales.

It became among the first companies to start Facebook livestreaming sales on Addy Lee's Mdada platform, hosted by Addy Lee himself and local celebrities. It was a live saver, gaining new clientele for Mary Chia, at the same time enhancing awareness of the Mary Chia group's offerings. That set the tone for the Company to continue exploring other live streaming channels and avenues.

FINANCIAL AND OPERATIONS REVIEW

FINANCIAL PERFORMANCE

Revenue has increased to S$9.3 million in FY2021 compared to $8.8 million for FY2020. This was mainly due to the following:

1. Revenue contribution of approximately $3.4 million from the Monsoon Hairdressing group of companies acquired in November 2020; and

2. Decrease in revenue from the beauty, slimming and spa treatment services by approximately S$2.9 million as a result of COVID-19. During FY2021, some outlets were closed and/or certain services was prohibited in accordance to the restrictions imposed by the Singapore and Malaysian government. In Malaysia, the Group's 6 outlets were closed during the Movement Control Order ("**MCO**") and Conditional Movement Control Order ("**CMCO**") from 18 March 2020 to 9 June 2020 and subsequently from 11 January 2021 to 4 March 2021. In Singapore, 1 out of 9 outlets was closed from 7 April 2020 to 1 June 2020, while the remaining 8 outlets remained closed from 7 April 2020 to 18 June 2020 as a result of Circuit Breaker measures implemented by the Singapore Government.

Other operating income increased by S$2.0 million from S$0.6 million in FY2020 to S$2.6 million in FY2021. This is substantially due to the income recognized from rental rebates of S$0.9 million and receipts of S$1.0 million from Government support measures including Jobs Support Scheme, Skills Future course support and Spring Singapore grants due to the COVID-19 pandemic.

Purchases and related cost and changes in inventories combined increased by S$0.9 million from S$0.3 million in FY2020 to S$1.2 million in FY2021 primarily due to products purchased by the Monsoon Hairdressing group of companies.

Depreciation of plant and equipment and right-of-use assets were affected due to the impairment of the fixed assets carried out in FY2020 given the uncertain business outlook caused by COVID-19. The Group impaired S$0.1 million and S$0.1 million (FY2020: S$1.5 million and S$4.5 million) of plant and equipment and right-of-use assets respectively.

Depreciation of plant and equipment decreased by S$0.3 million or 60% mainly due to the effect of the impairment of S$1.5 million in FY2020 mentioned above.

Depreciation of right-of-use assets decreased from S$2.0 million in FY2020 to S$1.0 million in FY2021 mainly due to the impairment amounting to S$4.5 million in FY2020 mentioned above which reduced the carrying amounts of right-of-use assets. This decrease was offset by renewal of leases agreement for Mary Chia's three premises in Singapore and an increase in right-of-use assets recorded from the newly acquired Monsoon Hairdressing group of companies in FY2021.

Staff costs decreased by S$0.8 million or 14% mainly due to the Group's stringent control over manpower costs (including freezing of headcount and non-replacement of staff) and the complete halt in commission payments during the Circuit Breaker period in Singapore and the MCO/CMCO period in Malaysia.

Operating lease expenses decreased from S$0.4 million in FY2020 to S$0.1 million in FY2021 mainly due to the adoption of new accounting standard SFRS(I) 16 Leases.

Other operating expenses decreased by S$7.2 million or 75% from S$9.6 million in FY2020 to S$2.4 million in FY2021, largely due to the reduction in the impairment loss on plant and equipment and impairment on right-of-use assets, from S$1.5 million and S$4.5 million respectively recognised in FY2020 to S$0.1 million each in FY2021. The remaining decrease was a result of lower advertising and marketing expenses, member incentives provided to customers, travelling expenses and consultancy fees in view of the travel restrictions due to the COVID-19 pandemic partially offset by an increase in professional fees as a result of corporate actions undertaken during the year.

As a result of the above factors, the Group reported a net profit of S$1.4 million in FY2021, compared to a net loss of S$9.6 million in FY2020. The net loss for FY2020 was mainly due to impairment of right-of-use assets and of plant and equipment.

STATEMENT OF FINANCIAL POSITION

Current and non-current assets

The Group's non-current assets increased by approximately S$7.4 million, mainly due to:

1. Increase in plant and equipment ("PE") by S$1.1 million from S$0.1 million as at 31 March 2020 to S$1.2 million as at 31 March 2021 arising from new PE acquired in the Group including the Monsoon Hairdressing group of companies, mainly pertaining to beauty, slimming and hairdressing equipment, renovations and furnishings;

2. Increase in right-of-use assets by approximately S$3.0 million from S$0.3 million as at 31 March 2020 to S$3.3 million as at 31 March 2021 due to leases on 6 outlets from the Monsoon Hairdressing group of companies and the Company's renewal of 3 leases;

3. Intangible assets, goodwill and derivative financial instrument amounting to S$0.1 million, S$2.6 million and S$0.3 million respectively were recorded due to the acquisition of the Monsoon Hairdressing group of companies. The derivative financial instrument relates to the call option granted to the Company to purchase the remaining 20% of the issued capital in the Monsoon Hairdressing group of companies; and

4. Deferred tax assets amounting to S$0.4 million recorded in relation to the acquisition of Monsoon Hairdressing group.

The Group's current assets increased by approximately S$1.4 million mainly due to:

1. Increase in trade and other receivables of approximately S$0.8 million from S$0.3 million as at 31 March 2020 to S$1.1 million as at 31 March 2021 arising mainly from receivables of newly acquired subsidiary, Starting Line Trading Pte. Ltd. which is involved in the wholesale trade of hair and beauty products;

2. Increase in inventories from S$0.4 million as at 31 March 2020 to S$0.8 million as at 31 March 2021 as the Group increased its purchases to facilitate online sales of beauty and wellness products; and

3. Increase in other assets from S$0.9 million as at 31 March 2020 to S$1.3 million as at 31 March 2021 mainly due to the other assets in newly acquired Monsoon Hairdressing group of companies.

The increases were offset by a decrease in cash and cash equivalents of approximately S$0.1 million as explained under the statement of cash flows below.

Current and non-current liabilities

The net increase in the Group's current and non-current liabilities by S$2.4 million was mainly due to:

1. Current and non-current of bank borrowings of S$710,000 belonging to the Monsoon Hairdressing group of companies;

2. Deferred consideration payable of S$1.0 million pertaining to the remaining deferred payment for the acquisition for the Monsoon Hairdressing group;

3. An increase in current and non-current lease liabilities of S$1.7 million resulting from the leases of 6 outlets from the Monsoon Hairdressing group of companies and the Company's renewal of 3 leases;

4. An increase in provision of S$0.2 million mainly relating to re-instatement costs of leased premises in the Monsson Hairdressing group; and

5. Current and deferred tax liabilities of S$0.5 million arising from profits made during the year.

The increases were offset by a decrease in trade and other payables of approximately S$1.6 million from S$7.7 million as at 31 March 2020 to S$6.1 million as at 31 March 2021. Trade and other payables decreased mainly as a result of a debt conversion exercise undertaken by the Company which converted an aggregate S$3,825,000 owing to Ms Ho Yow Ping, Madam Chia Ah Tow and JL Asia Resources Pte Ltd into 25,500,000 new ordinary shares in the capital of the Company. The decrease was partially offset by trade and other payables amounting to S$1.0 million from the Monsoon Hairdressing group of companies, and a general increase in the Group's trade and other payables due to the timing of payments.

Equity

Share capital increased by S$4.7 million from S$6.9 million as at 31 March 2020 to S$11.6 million as at 31 March 2021 due to:

1. 5,555,556 subscription shares issued on 20 November 2020, at an issue price of S$0.144 per subscription share, pursuant to a subscription agreement with I Concept Global Growth;

2. 6,666,667 consideration shares issued on 24 November 2020, at an issue price of S$0.15 per consideration share, as partial consideration amounting to S$1.0 million for the acquisition of the Monsoon Hairdressing group; and

3. 25,500,000 conversion shares issued on 25 March 2021, at a conversion price of S$0.15 per conversion share, in respect of the debt conversion of S$3,825,000 owing to Ms Ho Yow Ping, Madam Chia Ah Tow and JL Asia Resources Pte Ltd.

The amounts in (2) and (3) above were partially reduced due to fair value adjustments.

The Group recorded a negative working capital of S$8.2 million and a negative equity of S$4.6 million as at 31 March 2021. Barring any unforeseen circumstances, the Board is of the opinion that the Group can continue as a going concern and meet its short term debt obligations when they fall due as the Group continues to be (i) prudent with its cash flow planning and to take active measures to streamline its business and reduce costs, (ii) focus on new sales initiative via social media platforms to drive revenue with lower upfront costs, (iii) continued financial support from its controlling shareholder Suki Sushi Pte Ltd, and (iv) potential corporate fund-raising exercises.

STATEMENT OF CASH FLOWS

Net cash inflow from operating activities in FY2021 of S$3.0 million comprised mainly the following:

1. Operating profit of S$1.5 million, depreciation of plant and equipment of S$0.2 million, depreciation of right-of-use assets of S$ 1.0 million and finance costs of S$0.4 million which resulted in an operating profit before working capital changes of S$3.2 million;

2. Increase in trade and other receivables arising from the newly acquired subsidiary, Starting Line Trading Pte. Ltd. which is involved in the wholesale trade of hair and beauty products; and

3. Net decrease in trade and other payables arising from the acquisition of the Monsoon Hairdressing group of companies, timing of payments and debt conversion.

Net cash used in investing activities in FY2021 of S$1.4 million mainly due to the following:

1. Acquisition of plant and equipment of approximately S$1.2 million, being the renovation of outlets and purchase of equipment including those for the newly acquired Monsoon Hairdressing group of companies; and

2. Partial cash consideration of S$0.8 million for the acquisition of the Monsoon Hairdressing group, net of the cash and cash equivalents of about S$0.5 million in the Monsoon Hairdressing group at the time of acquisition.

Cash used in financing activities of about S$1.8 million was mainly due to:

1. Proceeds amounting to S$0.8 million received from the subscription of the Company's shares completed on 20 November 2020;

2. New loan facilities obtained of S$0.1 million for Monsoon Hairdressing group; and offset by;

3. Decrease in lease liabilities due to the repayment of lease rentals during the financial year under review; and

4. Repayment of borrowings and interest amounting to S$0.1 million and S$0.2 million respectively.

As a result of the above, total cash and cash equivalents used during FY2021 was S$185,000.

MESSAGE FROM THE CHAIRMAN AND CEO

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the annual report of Mary Chia Holdings Limited ("MCH" and together with its subsidiaries, the "Group") for the financial year ended 31 March 2021 ("FY21").

Year 2020, and possibly a good part of 2021, will be historically documented for the massive upheaval the COVID-19 pandemic wrought on the world. Waves of new infections, increased death tolls and loss of jobs were widely reported globally. Inevitably, the pandemic caused a steep contraction in the global and local economies, with a sharp decline in many business activities.

As with many companies, the Group did not emerge unscathed from the economic effects of COVID-19. It impacted our operations of various outlets in Singapore as well as the wellness centres in Malaysia under the various Movement Control Orders.

Amidst the challenges in Singapore and Malaysia that is largely a result of the pandemic, I am heartened to announce that the Group reported a net profit of S$1.4 million in FY21, compared to a net loss of S$9.6 million in FY20. The disparity is mainly due to the net result of impairment of right-of-use assets and of plant and equipment in FY20 and to an increase in revenue of S$3.4 million attributed to the Monsoon Hairdressing group of companies acquired in November 2020.

On 24th November 2020, MCH's wholly-owned subsidiary, M2 Group Pte. Ltd. completed the acquisition of 80% stake in Monsoon Hairdressing group of companies ("Monsoon"). The acquisition comprised 5 companies under Monsoon, providing premium haircare and hairstyling services and supplying renowned haircare products. We are excited about the healthy business potential that the acquisition presents. Plans are underway to introduce hair transplant, a medical hair restoration procedure available at Dr Moto Hair Aesthetic Clinic registered under a company within Monsoon. According to a study, the global market value of hair transplants was estimated to be USD 5.6 million in 2019, and is expected to reach USD 25.1 million by 2026 (Source: GlobeNewswire, 3 March 2021). Dr Moto provides both invasive and non-invasive treatments for hair loss and scalp care, tapping into Monsoon's pool of high propensity-to-spend clientele.

Our subsidiary, Spa Menu Pte Ltd is also looking to re-introduce its Training Provider (formerly "Accredited Training Organisation") business in the next few months. Known as the Spa Menu Academy, the Group will offer a variety of courses with a focus on the beauty and wellness industry. The courses will be spearheaded by our in-house Advanced Certificate in Training and Assessment certified trainers who have many years' experience in the industry.

MCH will continue to push ahead with the tenacity it had when first founded 40 years ago. Its solutions-based premium skincare products are now largely sold over online and live streaming platforms. Such platforms have helped to open up new markets for the Group in FY2021. Online sales appear to be gaining momentum amidst Covid-19 and the Group is trend-ready.

Since the first wave of COVID-19 in Singapore and Malaysia, the Group had implemented immense measures to ensure the safety of our staff and customers. As part of our Corporate Social Responsibility outreach, MCH has taken steps to support the local communities, especially the vulnerable elderly to keep them safe. Intense Rescue Multi Purpose Disinfectant Spray and Intense Rescue Natural Sanitiser were donated to Ren Ci Nursing Home front liners to keep them and their charges safe. We also donated the same to underprivileged residents of some Group Representation Constituencies.

A resurgence of new COVID-19 variants will continue to present challenges to the recovery of the global economy. Despite the uncertainties the new pandemic norm presents, MCH remains unwavered in our long-term vision: to deliver sustainable profits to our stakeholders. Moving forward, MCH will focus on bringing sustainable growth to all our business units, and on continual research and development of premium super skinfood skincare. MCH now looks forward to emerging stronger with a more diversified portfolio of customers and products post-pandemic.

On behalf of the Company's Board of Directors, I wish to express my heartfelt gratitude to all shareholders, partners, customers, vendors and colleagues for the trust, support and commitment in a bumpy FY21.

Wendy Ho
Chairman & CEO

BOARD OF DIRECTORS

WENDY HO
Chief Executive Officer and Chairman

First appointment: 30 April 2009
Last re-election: 30 July 2019

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

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

PAO KIEW TEE
Lead Independent Director

First appointment: 10 December 2012
Last re-election: 29 September 2020

Mr Pao Kiew Tee is the Chairman of the Audit and Remuneration Committees and a member of the Nominating Committee. He was appointed as Independent Director on 10 December 2012 and was last re-elected on 29 September 2020.

Mr Pao was appointed Lead Independent Director with effect from 1 July 2020. Mr Pao Kiew Tee was a senior government auditor. The last post he held before his retirement in July 2016 after serving the Civil Service for 37 years was Senior Group Director. As a senior government auditor, he was overall in charge of a group responsible for carrying out financial statements and operation audits of government ministries and statutory boards. Prior to joining the Singapore Government, he was with two accounting firms in New Zealand between October 1976 and September 1978. From March 1975 to September 1976, he worked as an analyst for the Commercial Bank of Australia in New Zealand.

He is an independent director of SGX-ST listed companies Wong Fong Industries Limited and Boldtek Holdings Limited. He is also a Trustee of the Serangoon Gardens Country Club. He holds a Bachelor of Commerce (Accounting) degree from the University of Otago, Dunedin, New Zealand in 1974, and is a fellow of the Institute of Singapore Chartered Accountants and a member of the Singapore Institute of Directors.

SIM ENG HUAT
Independent Director

First appointment: 1 February 2019
Last re-election: 30 July 2019

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

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

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

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

Mr Sim is currently an Independent Director and Chairman of the Nominating Committee of Metech International Limited.

BOARD OF DIRECTORS

GILLIAN NG
Independent Director

First appointment: 1 July 2020
Last re-election: 29 September 2020

Ms Gillian Ng Lee Eng ("Gillian Ng") was appointed as an Independent Director of the Company on 1 July 2020.

She is a member of the Audit, Nominating and Remuneration Committees. Ms Gillian Ng has more than 15 years of experience in finance, accounting and human resource during her role as Finance Manager as well as head of Human Resource at EagleBurgmann KE Pte Ltd. As a key member of the management team, she had oversight over financial and management reporting, internal controls, tax and human resource functions.

She graduated with a Bachelor Business Accountancy from the Royal Melbourne Institute of Technology and is a member of the Singapore Institute of Directors.

KEY MANAGEMENT

SIMON OOI SEE KENG
Managing Director

MCU Holdings Sdn. Bhd. and MCU Beautitudes Sdn. Bhd.

Mr Simon Ooi joined the Group in May 2009.

He is the Director overseeing our beauty and spa businesses operations in Malaysia. Prior to joining the 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 Word 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 Simon Ooi is a professional advisor in beauty and slimming nutrition, a columnist in the beauty and slimming columns of various newspapers and magazines and starred as a specialist guest on Ai FM radio channel, 8TV channel, NTV7 channel on health and beauty programs in Malaysia. He holds a Bachelor of Science degree from National Taiwan University. He also received Public Speaking certification from the accredited Malaysian Speakers' Association.

LIM KOON HOCK
Group Chief Financial Officer

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

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

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

FINANCIAL CONTENTS

The Board of Directors (the "**Board**") of Mary Chia Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") is committed to maintaining high standards of corporate governance. Good corporate governance provides the framework for an ethical, transparent and accountable corporate environment, which will protect the interests of the Company's shareholders and promote investors' confidence. This report outlines the Company's corporate governance practices and structures for the financial year ended 31 March 2021 ("**FY2021**"), with specific reference made to each of the principles and provisions of the Code of Corporate Governance 2018 (the "**Code**") and the accompanying practice guidance by the Singapore Exchange Trading Limited (the "**SGX-ST**") pursuant to Rule 710 of the Listing Manual Section B: Rules of Catalist of the SGX-ST ("**Catalist Rules**").

The Company has generally adhered to the framework and complied with all principles outlined in the Code for FY2021. Where there were deviations from the provisions of the Code, appropriate explanations have been provided in the relevant sections. The Company will also continue to enhance its corporate practices appropriate to the conduct and growth of its business and to review such practices from time to time and ensure compliance with the Catalist Rules.

BOARD MATTERS

1. The Board's Conduct of Affairs

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

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

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

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

(b) major funding and investment proposals;

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

(d) interested person transactions;

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

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

(g) material acquisition and disposal of assets; and

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

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

Provision 1.2 — Directors' orientation and training

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

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

The Company is responsible for arranging and funding the training of directors. All Board members are provided with regular updates on the changes in the relevant laws and regulations and financial reporting standards to enable them to make well-informed decisions and to ensure they are competent in carrying out their expected roles and responsibilities. Where appropriate, the Company will arrange for directors to attend seminars and receive training such as those organised by the SID, Accounting and Corporate Regulatory Authority ("**ACRA**") and/or the SGX-ST, to improve themselves in discharging 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. For FY2021, certain of the directors attended courses and seminars organised by the SID in relation to, *inter alia,* review of financial statement and selecting auditors, corporate governance and relevant topics surrounding board management.

Ms Gillian Ng Lee Eng was appointed as an Independent Director of the Company on 1 July 2020. She has completed all LED 1 – LED 8 modules of the training prescribed by SGX-ST.

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 FY2021, 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 ACRA which are relevant to the directors are circulated to the Board. The Board was given updates at each meeting on business and strategic development pertaining to the Group's business. The Chief Executive Officer ("**CEO**") also updated the directors on the trends and developments in the beauty and wellness industry, including regulatory changes and its impact on the Group.

Provision 1.4 — Delegation by the Board

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

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

Provision 1.5 — Board meetings, attendance and multiple commitments

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

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

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

Notes:

*l. Ms Ho Yow Ping (He YouPing) ("**Wendy Ho**") has been re-designated as the Executive Chairman of the Board and Chief Executive Officer on 1 July 2020. Wendy Ho attended the Audit Committee meetings, Nominating Committee meeting and Remuneration Committee meeting as invitee.*

2. Mr Pao Kiew Tee, an Independent Director of the Company, Chairman of the Nominating Committee, and member of the Nominating Committee, was re-designated and appointed as the Lead Independent Director and Chairman of the Audit Committee on 1 July 2020.

3. Mr Sim Eng Huat an Independent Director, is Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees.

4. Ms Gillian Ng Lee Eng was appointed as an Independent Director and a member of the Audit, Nominating and Remuneration Committees on 1 July 2020.

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

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

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

All directors are from time to time furnished with information concerning the Group to enable them to be fully cognizant of the decisions and decisions of the Group's executive management. The Board has unrestricted access to the Company's records and information. In order to ensure that the Board is able to fulfill 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 individually or as a group, has separate and independent access to the Management and the Company Secretary at all times. The Company Secretary or her representative should be present at all Board meetings to ensure that Board's procedures are followed, and the relevant rules and regulations are complied with. The minutes of the Board and Board Committee's meetings are circulated to the Board.

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

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

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

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

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

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

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

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

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

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

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

2. Board Composition and Guidance

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

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

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

Wendy Ho	Executive Chairman and Chief Executive Officer
Pao Kiew Tee	Lead Independent Director
Sim Eng Huat	Independent Director
Gillian Ng Lee Eng (appointed on 1 July 2020)	Independent Director

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

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

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

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

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

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

Save for Mr Pao Kiew Tee, who was appointed to the Board on 10 December 2012 and will have served for more than 9 years come 1 January 2022, none of the Independent Directors has served on the Board beyond nine (9) years from the date of first appointment. Mr Pao Kiew Tee, has offered himself for re-election in the forthcoming Annual General Meeting and will be subject to the two-tier vote pursuant to Rule 406(3)(d)(iii) of the Catalist Rules, i.e. (i) by all shareholders; and (ii) by all shareholders excluding shareholders who are Directors or CEO and their associates.

Notwithstanding that Mr Pao Kiew Tee would have served beyond nine (9) years on 1 January 2022, the NC and the Board are of the view that Mr Pao Kiew Tee is independent, having considered the following:

(i) he has exercised objective character and judgment providing non-aligned advice and insights;

(ii) he has sought clarification of matters and challenged proposals put forward by management from time to time as he deemed fit;

(iii) he contributed non-partisan constructive ideas throughout his term of office;

(iv) he did not receive any gift or financial assistance from the Group;

(v) he has no personal and business relationship with the Company's substantial shareholders, executive directors or management that could impair his fair judgement;

(vi) he is non-executive and he does not interfere with the day-to-day management of the business operations or participate in any operational or management meetings; and

(vii) he is not financially dependent on fees received from the Company and his fees are not linked to the financial performance of the Group.

The NC had also conducted the following reviews and assessment:

(a) review Board and Board Committees meeting minutes to assess questions and voting actions of Mr Pao Kiew Tee;

(b) performance assessment on Mr Pao Kiew Tee done by the other Directors; and

(c) Mr Pao Kiew Tee's declaration of independence.

In consideration of the above, the Board has determined that Mr Pao Kiew Tee's tenure in office does not affect his ability to discharge his duties as Lead Independent Director, the Chairman of the Audit Committee and Remuneration Committee, and member of the NC. Mr Pao Kiew Tee was not involved in the deliberation of his continued appointment with the Board.

The Board has recommended that the approval of the Shareholders be sought through an ordinary resolution for the continuation of office of Mr Pao Kiew Tee who has served as an Independent Non-Executive Director of the Company for an aggregate term of more than nine (9) years. Mr Pao Kiew Tee will be subjected to the two-tier vote pursuant to Rule 406(3)(d)(iii) of the Catalist Rules.

Subject to the passing of the Resolutions pertaining to the Two-Tier Voting process for Mr Pao Kiew Tee to continue in office as independent director of the Company for a three-year term, he will continue to serve as Lead Independent Director of the Company, until the earlier of his retirement or resignation, or the conclusion of the third Annual General Meeting of the Company following the passing of these Resolutions.

In the event that shareholders do not approve the continued appointment of Mr Pao Kiew Tee as Independent Director of the Company, he will be step down from the Board and the Company will endeavour to appoint a replacement Independent Director in place of Mr Pao Kiew Tee within two (2) months, but in any case, not later than three (3) months from the date of Annual General Meeting.

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

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

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

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

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

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

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

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

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

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

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

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

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

3. Chairman and Chief Executive Officer

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

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

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

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

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

In view of the Chairman and CEO roles being held by a single individual, the Board is mindful of the need to appoint a lead independent director to provide focal leadership in situations where the Chairman is conflicted. In this regard, Mr Pao Kiew Tee is appointed as Lead Independent Director of the Company. The Lead Independent Director co-ordinates and leads the Independent Directors to provide a non-executive perspective and contribute to a balance of viewpoints on the Board. He is the principal liaison on board issues between the IDs and the CEO.

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

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

4. Board Membership

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

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

As at the date of this report, the NC comprised Mr Sim Eng Huat, Mr Pao Kiew Tee, Ms Gillian Ng Lee Eng , all of whom, including the Chairman of the NC, are Independent Directors.

The Chairman of the NC is Mr Sim Eng Huat. He is 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) Review the composition *a*nd progressive renewal of the Board;

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

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

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

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

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

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

Provision 4.3 — Board renewal
Provision 4.4 — Independence review of Directors
Provision 4.5 — Duties and obligations of Directors

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

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

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

The NC recommended to the Board that Ms Wendy Ho, Mr Sim Eng Huat and Mr Pao Kiew Tee be nominated for re-election at the forthcoming annual general meeting of the Company ("**AGM**"), having reviewed and being satisfied with the overall contributions and performance of Ms Wendy Ho, Mr Sim Eng Huat and Mr Pao Kiew Tee. The Board has accepted the recommendations of the NC. Upon re-election, Mr Sim Eng Huat and Mr Pao Kiew Tee will remain as Independent Directors of the Company. The additional information as set out in Appendix 7F of the Catalist Rules relating to the retiring Directors who are submitting themselves for re-election is disclosed in Section 21 on the Corporate Governance Report.

Mr Sim Eng Huat and Mr Pao Kiew Tee, being a member of the NC, abstained from voting on the resolution in respect of his re-nomination and re-election 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 five years)	Principal commitment*
Wendy Ho	30 April 2009	30 July 2019	Nil	Nil	Nil
Pao Kiew Tee	10 December 2012	29 September 2020	Boldtek Holdings Limited Wong Fong Industries Ltd	New Silkroutes Group Ltd	Nil
Sim Eng Huat	1 February 2019	30 July 2019	Metech International Ltd	Lafe Corporation Limited (Delisted on 31 August 2020) SK Jewellery Group Limited (Delisted on 2 December 2020)	RS Advisory & Consultancy Pte Ltd, Executive Director SunChest Property Consultancy Pte Ltd, Managing Director TalentChest Consulting Pte Ltd, Chief Executive Officer
Gillian Ng Lee Eng	1 July 2020	29 September 2020	Nil	Nil	Financial Adviser, Professional Investment Advisory Services Pte Ltd

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

Multiple board representation

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

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

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

The Company currently does not have any alternate directors.

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

5. Board Performance

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

Provisions 5.1 and 5.2 — Board Evaluation Process

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

During FY2021, directors were requested to complete a self-assessment checklist based on the above areas of assessment to assess the overall effectiveness of the Board and Board Committees. The results of these checklists were considered by the NC which made recommendations on the re-nomination of directors to the Board to help the Board in discharging its duties more effectively. No external facilitator was engaged in the evaluation process in FY2021.

6. Remuneration Procedures and Policies

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

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

Remuneration Committee

As at the date of this report, the Remuneration Committee ("**RC**") comprised Mr Pao Kiew Tee, Mr Sim Eng Huat and Ms Gillian Ng Lee Eng, all of whom, including the Chairman of the RC, are Independent Directors.

The Chairman of the RC is Mr Pao Kiew Tee.

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

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

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

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

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

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

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

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

The RC has access to expert advice regarding executive compensation matters, if required, and shall ensure that any relationship between the appointed consultant and any of its director or the Company will not affect the independence and objectivity of the remuneration consultant. The Board did not engage any external remuneration consultant to advise on remuneration matters for FY2021.

7. Level and mix of remuneration

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

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

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

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

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

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

The Company currently does not have any employee share option scheme and long-term incentive schemes. The RC will consider recommending the implementation of such schemes for the Directors as well as key management personnel as and when it considers appropriate.

8. Disclosure on remuneration

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

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

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

The remuneration received by the Executive Director(s) and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group for FY2021. 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 Director(s) and the key management personnel for FY2021. The inclusion of the performance conditions in the service agreement of the Executive Director(s) and key management personnel is done in a review conducted prior to the renewal of the service agreement of the Executive Director(s) and performance evaluation for key executives.

The breakdown of the remuneration of the directors for FY2021 is as follows:

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

Notes:

I. Mr David Yeung resigned as the Lead Independent Director and Non-Executive Chairman, Chairman of the Audit Committee and a member of the Remuneration and Nominating Committees on 15 May 2020.

The Company only had two key management personnel other than a director during FY2021. Due to confidentiality and competitive pressures in the industry and talent market and to prevent poaching of key management personnel, the Company shall not fully disclose the remuneration of individual directors and the top two key management personnel on a named basis. Instead, the remuneration paid to each director and the top two key management personnel for the financial year shall be presented in bands of S$250,000.

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

Note:

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

Save for Ms Wendy Ho, none of the directors or key management personnel are substantial shareholders of the Company. There is no employee of the Company or its subsidiaries who is an immediate family member of the directors, CEO or a substantial shareholder of the Company, and whose remuneration exceeded S$100,000 during FY2021.

The aggregate of the total remuneration paid to the top two key management personnel (who were not directors or CEO) was approximately S$112,000.

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

ACCOUNTABILITY AND AUDIT

9. Risk management and Internal Controls

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

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

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

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

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

In FY2021, the Board had received assurance from the CEO and the CFO that:

(a) the financial records have been properly maintained and the financial statements for FY2021 give a true and fair view of the Company's operations and finances; and

(b) the Group has put in place and will continue to maintain a reasonably adequate and effective system of risk management and internal controls.

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

The Board notes that the system of internal controls 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.

10. Audit Committee

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

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

As at the date of this report, the Audit Committee ("**AC**") comprised Mr Pao Kiew Tee, Mr Sim Eng Huat and Ms Gillian Ng Lee Eng (appointed on 1 July 2020), all of whom including the Chairman of the AC are Independent Directors. The Chairman of the AC is Mr Pao Kiew Tee.

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

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

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

The AC meets at least 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 independence, appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of auditors;

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

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

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

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

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

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

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

In the selection of suitable audit firms, the AC takes into account several considerations such as the adequacy of the resources and experience of the auditing firm and the audit engagement partner assigned to the audit, the firm's other audit engagements and quality of work, the size and complexity of the Group being audited, and the number and experience of supervisory and professional staff assigned to the audit. The selected auditing firm based in Singapore is engaged as auditors for the Company as well as Singapore-incorporated subsidiary corporations of the Company. Messrs Foo Kon Tan LLP had been appointed as the external auditor of the Company and the Company's Singapore-incorporated subsidiaries and significant associated companies since 28 March 2016 and Ms Shirley Ang Soh Mui is the current audit engagement partner in charge of the audit of the Company. Accordingly, Rules 712 and 715 of the Catalist Rules are complied with.

The fees paid by the Company to the external auditors in FY2021 for audit and non-audit services amounted to S$70,000 and S$21,500, respectively, the non-audit services being taxation services. The AC, having undertaken a review of all non-audit services (including mainly the agreed upon procedures services) provided by the external auditors, is of the opinion that such services would not affect the independence of the external auditors.

The AC is satisfied with the independence and objectivity of the Company's external auditors, Messrs Foo Kon Tan LLP and has recommended to the Board that Messrs Foo Kon Tan LLP be nominated for re-appointment as external auditors at the forthcoming AGM.

The AC considered the report from the external auditors, including their findings on the key areas of audit focus.

In its review of the audited financial statements of the Group for FY2021, the AC had discussed with Management the accounting principles that were applied and their judgement of items that might affect the financial statements.

The AC also met with the external auditors to discuss the audit findings as well as their audit.

During the audit of the financial statements for FY2021, three key audit matters ("**KAM**") were reported by the external auditors and is set out on pages 50 to 51 of this annual report, being accounting for acquisition of Monsoon Hairdressing Group, impairment of goodwill on acquisition of Monsoon Hairdressing Group and going concern.

The AC had reviewed the KAM and concurred and agreed with the external auditor and Management on their assessment, judgements and estimates on the significant matters reported by the external auditor. Taking into consideration, inter alia, the approach and methodology used, the AC is of the view that the key audit matter have been properly dealt with.

In addition to the KAM, the external auditor has issued a Qualified Opinion, more details on which can be found on page 49 of this annual report.

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 had instituted a whistle-blowing policy to provide a channel for employees of the Group to report in good faith and in confidence, without fear of reprisals, concern about possible improprieties in financial reporting and other matters. The objective of the policy will ensure that there is independent investigation of such matters and that appropriate follow up actions will be taken. The AC exercises the overseeing function over the administration of the policy. Staff is given direct access to the AC via email **auditcommittee@marychia.com**. Once a complaint is lodged, the AC will establish an independent committee to investigate the report and review any findings as well as ensure that necessary follow up actions are taken. The Whistle-Blowing Policy serves to encourage and provide a channel to employees to report in good faith and in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters to the AC Chairman. Details of the whistle-blowing policies and arrangements have been made available to all employees and provides assurance that employees will be protected from reprisal within the limits of the law. As at the date of this report, there were no reports received through the whistle-blowing mechanism during FY2021.

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

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

Provision 10.4 — Internal Audit

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

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

The BDO engagement team comprises 3 members. The BDO Engagement Partner has more than 20 years of audit and advisory experience and is a Chartered Accountant (Singapore), Certified Internal Auditor and Certified Information System Auditor. BDO performs outsourced internal audits of several other listed companies, government bodies and regulated entities. Members of the internal audit team also have relevant academic qualifications, professional certifications and internal audit experience. The AC is hence satisfied that the outsourced internal audit function is adequately staffed by suitably qualified and experienced professionals based on the internal audits conducted for FY2021.

In FY2021, the internal audit focused on controls over revenue and collection for Mary Chia Beauty and Slimming Specialist Pte Ltd, Monsoon Hair House Pte Ltd and Starting Line Trading Pte Ltd, the latter 2 entities being part of newly acquired Monsoon Hairdressing group ("**Entities Under Review**"), as well as to follow up on the previous year audit report. BDO LLP prepares the internal audit plan in consultation with, but independent of the Management. The plans are submitted to the AC for approval prior to the commencement. In addition, the internal auditors may be involved in ad-hoc projects initiated by the Management which require the assurance of the internal auditors in specific areas of concerns.

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

	Starting Line Trading Pte Ltd ("Starting Line")	
	Details on material internal control weaknesses	**IC Rectifications**
1.	Absence of credit evaluation policy and procedures for customers and documentations of follow-up for overdue balances	Management will adopt the following recommendations by the internal auditors: (i) establish and formalise credit evaluation policy and procedures; (ii) document follow-up actions of outstanding debts; and (iii) periodic sending of statement of accounts to customers
2.	Absence of authorised price list and sales order, delivery processing and invoicing procedures should be improved	Management will adopt the following recommendations by the internal auditors: (i) Document and retain authorised price list and policy on targeted margin; (ii) Document customer purchase orders with customer acknowledgement; (iii) Sales invoices and delivery orders to be reviewed and approved by independent personnel while bills of lading to be reviewed for consistency with sales invoices and consignees prior to release; and (iv) Establishment of proper format and acknowledgement of delivery orders, and proper sales recognition

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

Based on the above, the Board together with the concurrence of the AC recognises that the possible control weaknesses highlighted by the internal auditors will be dealt with substantially by the Management in the form of implementing and improving certain controls to address the possible weaknesses above. Having considered the internal controls established and maintained by the Group, the work performed by the internal and external auditors, reviews and follow-up actions taken and the IC Rectifications to be taken by the Management, and the assurance received from the CEO and the CFO, the Board with the concurrence of the AC is of the opinion that the Group's internal controls in addressing financial, operational compliance and information technology controls and risk management systems for FY2021 are adequate and effective.

Provision 10.5 — AC activities during the year

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

SHAREHOLDER RIGHTS AND ENGAGEMENT

11. Shareholder Rights and Conduct of General Meetings

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

Provisions 11.1 and 11.2 — Conduct of general meetings
Provision 11.3 — Director and External Auditors' attendance in AGMs

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

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

All shareholders of the Company will receive the notice of annual general meeting and/or extraordinary general meeting and such notice will also be published on SGXNet at **https://www.sgx.com/securities/company-announcements**. 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 September 2020 where all board members were present. The Board considers the annual general meeting as the main forum where dialogue with shareholders can be effectively conducted. The Company will consider the use of other forum set out in the Code as and when such needs arise.

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

Due to the Covid-19 temporary measure imposed by the Singapore Government and the regulatory guidance published by SGX for FY2021, the Notice of AGM, Annual Report and the accompanying proxy form will not be despatched to shareholders. The Notice of AGM, Annual Report and the accompanying proxy form will be published on SGXNet at **https://www.sgx.com/securities/company-announcements**.

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

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

Provision 11.4 — Absentia voting

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

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

Provision 11.5 — Minutes of general meeting

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 does not publish minutes of general meetings of Shareholders on its corporate website as anticipated by Provision 11.5 as there are potential adverse implications for the Company if the minutes of general meetings are published to the public at large, including risk of disclosure of sensitive information to the Group's competitors. The Company is of the view that its position is consistent with intent of Principle 11 as Shareholders have a right to attend general meetings either in person or by proxy, including those who did not attend the relevant general meeting, have *a* statutory right to be furnished copies of minutes of general meetings in accordance with the Companies Act. The Company is therefore of the view that, consistent with the intent of Principle 11, as between themselves, Shareholders *are* treated fairly and equitably by the Company.

Notwithstanding the foregoing, the minutes of all general meeting(s) of the Company held since the enactment of the Alternative Arrangements Order are posted on the SGXNet within one month after the date of the general meeting(s).

Provision 11.6 — Dividend Policy

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends would depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the directors may deem appropriate that are beneficial to the Company. Notwithstanding the above, any declaration of dividends is clearly communicated to the shareholders via SGXNET. The Company did not declare any dividend in FY2021 in view of the Group's financial position as at 31 March 2021 and financial results for FY2021, as well as taking into account the operational and financial requirements of the Group.

12. Engagement with shareholders

Principle 1 2: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

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

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

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

(b) announcements on the SGXNET at **www.sgx.com**; and

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

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

Managing stakeholders relationships

13. Engagement with Stakeholders

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

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

The Group has arrangements in place to identify and engage with its material shareholder groups and to manage its relationships with such groups. It undertakes formal and informal stakeholder engagement exercise, such as announcements, press releases, publications, surveys and customer feedback with material stakeholder groups which include shareholders, suppliers, customers, regulators, employees, media and public relations, and the local communities. The Group has identified the environmental, social and governance factors that are important to these stakeholders. These factors form the materiality matrix upon which targets, metrics, programmes and progress are reviewed by and approved by the Board, before they are published annually in our sustainability report. Further information in relation to details of the stakeholders engaged by the Group, areas of focus, approaches to stakeholder, including frequency of engagement by type and by stakeholder group and key feedback or issues that have been raised though stakeholder engagement can be found in the sustainability report for FY2021 which was released in August 2021. Contact details of our investor relations function will also be listed on our corporate website to facilitate dialogue and queries from stakeholders.

14. Dealing in Company's Securities

In line with Rule 1204(19) of the Catalist Rules, the Group has adopted an internal code of conduct to provide guidance to its directors and officers with regard to dealings in the Company's securities. The Company, directors and officers of the Company should not deal in the Company's securities on short term considerations and during the period of 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. Effective FY2022, the Company is required to announce quarterly financial results. Accordingly, with effect from FY2022 the Company, directors and officers of the Company should not deal in the Company's securities on short term considerations and during the period of two (2) weeks prior to the announcement of the Company's each of the three first quarters if its financial results and one (1) month prior to the announcement of the full year financial results and ending on the date of the announcement of the relevant financial results, Directors and officers are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. The directors and officers are also required to adhere to the provisions of the Companies Act, and any other relevant regulations with regard to their securities transactions.

15. Interested Person Transactions ("IPTs")

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

The Group does not have a general mandate for IPTs.

The IPTs transacted in FY2021 by the Group were as follows:

Name of Interested Person	Nature of relationship	Aggregate value of all IPTs during the financial period under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (S$ million)	Aggregate value of all IPTs conducted under shareholder's mandate pursuant to Rule 920 (excluding transactions less than S$100,000) (S$ million)
Suki Sushi Pte Ltd[1] (Operating lease rental income)	Mr Lee Boon Leng ("**Mr Lee**") holds 72.87% interest in Suki Sushi while Ms Ho Yow Ping ("**Wendy Ho**") holds 21.45%. Mr Lee is deemed interested in 110,466,839 shares representing 48.31% in the capital of the Company by virtue of his 72.87% shareholdings interest in Suki Sushi Pte Ltd ("**Suki Sushi**"). Ms Ho directly owns 42,433,333 Shares representing 18.56% of the Company's Shares and is deemed interested in 48.31% in the Company by virtue of her 21.45% shareholding interest in Suki Sushi.	0.459	–
JL Asia Resources Pte Ltd[2],[3] (Operating lease rental income and debt conversion)	JL Asia Resources Pte Ltd ("**JL Asia**") is wholly-owned by Mr Lee, who is the spouse of the Executive Chairman and CEO, Ms Wendy Ho. Mr Lee has a deemed interest of 48.31% in the shares of the Company ("**Shares**") by virtue of his 72.87% shareholdings interest in Suki Sushi Pte Ltd, which holds 48.31% of the Shares.	0.928	–
Ho Yow Ping[3] (Debt conversion)	Ho Yow Ping is the Executive Chairman, Chief Executive Officer and Controlling Shareholder of the Company, holding 152,900,172 Shares (inclusive of both direct and deemed interests) representing 66.87% of the existing share capital of the Company.	1.463	–
Madam Chia Ah Tow[3] (Debt conversion)	Madam Chia Ah Tow is the mother of the Executive Chairman and CEO, Ms Ho.	2.118	–

Notes:
(1) Please refer to the Company's announcement dated 29 January 2021 for more details.
(2) Please refer to the Company's announcement dated 6 July 2020 for more details
(3) Please refer to the Company's announcement dated 2 March 2021 and the circular dated 5 March 2021 for more details

16. Material Contracts

Pursuant to Rule 1204(8) of the Catalist Rules, the Company confirms that except for the service agreement between the Company and the CEO and the debt conversion agreement entered into by the Company on 1 March 2021, 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 FY2021 or if not then subsisting, entered into since the end of the previous financial year. Pursuant to the debt conversion agreement, the Company converted an aggregate debt amounting to S$3,825,000 owing to Ms Wendy Ho, JL Asia Resources Pte Ltd and Madam Chia Ah Tow into 25,500,000 conversion shares in the capital of the Company.

17. Non-Sponsor Fees

For FY2021, the Company did not pay its sponsor, SAC Capital Private Limited any non-sponsor fee.

18. 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 FY2021 were as follows, the non-audit fees being for taxation services rendered:

	S$
Audit Fees	70,000
Non-Audit Fees	21,500
Total	91,500

19. Corporate Social Responsibilities

We believe that environmentally-friendly practices complement business efficiency. Our staff are encouraged to reduce, recycle and reuse and we advocate corporate social responsibility towards the environment by incorporating these processes 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.

The Group is gradually placing emphasis on sustainability and would implement appropriate policies and programs when the opportunities arise. The Group announced its last Sustainability Report for FY2021 in August 2021.

20. Utilisation of Placement proceeds

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

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

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

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

b. Mr Pao Kiew Tee (appointed to the Board on 10 December 2012 and will have served for more than 9 years come 1 January 2022) who has offered himself for re-election in the forthcoming AGM and will be subject to the two-tier vote pursuant to Rule 406(3)(d)(iii) of the Catalist Rules, i.e. (i) by all shareholders; and (ii) by all shareholders excluding shareholders who are. Directors or CEO and their associates

Name of Director	**Wendy Ho**	**Sim Eng Huat**	**Pao Kiew Tee**
Date of Initial Appointment	30 April 2009	1 February 2019	10 December 2012
Date of last re-appointment (if applicable)	30 July 2019	30 July 2019	29 September 2020
Age	49	67	70
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Ms Wendy Ho as Chief Executive Officer and Executive Chairman of the Company was recommended by the NC and the Board accepted the recommendation taking into consideration Ms Ho's qualifications, past experience and overall contributions since she was appointed as Director of the Company	The re-election of Mr Sim as Independent Director of the Company was recommended by the NC and the Board accepted the recommendation taking into consideration Mr Sim's qualifications, past experience and overall contributions since he was appointed as Independent Director of the Company	The re-election of Mr Pao as Independent Director of the Company was recommended by the NC and the Board accepted the recommendation taking into consideration Mr Pao's qualifications, past experience and overall contributions since he was appointed as Independent Director of the Company
Whether the appointment is executive, and if so, the area of responsibility	Executive for overall management and operations as well as the implementation of the Group's strategies and policies	No	No
Job Title	Chief Executive Officer and Executive Chairman	Independent Director, Chairman of the Nominating Committee and Member of Audit, and Remuneration Committees	Independent Director, Chairman of the Audit Comiittee and member of Nominating Committee and Remuneration Committees
Professional qualifications	Diploma in Aesthetic Treatments from the Confederation of International Beauty Therapy and Cosmetology ("**CIBTAC**")	Victoria School (GCE "**A**" level); Member of the Singapore Institute of Directors	Bachelor of Commerce (Accounting)/Fellow of the Institute of Singapore Chartered Accountants, member of Singapore Institute of Directors

Working experience and occupation(s) during the past 10 years	Mary Chia Holdings Limited - Chief Executive Officer	1994-2013: Suntec Investment Pte Ltd group of companies: Chief Operating Officer Concurrently, Chesterton Suntec International Property Consultants Pte Ltd: Managing Director 2016-2018: RHT Chestertons Pte Ltd: Managing Director and subsequently Chairman 2013-Present RS Advisory & Consultancy Pte Ltd: Executive Director SunChest Property Consultancy Pte Ltd: Managing Director TalentChest Consulting Pte Ltd: Chief Executive Officer	1979-2016: Team Leader,Assistant Director, Director, Group Director and Senior Group Director — Auditor-General's Office
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 42,433,333 shares Deemed interest: 110,466,839 shares, the deemed interest arising from her shareholding in Suki Sushi Pte Ltd, which holds 110,466,839 shares in the Company. Mr Lee Boon Leng, the spouse of Ms Wendy Ho holds 72.87% of the shareholdings of Suki Sushi Pte Ltd while Ms Wendy Ho holds 21.45%	Nil	Nil

Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Ms Wendy Ho is the spouse of Mr Lee Boon Leng, a controlling shareholder of the Company.	No	No
Conflict of interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments Including Directorships	Present Dragon Development Pte Ltd; SJ Capital Pte Ltd; Hotel Culture Pte. Ltd. JSL Properties Pte. Ltd. Mary Chia Beauty & Slimming and Specialist (Orchard) Pte. Ltd. Mary Chia Beauty & Slimming and Specialist Pte Ltd Organica International Holdings Pte. Ltd. Scinn Pte. Ltd. MSB Beauty Pte Ltd (Winding Up) MCU Trading Pte. Ltd. Urban Homme Face and Body Studio for Men Pte. Ltd Monsoon Hair House Pte Ltd M Nature Pte Ltd M Plus Hair Pte Ltd Hatsuga Enterprise Pte Ltd Starting Line Trading Pte Ltd M2 Group Pte Ltd Go Living Pte Ltd Past (for the past 5 years) Spa Menu Pte Ltd MCU Investment Holdings Pte Ltd	Present Metech International Limited RS Advisory & Consultancy Pte Ltd SunChest Property Consultants Pte Ltd TalentChest Consulting Pte Ltd Past (for the past 5 years): Lafe Corporation Limited SK Jewellery Group Limited RHT Affiliates Pte Ltd RHT TalentChest Pte Ltd	Present Boldtek Holdings Limited Wong Fong Industries Limited Past (for the last 5 years) New Silkroutes Group Limited ZJM Motors Pte Ltd ZJM International Pte Ltd
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.			

(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	A notice of termination was received by Mary Chia Beauty & Slimming Specialist Pte Ltd ("**MCBSS**"), a wholly-owned subsidiary of the Company from Slim Beauty House Co., Ltd ("**SBH**") in respect of a joint venture agreement ("**JVA**") between the said parties. The JVA was entered into with a purpose of setting up a beauty and slimming service centre to provide and distribute wellness related services and consultations in the Republic of Singapore. SBH is a company incorporated in Japan. On 7 July 2017, the Singapore International Arbitration Centre issued that MCBSS shall pay to SBH amounts totaling S$584,717 as damages for expectation loss arising from MCBSS's breach of the JVA and as costs. MCBSS had proceed to pay SBH the said sum and the arbitration was dismissed on 1 November 2017.	No	No

	SBH had subsequently filed an application to the High Court for the winding up of the joint venture company, MSB Beauty Pte Ltd ("**MSB**"). On 20 August 2018, the Judge had ordered for the wind up of MSB and approved the appointment of liquidators. Also, the Judge had ordered that the costs of the winding up proceedings and liquidation be borne out of the assets of MSB, unless otherwise claimed against by the liquidators of MSB in a subsequent action. On 3 July 2019, the Company announced that the lawyers for the liquidators had filed an application to MCBSS to bear the costs of the winding up proceedings and the liquidation of MSB. In the application, MCBSS was ordered to pay to the liquidators the sum of S$72,500 to cover the liquidation expenses of MSB incurred thus far and as a deposit for future liquidation expenses to be incurred. However, the Judge had on 28 August 2019 dismissed the liquidator's application with costs to be agreed or heard at a later date On 9 January 2020, the Court ordered each party to bear their own costs in the situation of liquidation. As at the date of this report, the liquidation of MSB is still in progress.		

(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No

(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:—			No
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; OF (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere: or	On 13 May 2016, the Company announced that Ms Ho received three charges under Section 22(A)(1)(c) of the Employment of Foreign Manpower Act (Chapter 91A)(the "**Charge 1**"). Ms Ho has been charged in her capacity as director of two wholly-owned subsidiaries of the Company, namely Spa Menu Pte. Ltd. ("**Spa Menu**") and Urban Homme Face and Body Studio for Men Pte. Ltd. ("**Urban Homme**"). Charge 1 is in relation to the receipt by these wholly-owned subsidiaries of financial guarantees from certain foreign employees.	Mr Sim has been an Independent Director of Metech International Limited ("**Metech**") since 1 July 2017. Metech was issued a Notice of Compliance from SGX Regco on 27 December 2019 due to its Chairman and CEO, Mr Simon Eng's failure to disclose a public reprimand he received for various breaches of the listing rules in respect of his role as Chairman and CEO of Advance SCT Limited. The Company was required by SGX Regco to re-convene an Extraordinary General Meeting to re-elect Mr Simon Eng as director of Metech.	

(iii) (any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	On 8 June 2016, the Company announced that Ms Ho has been charged in her capacity as director of two wholly-owned subsidiaries, Mary Chia Beauty & Slimming Specialist Pte Ltd ("**MCBSS**") and Spa Menu for the employment of staff without the prior approval of the licensing officer and failure to maintain proper employee's record ("**Charge 2**"). Spa Menu was also charged under the Employment of Foreign Manpower Act for failure to obtain a valid work pass for a foreign employee ("**Charge 3**"). In relation to Charge 1, as noted from the Company's announcement dated 1 February 2017, the Ministry of Manpower has withdrawn its charges against Ms Ho and she was granted a discharge. Instead, Charge 1 was brought against Spa Menu and Urban Homme and the subsidiaries have pleaded guilty and paid fines of S$10,000 each. For Charge 2, Ms Ho pleaded guilty and paid a fine of S$2,600. Spa Menu was imposed a fine of S$5,000 for Charge 3 which they paid accordingly. With the payment of the fines, the 3 cases have been concluded.	In the Notice of Compliance from SGX Regco, it was mentioned that SGX Regco will be investigating the circumstances resulting in the non-disclosure. On 5 June 2020, Metech received a letter from SGX Regco and was given an opportunity to make representations in respect of the matters set out in the Notice of Compliance to which the board of Metech had provided a response on 18 June 2020. The matter has concluded following a private decision issued by SGX Regco to the board of Metech on 7 April 2021.	

(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	Please refer to disclosures under Part (j).	No
Disclosure applicable to the appointment of Director only.			
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience.	Not applicable, as this relates to the re-appointment of Ms Wendy Ho as director of the Company	Not applicable as this relates to the re-appointment of Mr Sim Eng Huat as director of the Company.	Not applicable as this relates to the re-appoint-ment of Mr Pao Kiew Tee as director of the Company.

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 2021.

In the opinion of the directors,

(a) except as described Notes 13 and 3, 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 2021 and the financial performance, changes in equity and cash flows of the Group for the year ended 31 March 2021 in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, except as described in Note 2(a) 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 as follows:

Ho Yow Ping (He YouPing) (Executive Chairman/Chief Executive Officer)
Pao Kiew Tee (Lead Independent Director)
Sim Eng Huat (Independent Director)
Gillian Ng Lee Eng (Independent Director)

Arrangements to acquire shares, debentures, warrants or options

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, debentures, warrants or options of the Company or any other corporate body, other than as disclosed in this report.

Directors' interest in shares or debentures

(a) 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 1.4.2020	**As at 31.3.2021**	As at 1.4.2020	**As at 31.3.2021**
Ho Yow Ping (He YouPing) (Note 1)	32,680,000	**42,433,333**	110,466,839	**110,466,839**

Note:

(1) Ms Ho Yow Ping (He YouPing) is deemed to have an interest in 110,466,839 shares while Suki Sushi Pte. Ltd. holds 110,466,839 shares in the Company. Mr. Lee Boon Leng, the spouse of Ms Ho Yow Ping (He YouPing), holds 72.87% and Ms Ho Yow Ping (He YouPing) holds 21.45% of the shareholdings of Suki Sushi Pte. Ltd.

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

	Shares registered in the name of director		Shares in which director is deemed to have an interest	
	As at 1.4.2020	**As at 31.3.2021**	As at 1.4.2020	**As at 31.3.2021**
	Number of ordinary shares			
The subsidiary - Hotel Culture Pte Ltd				
Ho Yow Ping (He YouPing)	–	**–**	245,000	**245,000**
The subsidiary - Monsoon Hair House Pte Ltd				
Ho Yow Ping (He YouPing)	–	**–**	–	**48,000**
The subsidiary - M Nature Pte Ltd				
Ho Yow Ping (He YouPing)	–	**–**	–	**160,000**
The subsidiary - M Plus Hair Pte Ltd				
Ho Yow Ping (He YouPing)	–	**–**	–	**80,000**

Directors' interest in shares or debentures (Cont'd)

	Shares registered in the name of director		Shares in which director is deemed to have an interest	
	As at 1.4.2020	**As at 31.3.2021**	As at 1.4.2020	**As at 31.3.2021**
	Number of ordinary shares			
The subsidiary - Hatsuga Enterprise Pte Ltd				
Ho Yow Ping (He YouPing)	–	**–**	–	**800**
The subsidiary - Starting Line Pte Ltd				
Ho Yow Ping (He YouPing)	–	**–**	–	**8,000**

There was no change in any of the above-mentioned interests between the end of the financial year and 21 April 2021.

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:

Pao Kiew Tee (Chairman)
Sim Eng Huat
Gillian Ng Lee Eng

The audit committee performs the functions set out in Section 201B(S) of the Act, 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;

Audit Committee (Cont'd)

(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 2021 as well as the auditor's report thereon; and

(v) interested person transactions (as defined in Chapter 9 of the Catalist Rules).

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 Catalist 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

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HO YOW PING (HE YOUPING)

....
PAO KIEW TEE

Dated: 15 September 2021

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Mary Chia Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**"), which comprise the statements of financial position of the Group and the Company as at 31 March 2021, 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, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, 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 Singapore Companies Act, Cap. 50 (the "**Act**") and Singapore Financial Reporting Standards (International) (SFRS(I)s) 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 2021 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 Qualified Opinion

<u>Sales and trade receivables of a subsidiary</u>

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

Starting Line's sales for the financial period ended 31 March 2021 is mainly to two major customers. We were unable to obtain trade receivables confirmation as at 31 March 2021 from the two customers and we were unable to verify if the receipts by the subsidiary were from the two customers during the financial period ended 31 March 2021. Consequently, we were unable to determine the reasonableness of the sales amounting to $398,000 for the financial period ended 31 March 2021 and trade receivables of $560,000 as at 31 March 2021 is fairly stated.

We conducted our audit in accordance with Singapore Standards in 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 qualified opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

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

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

In connection to our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially consistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate evidence about sales and trade receivables of a subsidiary. Accordingly, we are unable to conclude whether or not the other information is materially misstated.

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. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

1. Accounting for acquisition of Monsoon Hairdressing Group as subsidiaries

   On 24 November 2020, the Group announced the completion of the acquisition of 80% equity interest in Starting Line Trading Pte. Ltd., Hatsuga Enterprise Pte. Ltd., M Nature Pte. Ltd., M Plus Hair Pte. Ltd. and Monsoon Hair House Pte. Ltd. (collectively known as the "Monsoon Hairdressing Group") through its wholly-owned subsidiary M2 Group Pte Ltd. Management had determined that the financial results of the Monsoon Hairdressing Group had not changed significantly from 24 November 2020 to 30 November 2020. Accordingly, the Group determined the acquisition date to be 30 November 2020 and has accounted for Monsoon Hairdressing Group as subsidiaries with effect from that date. Management performed a purchase price allocation exercise ("PPA") to determine the appropriate fair values of the net identifiable assets and liabilities at the acquisition date on 30 November 2020.

   Management reviewed its rights and power over the investment in Monsoon Hairdressing Group and concluded that it gained control over Monsoon Hairdressing Group on 30 November 2020. In accordance with SFRS(I) 10 Consolidated Financial Statements, the gaining of control represented a significant economic event that required the parent to start consolidating the subsidiary at the date when control was gained. The assessment of the management's judgement in determining whether the Group has control over Monsoon Hairdressing Group is a key focus area of our audit because this judgement has significant effect on the amounts recognised in the consolidated financial statements.

   SFRS(I) 3, Business Combinations, requires the Group to recognise the identified assets, liabilities and contingent liabilities at fair value at the date of acquisition, with the excess of the acquisition cost over identified fair value of recognised assets and liabilities as goodwill. Such transactions could be complex and judgement was required from management in determining if the acquisition resulted in the Group obtaining control over the investee. There was also inherent uncertainty in the determination of the fair values of the contingent consideration, assets transferred, identified assets acquired and liabilities assumed in the transactions.

   Management has engaged an independent valuer fair value the purchase consideration, identified assets and liabilities at acquisition date. The PPA exercise was completed before the reporting date and goodwill of $2,586,000 was recognised. This process involves estimation and judgement of fair values of the adjusted net assets.

   Our response and work performed:

   We reviewed and evaluated management's assessment on whether the Group has the practical ability and substantive right to direct the relevant activities of Monsoon Hairdressing Group in accordance with SFRS(I) 10 Consolidated Financial Statements. We assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements.

   In our audit procedures, we have obtained the legal and contractual information to understand the acquisition and we have engaged our valuation expert to review the PPA report and reasonableness of the underlying key assumptions. Based on our procedures, we have assessed the independence and competencies of both the auditor's and management's experts performing the PPA exercise in Monsoon Hairdressing Group. We have evaluated the appropriateness of the key assumptions used in the PPA report.

2. Impairment of goodwill on acquisition of Monsoon Hairdressing Group

   During the financial year ended 31 March 2021, the Group completed the PPA exercise for acquisition of Monsoon Hairdressing Group and recorded a goodwill of $2,586,000 at acquisition date. Under SFRS(I) 36, Impairment of Assets, the Group is required to annually test the amount of goodwill for impairment. This annual impairment test is important to our audit as the balance of $2,586,000 is material to the consolidated financial statements. We focus on goodwill impairment testing of cash generating units ("**CGU**") of Monsoon Hairdressing Group based on higher of fair value less costs to sell and estimated value-in-use ("**VIU**").

Key Audit Matters (Cont'd)

2. Impairment of goodwill on acquisition of Monsoon Hairdressing Group (Cont'd)

The management's expert prepared the valuation report indicating that the VIU of Monsoon Hairdressing Group is higher than the carrying amount of goodwill as at 31 March 2021. Fair value less costs to sell is not prepared by management as the VIU is higher than the carrying amount of goodwill. Consequently, there was no impairment recorded on the goodwill arising from the acquisition of the Monsoon Hairdressing Group.

Our response and work performed:

We evaluated and reviewed the key assumptions used by management in conducting the impairment review. Based on our procedures, we have assessed the independence and competencies of both the auditor's and management's experts performing the impairment of goodwill exercise in Monsoon Hairdressing Group. We have evaluated the appropriateness of the key assumptions used in the VIU report.

We have also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements.

3. Going concern

We draw attention to Note 2 to the financial statements. As at 31 March 2021, the Group's current liabilities exceeded its current assets by $8,169,000 (2020 - $8,219,000) and the Group had a capital deficit in equity of $5,056,000 (2020 - $12,016,000). As at 31 March 2021, the Company's current liabilities exceeded its current assets by $4,590,000 (2020 - $2,465,000) and the Company had a capital deficit in equity of $2,081,000 (2020 - $2,461,000).

These factors indicate the existence of a material uncertainty which may cast significant doubt on the Group's and Company's ability to continue as going concern.

Management's basis for preparing the financial statements on a going concern basis as at 31 March 2021 is provided in Note 2, including the fact that the Group and the Company will have sufficient resources to continue in operation for the foreseeable future, a period of not less than twelve months from the date of the financial statements after taking into consideration the holding company has given an undertaking to provide financial support to the Group and the Company for the next 12 months after the date of the auditor's report to operate without any curtailment of operations.

As the going concern assessment is a significant risk area of our audit and involves significant judgement, we have identified this as a key audit matter.

Our response and work performed:

We evaluated management's assessment of the Group's and the Company's ability to continue as a going concern. We challenged management on the key assumptions used in the cash flows forecasts for the next 12 months from the balance sheet date. We also assessed if these forecasts are reasonable by performing sensitivity analysis on the forecasts by considering potential downside scenarios and the resultant impact on available funds. We assessed the ability of the holding company to provide financial support to the Group by reviewing the financial statements of the holding company.

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 SFRS(I)s, 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 and the Company'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 the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's and the Company'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 or the Company'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 or the Company'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 or the Company 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.

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 Ang Soh Mui.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 15 September 2021

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2021

		The Group		The Company	
		2021	2020	**2021**	2020
	Note	**S$'000**	S$'000	**S$'000**	S$'000
ASSETS					
Non-Current Assets					
Plant and equipment	4	**1,215**	117	**2**	4
Right-of-use assets	5	**3,254**	308	**–**	–
Intangible assets	6	**126**	–	**–**	–
Derivative financial instruments	7	**320**	–	**–**	–
Goodwill	8	**2,586**	–	**–**	–
Subsidiaries	9	–	–	2,507	–
Deferred tax assets	10	**351**	–	**–**	–
Total non-current assets		**7,852**	425	**2,509**	4
Current Assets					
Inventories	12	**823**	446	**–**	–
Trade and other receivables	13	**1,120**	280	**7,717**	7,598
Other assets	11	**1,258**	917	**24**	9
Cash and cash equivalents	14	**1,562**	1,747	**96**	997
		4,763	3,390	**7,837**	8,604
Total assets		**12,615**	3,815	**10,346**	8,608
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	15	**11,601**	6,878	**11,601**	6,878
Reserves	16	**(16,657)**	(18,894)	**(13,682)**	(9,339)
Attributable to equity holders of the Company		**(5,056)**	(12,016)	**(2,081)**	(2,461)
Non-controlling interests		**447**	1,038	**–**	–
Total equity		**(4,609)**	(10,978)	**(2,081)**	(2,461)
Non-Current Liabilities					
Borrowings	17	**368**	–	**–**	–
Lease liabilities	19	**3,426**	2,988	**–**	–
Provision	21	**199**	196	**–**	–
Deferred tax liabilities	10	**299**	–	**–**	–
Total non-current liabilities		**4,292**	3,184	**–**	–
Current Liabilities					
Borrowings	17	**342**	–	**–**	–
Trade and other payables	18	**6,145**	7,711	**11,416**	11,069
Deferred consideration payable		**1,011**	–	**1,011**	–
Lease liabilities	19	**3,260**	2,041	**–**	–
Contract liabilities	20	**1,637**	1,679	**–**	–
Provision	21	**355**	177	**–**	–
Current tax liabilities		**182**	1	**–**	–
Total current liabilities		**12,932**	11,609	**12,427**	11,069
Total liabilities		**17,224**	14,793	**12,427**	11,069
Total equity and liabilities		**12,615**	3,185	**10,346**	8,608

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 2021

	Note	**Year ended 31 March 2021 S$'000**	Year ended 31 March 2020 S$'000
Revenue	3	**9,342**	8,791
Other operating income	22	**2,574**	604
Purchases and related costs		**(1,170)**	(339)
Changes in inventories		**(107)**	(84)
Depreciation of plant and equipment	4	**(179)**	(457)
Depreciation of right-of-use assets	5	**(988)**	(2,020)
Staff costs	23	**(5,013)**	(5,760)
Operating lease expense		**(150)**	(391)
Other operating expenses	24	**(2,380)**	(9,627)
Finance costs	25	**(412)**	(375)
Profit/(Loss) before income tax		**1,517**	(9,658)
Income tax (expense)/credit	26	**(74)**	25
Profit/(Loss) for the year, net of tax		**1,443**	(9,633)
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**71**	5
Other comprehensive income for the year, net of tax		**71**	5
Total comprehensive income/(loss) for the year		**1,514**	(9,628)
Profit/(Loss) attributable to:			
Equity holders of the Company		**1,951**	(9,158)
Non-controlling interests		**(508)**	(475)
		1,443	(9,633)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**2,022**	(9,153)
Non-controlling interests		**(508)**	(475)
		1,514	(9,628)
Profit/ (Loss) per share attributable to equity holders of the Company (cents)			
- Basic and diluted earnings/(loss) per share	27	**1.00**	(5.52)

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 2021

	Share capital S$'000	Merger reserve S$'000	Capital reserve S$'000	Foreign currency translation reserve S$'000	Accumulated losses S$'000	Total attributable to equity holders of the Company S$'000	Non-controlling interests S$'000	Total equity S$'000
At 1 April 2019	4,818	(927)	(399)	(316)	(7,978)	(4,802)	1,513	(3,289)
Loss for the year	–	–	–	–	(9,158)	(9,158)	(475)	(9,633)
Other comprehensive income								
- Foreign currency translation differences	–	–	–	5	–	5	–	5
Total comprehensive loss for the year	–	–	–	5	(9,158)	(9,153)	(475)	(9,628)
Contributions by and distributions to owners								
Issuance of shares	2,060	–	–	–	–	2,060	–	2,060
Fair value adjustments to interest-free loans from shareholders	–	–	–	–	(121)	(121)	–	(121)
Total transactions with owners, recognised directly in equity	2,060	–	–	–	(121)	1,939	–	1,939
At 31 March 2020	**6,878**	**(927)**	**(399)**	**(311)**	**(17,257)**	**(12,016)**	**1,038**	**(10,978)**
Profit for the year	**–**	**–**	**–**	**–**	**1,951**	**1,951**	**(508)**	**1,443**
Other comprehensive income								
- Foreign currency translation differences	**–**	**–**	**–**	**71**	**–**	**71**	**–**	**71**
Total comprehensive income for the year				**71**	**1,951**	**2,022**	**(508)**	**1,514**
Contributions by and distributions to owners								
Issuance of shares pursuant to:								
share placement (Note 15)	**800**	**–**	**–**	**–**	**–**	**800**	**–**	**800**
business combinations (Note 15)	**659**	**–**	**–**	**–**	**–**	**659**	**–**	**659**
debt conversion (Note 15)	**3,264**	**–**	**215**	**–**	**–**	**3,479**	**–**	**3,479**
Non-controlling interests arising from business combinations	**–**	**–**	**–**	**–**	**–**	**–**	**(83)**	**(83)**
Total transactions with owners, recognised directly in equity	**4,723**	**–**	**215**	**–**	**–**	**4,938**	**(83)**	**4,855**
At 31 March 2021	**11,601**	**(927)**	**(184)**	**(240)**	**(15,306)**	**(5,056)**	**447**	**(4,609)**

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	Note	**Year ended 31 March 2021 S$'000**	Year ended 31 March 2020 S$'000
Cash Flows from Operating Activities			
Loss before taxation		**1,517**	(9,658)
Adjustments for:			
Depreciation of plant and equipment	4	**179**	457
Depreciation of right-of-use assets	5	**988**	2,020
Fair value changes in call option	22	**(69)**	–
Amortisation of intangible assets	6	**12**	–
Finance cost	25	**412**	375
Plant and equipment written off	24	**26**	4
Gain on disposal of plant and equipment	22	**(2)**	–
Gain on disposal of right-of-use assets	5,22	**(1)**	(35)
Gain on loan to share conversion	22	**(346)**	–
Interest income	22	**(42)**	–
Impairment loss on plant and equipment	4,24	**119**	1,462
Impairment loss on right-of-use assets	5,24	**55**	4,540
Operating profit/(loss) before working capital changes		**2,848**	(835)
Change in inventories		**(91)**	(11)
Change in trade and other receivables		**60**	682
Change in trade and other payables		**262**	(1,145)
Cash generated from/(used in) operations		**3,079**	(1,309)
Interest received		**42**	–
Income tax (paid)/refunded		**(98)**	5
Net cash generated from/(used in) operating activities		**3,023**	(1,304)
Cash Flows from Investing Activities			
Acquisition of plant and equipment		**(1,176)**	(977)
Acquisition of a subsidiary, net of cash acquired		**(295)**	–
Proceeds from disposal of plant and equipment		**21**	–
Proceeds from disposal of right-of-use assets		**–**	35
Net cash used in investing activities		**(1,450)**	(942)
Cash Flows from Financing Activities			
Changes in amount due from related parties		**–**	(105)
Changes in amount due to related parties		**–**	157
Proceeds from issuance of ordinary shares [Note 1]		**800**	2,000
Proceeds from borrowings		**100**	–
Repayment of borrowings		**(83)**	–
Restricted cash used		**–**	385
Interest paid		**(170)**	(266)
Repayment of lease liabilities		**(2,405)**	(1,851)
Repayment of loans from director		**–**	(16)
Net cash (used in)/generated from financing activities		**(1,758)**	304
Net changes in cash and cash equivalents		**(185)**	(1,942)
Cash and cash equivalents at beginning of year		**1,127**	3,069
Cash and cash equivalents at end of year	14	**942**	1,127

Non-cash transaction:

Note 1:

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

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

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

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

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

Reconciliation of movements of liabilities to cash flows arising from financing activities, excluding equity item

	As at 1 April 2019 S$'000	New lease S$'000	Cash flows - principal repayment S$'000	Cash flows - interest paid S$'000	Non-cash flows - finance cost S$'000	Fair value adjustments to interest-free loans from shareholders S$'000	Provision made / (reversed) during the year S$'000	As at 31 March 2020 S$'000
Loans from directors (Note 18)	1,389	–	(16)	–	–	121	–	1,494
Amounts due to a former director (Note 18)	2,012	–	–	–	106	–	–	2,118
Lease liabilities (Note 19)	5,310	1,570	(1,851)	(266)	266	–	–	5,029
Provision (Note 21)	429	–	–	–	3	–	(59)	373
	9,140	1,570	(1,867)	(266)	375	121	(59)	9,014

	As at 1 April 2020 S$'000	Acquired from business combinations S$'000	New lease S$'000	Cash flows - proceeds From loan S$'000	Cash flows - principal repayment S$'000	Cash flows - interest paid S$'000	Non-cash flows - finance cost S$'000	Provision made / (reversed) during the year S$'000	As at 31 March 2021 S$'000
Borrowings (Note 17)	–	**693**	–	**100**	**(83)**	**(15)**	**15**	–	**710**
Lease liabilities (Note 19)	**5,029**	**1,726**	2,140	–	(2,405)	(155)	351	–	6,686
Provision (Note 21)	**373**	–	–	–	–	–	**5**	**176**	554
Deemed interest	–	–	–	–	–	–	**41**	–	41
	5,402	**2,419**	2,140	**100**	**(2,488)**	(170)	**412**	176	7,991

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 the Company and of the Group for the year ended 31 March 2021 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 183 Thomson Road Goldhill Shopping Centre Singapore 307628 and its principal place of business is located at 26 Tai Seng Street, #07-02 J'Forte, Singapore 534057.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 9 to the financial statements.

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

2(a) Basis of preparation

Going concern

The Group recorded a net profit and total comprehensive income of $1,443,000 and $1,514,000 (2020 - net loss and total comprehensive loss of $9,633,000 and $9,628,000) and reported a net operating cash inflows of $3,023,000 (2020 - outflows of $1,304,000) for the financial year ended 31 March 2021. As at 31 March 2021, the Group's current liabilities exceeded its current assets by $8,169,000 (2020 - $8,219,000) and the Group had a deficit in equity of $5,056,000 (2020 - $12,016,000).

As at 31 March 2021, the Company's current liabilities exceeded its current assets by $4,590,000 (2020 - $2,465,000) and the Company had a deficit in equity of $2,081,000 (2020 - $2,461,000).

As at 31 March 2021, the Group's current liabilities included contract liabilities related to non-refundable payments received in advance from customers amounting to $1,637,000 (2020 - $1,679,000). Excluding this amount, the Group's current liabilities would be $11,295,000 (2020 - $9,930,000) compared to current assets of $4,763,000 (2020 - $3,390,000) as at 31 March 2021.

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

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

The financial statements are drawn up in accordance with the provisions of the Act and SFRS(I)s including related interpretations promulgated by the Accounting Standards Council ("**ASC**"), and have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

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

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The preparation of financial statements in conformity with SFRS(I) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 2(d).

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.

2(b) Adoption of new and revised SFRS(I) effective for the current financial year

On 1 April 2020, the Group and the Company have adopted all the new and revised SFRS(I), SFRS(I) interpretations ("**SFRS(I) INT**") and amendments to SFRS(I), effective for the current financial year that are relevant to them. The adoption of these new and revised SFRS(I) pronouncements does not result in significant changes to the Group's and the Company's accounting policies and has no material effect on the amounts or the disclosures reported for the current or prior reporting periods, as discussed below:

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to SFRS(I) 3	Definition of a Business	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8	Definition of Material	1 January 2020
Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7	Interest Rate Benchmark Reform	1 January 2020
Revised Conceptual Framework for Financial Reporting		1 January 2020

Amendments to SFRS(I) 3 Definition of a Business

The amendments clarify that, while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.

There is no impact to the Group's and the Company's financial statements.

2(b) Adoption of new and revised SFRS(I) effective for the current financial year (Cont'd)

Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 Definition of Material

The amendments include clarifications to the definition of 'material' and the related guidance:

- the threshold of 'could influence' has been replaced with 'could reasonably be expected to influence';
- the term of 'obscuring information' has been included in the definition of 'material' to incorporate the existing concept in SFRS(I) 1-1 and examples have been provided of circumstances that may result in information being obscured; and
- the scope of 'users' has been clarified to mean the primary users of general purpose financial statements and their characteristics have been defined.

The amendments are to be applied prospectively and are effective for annual periods beginning on or after 1 January 2020.

There is no impact to the Group's and the Company's financial statements.

Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 Interest Rate Benchmark Reform

The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships that are directly affected by the global reform initiative with respect to the inter-bank offered rate ("**IBOR**"). The reliefs have the effect that the IBOR reform should not generally cause hedge accounting to terminate. The amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the ongoing IBOR reform.

Any hedge ineffectiveness continues to be recorded in the income statement. The reliefs will cease to apply when the uncertainties arising from the IBOR reform are no longer present. The amendments also introduce new disclosure requirements in SFRS(I) 7 for hedging relationships that are subject to the exceptions introduced by the amendments to SFRS(I) 9 and SFRS(I) 1-39. The amendments are mandatory for all hedges within scope and are to be applied retrospectively for annual reporting periods beginning on or after 1 January 2020.

The Group has adopted the amendments with effect from 1 January 2020 retrospectively to hedging relationships that existed at the start of the reporting period or were designated thereafter, and to the amount accumulated in the cash flow hedging reserve at that date. The amendments are relevant for the following types of hedging relationships and financial instruments of the Group, all of which extend beyond 2021, the date by which the reform is expected to be implemented:

- cash flow hedges where IBOR-linked derivatives are designated as a cash flow hedge of IBOR-linked cash flows (in SGD);
- fair value hedges where IBOR-linked derivatives are designated as a fair value hedge of fixed rate debt in respect of the IBOR risk component (in SGD);
- net investment hedge where an IBOR-linked derivative hedges the foreign currency risk of its net investment in foreign operations in China; and
- loans to joint ventures, bank borrowings and lease liabilities which reference IBOR and are subject to the IBOR reform.

2(b) Adoption of new and revised SFRS(I) effective for the current financial year (Cont'd)

Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 Interest Rate Benchmark Reform (Cont'd)

The application of the amendments impacts the Group's accounting in the following ways.

- Hedge accounting relationships shall continue despite the following:
  - for cash flow hedge of IBOR cash flows: there is uncertainty about the timing and amount of the hedged cash flows due to the IBOR reform;
  - for IBOR fair value hedge: the benchmark interest rate component may not be separately identifiable; and
  - for net investment hedge: there is uncertainty about the replacement of the IBOR reference rate included in the hedging derivative.
- The Group shall not discontinue hedge accounting even if the retrospective assessment of hedge effectiveness for a hedging relationship that is subject to the IBOR reform falls outside the range of 80% to 125% in accordance with SFRS(I) 1-39.
- The Group shall retain the cumulative gain or loss in the cash flow hedging reserve for designated IBOR cash flow hedges that are subject to the IBOR reform even though there is uncertainty arising with respect to the timing and amount of the cash flows of the hedged items.

There is no impact to the Group's and the Company's financial statements.

Revised Conceptual Framework for Financial Reporting

The purpose of the Conceptual Framework is to assist in developing financial reporting standards. The Conceptual Framework is not a standard itself and none of the concepts contained therein override the requirements in any standard. The main changes to the Conceptual Framework's principles have implications for how and when assets and liabilities are recognised and derecognised in the financial statements. These revisions affect those entities which had developed their accounting policies based on the Conceptual Framework in the absence of specific SFRS(I) requirements. In such cases, the entities shall review those policies and apply the new guidance retrospective for annual periods beginning on or after 1 January 2020.

Some SFRS(I), their accompanying documents and SFRS(I) practice statements contain references to, or quotations from the Conceptual Framework. The Amendments to References to the Conceptual Framework in SFRS(I), issued together with the revised Conceptual Framework, sets out updates to SFRS(I), their accompanying documents and SFRS(I) practice statements to reflect the issue of the revised Conceptual Framework. These amendments are effective for annual periods beginning on or after 1 January 2020.

There is no impact to the Group's and the Company's financial statements.

2(c) New and revised SFRS(I) in issue but not yet effective

At the date of authorisation of these financial statements, the Group and the Company have not adopted the new and revised SFRS(I), SFRS(I) INT and amendments to SFRS(I) that have been issued but are not yet effective to them. Management anticipates that the adoption of these new and revised SFRS(I) pronouncements in future periods will not have a material impact on the Group's and the Company's accounting policies in the period of their initial application:

Reference	**Description**	**Effective date (Annual periods beginning on or after)**
Amendments to SFRS(I) 16	COVID-19 Related Rent Concessions	1 June 2020
Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to SFRS(I) 3	Reference to the Conceptual Framework	1 January 2022
Amendments to SFRS(I) 1-16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to SFRS(I) 1-37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to SFRS(I) 1-1	Classification of Liabilities as Current or Non-current	1 January 2023

Amendments to SFRS(I) 16 COVID-19 Related Rent Concessions

The amendments provide relief to lessees from applying SFRS(I) 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under SFRS(I) 16 if the change were not a lease modification. The amendments are applicable on a modified retrospective basis for annual reporting periods beginning on or after 1 June 2020. Early application is permitted.

It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's and the Company's financial statements in the period of initial application.

Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16 Interest Rate Benchmark Reform – Phase 2

The amendments address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The changes relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying SFRS(I) 7 to accompany the amendments regarding modifications and hedge accounting.

On modification of financial assets, financial liabilities and lease liabilities, a practical expedient is available to allow for modifications required by the IBOR reform as a direct consequence and made on an economically equivalent basis to be accounted for by updating the effective interest rate prospectively. All other modifications are accounted for using current SFRS(I) requirements. A similar practical expedient is provided for lessee accounting applying SFRS(I) 16. SFRS(I) 4 is also amended to require insurers that apply the temporary exemption from SFRS(I) 9 to apply the amendments in accounting for modifications directly required by the reform.

2(c) New and revised SFRS(I) in issue but not yet effective (Cont'd)

Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16 Interest Rate Benchmark Reform – Phase 2 (Cont'd)

On hedge accounting, certain amendments are made to generally permit hedge accounting continuation solely because of the IBOR reform provided that the amended hedging relationships meet all the qualifying criteria to apply hedge accounting including effectiveness requirements. The amendments enable entities to amend the formal designation and documentation of a hedging relationship to reflect changes required by the IBOR reform without discontinuing the hedging relationship or designating a new hedging relationship. Permitted changes include designating an alternative benchmark rate (contractually or non-contractually specified) as a hedged risk, amending the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged, or amending the description of the hedging instrument to refer to an alternative benchmark rate, and for those applying SFRS(I) 1-39, amending the description of how the entity shall assess hedge effectiveness.

Amendments to SFRS(I) 7 outline disclosure requirements to allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBOR to alternative benchmark rates, and how the entity is managing this transition.

The amendments are effective for annual periods beginning on or after 1 January 2021 with early application permitted. The amendments apply retrospectively but provide relief from restating comparative information. An entity may restate prior period figures if, and only if, it is possible to do so without the use of hindsight.

It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's and the Company's financial statements in the period of initial application.

Amendments to SFRS(I) 3 Reference to the Conceptual Framework

The amendments update SFRS(I) 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Conceptual Framework. According to the amendments, for obligations within the scope of SFRS(I) 1-37, the acquirer shall apply SFRS(I) 1-37 to determine whether a present obligation exists at the acquisition date as a result of past events, and for a levy within the scope of SFRS(I) INT 21 Levies, the acquirer shall apply SFRS(I) INT 21 to determine whether the obligating event giving rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer shall not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if the entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

There is no material impact expected to the Group's and the Company's financial statements on initial application.

Amendments to SFRS(I) 1-16 Property, Plant and Equipment – Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. An entity shall recognise such sales proceeds and related costs in profit or loss and measure the cost of those items in accordance with SFRS(I) 1-2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly' and specify this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

2(c) New and revised SFRS(I) in issue but not yet effective (Cont'd)

Amendments to SFRS(I) 1-16 Property, Plant and Equipment – Proceeds before Intended Use (Cont'd)

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

There is no material impact expected to the Group's and the Company's financial statements on initial application.

Amendments to SFRS(I) 1-37 Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (e.g. direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (e.g. depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted. The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application.

There is no material impact expected to the Group's and the Company's financial statements on initial application.

Amendments to SFRS(I) 1-1 Classification of Liabilities as Current or Non-current

The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on the rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise the right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer of cash, equity instruments, other assets or services to the counterparty.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted. There is no material impact expected to the Group's and the Company's financial statements on initial application.

2(d) Significant accounting estimates and judgements

The preparation of the financial statements in conformity with SFRS(I) 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. Revision to accounting estimates is recognised in the period in which the estimate is revised and in any future periods affected.

The critical accounting estimates and assumptions used and areas involving a significant judgement are described below.

Significant judgements in applying accounting policies

Income tax (Note 26)

The Group has exposure to income taxes in various 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.

Determination of the lease term

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

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).

- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).

- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

2(d) Significant accounting estimates and judgements (Cont'd)

Determination of operating segments

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

Critical accounting estimates and assumptions used in applying accounting policies

Valuation of loans from director and a former director

The determination of fair value of interest-free loans from director and a former director at inception requires the Group to make assumptions and estimates regarding the discount. If the discount rate increases/decreases by 2%, the Group's loss for the year will increase/decrease by Nil (2020 - S$Nil).

Impairment tests for cash-generating units containing goodwill (Note 8)

Goodwill is allocated to the Group's cash-generating units ("**CGU**") as follows:

	31 March 2021 S$'000
Goodwill:	
Monsoon CGU	**2,586**
	2,586

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

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

The recoverable amount of a CGU is determined based on the higher of fair value less cost to sell ("**FVLCTS**") and value-in-use ("**VIU**") calculations. The VIU calculations use cash flow projections based on financial budgets prepared by management covering a five-year period each for Monsoon CGU, and a five-year period with terminal value. Key assumptions used for VIU calculations are disclosed in Note 8 to the financial statements.

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

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

- An increase of one percentage point in the discount rate used would decrease the VIU of Monsoon CGU by $515,000 but no impairment is required.
- A 1% decrease in future revenue growth rate would decrease the VIU of Monsoon CGU by $1,706,000 but no impairment is required.
- An increase of 0.5 percentage point in the discount rate used and a 1% decrease in future revenue growth rate would decrease the VIU of Monsoon CGU by $1,871,000 as at 31 March 2021, but no impairment is required.

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

2(d) Significant accounting estimates and judgements (Cont'd)

Critical accounting estimates and assumptions used in applying accounting policies (Cont'd)

Allowance for expected credit loss ("**ECL**") of trade and other receivables (Note 13)

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

Possible default events over the expected life of a financial instrument whereas 12-month ECL represents the portion of lifetime ECL expected to result from default events possible within twelve months after the reporting date. The carrying amounts of trade and other receivables are disclosed in Note 9 to the financial statements.

Depreciation of plant and equipment, right-of-use assets and intangible assets (Notes 4, 5 and 6)

As described in Note 2(e), the Group reviews the estimated useful lives of plant and equipment and right-of use assets at the end of each annual reporting period. Changes in the expected level and future usage can impact the economic useful lives of these assets with consequential impact on the future depreciation charge. If depreciation on the Group's plant and equipment increases/ decreases by 10% from management's estimates, the Group's results for the year will decrease/increase by $17,900 (2020 - $45,700). If depreciation on the Group's right-of-use assets increases/ decreases by 10% from management's estimates, the Group's results for the year will decrease/ increase by $98,800 (2020 - $202,000). If depreciation on the Group's intangible assets increases/ decreases by 10% from management's estimates, the Group's results for the year will decrease/increase by $1,200 (2020 - $Nil). The carrying amounts of plant and equipment, right-of-use assets and intangible assets are disclosed in Notes 4,5 and 6, respectively.

Impairment of plant and equipment, right-of-use assets and intangible assets (Notes 4, 5 and 6)

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

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

A decrease of 5% (2020 - 5%) in the value-in-use of the Group's plant and equipment would have decreased the Group's profit by $60,750 (2020 - $5,850). A decrease of 5% (2020 - 5%) in the value-in-use of the Group's right-of-use assets would have decreased the Group's profit by $162,700 (2020 - $15,400). A decrease of 5% (2020 - Nil) in the value-in-use of the Group's intangible assets would have decreased the Group's profit by $ 6,300 (2020 - $Nil). The carrying amounts of plant and equipment and right-of-use assets are disclosed in Notes 4 and 5, respectively.

2(d) Significant accounting estimates and judgements (Cont'd)

Critical accounting estimates and assumptions used in applying accounting policies (Cont'd)

Impairment of investments in subsidiaries (Note 9)

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

At the reporting date, the carrying amounts of investments in subsidiaries are $2,507,000 (2020 - $Nil). Management has evaluated the recoverability of the investment based on such estimates. If the present value of estimated future cash flows decreases by 10% (2019 - 10%) from management's estimates, the Company's allowance for impairment of investments in subsidiaries will increase by $425,800 (2020 - $Nil). The carrying amount of the Company's cost of investments in subsidiaries is disclosed in Note 9 to the financial statements.

Allowance for inventory obsolescence (Note 12)

The Group reviews the ageing analysis of inventories at each reporting date and makes provision for obsolete and slow-moving inventory items identified that are no longer suitable for sale. The net realisable value for such inventories is estimated based primarily on the latest invoice prices and current market conditions. Possible changes in these estimates could result in revisions to the valuation of inventories.

If the net realisable values of the inventory decrease/increase by 10% (2020 - 10%) from management's estimates, the Group's profit will decrease/increase by $82,300 (2020 - $44,600). The carrying amounts of the Group's and the Company's inventory are disclosed in Note 12 to the financial statements.

Estimation of the incremental borrowing rate ("**IBR**")

For the purpose of calculating the right-of-use asset and lease liability, an entity applies the interest rate implicit in the lease ("IRIIL") and, if the IRIIL is not readily determinable, the entity uses its IBR applicable to the leased asset. The IBR is the rate of interest that the entity would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. For most of the leases whereby the Group is the lessee, the IRIIL is not readily determinable. Therefore, the Group estimates the II3R relevant to each lease asset by using observable inputs (such as market interest rate and asset yield) when available, and then making certain lessee specific adjustments (such as a group entity's credit rating). The carrying amounts of the Group's right-of-use assets and lease liabilities are disclosed in Notes 5 and 19, respectively.

Provision of reinstatement cost (Note 21)

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

The Group has recognised a provision for reinstatement of rental properties obligations associated with properties rented by the Group. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove equipment from the site and the expected timing of those costs. The carrying amount of the provision as at 31 March 2021 was $554,000 (2020 - $373,000). If the estimated pre-tax discount rate used in the calculation had been 1% higher than the management's estimates, the carrying amount of the provision would have been lower by $5,540 (2020 - $3,730).

Allowance for expected credit losses ("ECL") on trade and other receivables (Note 13)

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

2(e) Summary of significant accounting policies

Consolidation

(i) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and investees (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company or its subsidiary:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company or its subsidiary 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 Company or its subsidiary 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 Company or its subsidiary considers all relevant facts and circumstances in assessing whether or not the Company's or its subsidiary's voting rights in an investee are sufficient to give it power, including:

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

Consolidation of a subsidiary begins when the Company or its subsidiary obtains control over the subsidiary or investee and ceases when the Company or its subsidiary loses control of the subsidiary or investee. Specifically, income and expenses of a subsidiary or an investee acquired or disposed during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company or its subsidiary gains control until the date when the Company or its subsidiary ceases to control the subsidiary or investee.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries and investees are attributed to the owners of the Company and to the non-controlling interests even if this results in the noncontrolling interests having a deficit balance

When necessary, adjustments are made to the financial statements of subsidiaries or investees to bring their accounting policies in line with the Group's accounting policies.

(ii) Changes in the Group 's ownership interests in existing subsidiaries

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 the 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 the owners of the Company.

2(e) Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

(ii) Changes in the Group's ownership interests in existing subsidiaries (Cont'd)

When the Group loses control of a subsidiary, 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 amount of the assets (including goodwill) and liabilities of the subsidiary, and any non-controlling interests. 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 SFRS(I)). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, or when applicable, the cost on initial recognition of an investment in an associate.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

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

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 Income Taxes and SFRS(I) 1-19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment with share-based payment awards transactions of the acquirer in accordance with the method in SFRS(I) 2 Share-based Payment at the acquisition date; and
- disposal groups that are classified as held for sale in accordance with SFRS(I) 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

2(e) Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

(ii) Changes in the Group's ownership interests in existing subsidiaries (Cont'd)

Business combinations (Cont'd)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

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

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

Goodwill

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

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

Goodwill arising from acquisition of associates represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associates is included in the carrying amount of the investments.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a subsidiary, or an associate, the attributable amount of goodwill is included in the determination of the gain or loss on disposal of the entity or the relevant cash generating unit.

2(e) Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

(ii) Changes in the Group's ownership interests in existing subsidiaries (Cont'd)

Intangible assets

Intangible assets acquired in a business combination

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

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

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

Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated using the straight-line method to allocate their depreciable amount over their estimated useful lives as follows:

Motor vehicles	5 years
Beauty, slimming and spa equipment	4 to 12 years
Renovations	3 to 5 years
Furniture and office equipment	2 to 5 years
Hair care, beauty, slimming and spa equipment	3 to 5 years

The cost of 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 plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent expenditure relating to plant and equipment that have 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.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

2(e) Summary of significant accounting policies (Cont'd)

Plant and equipment (Cont'd)

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 plant and ec1uipment 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 each reporting date as a change in estimates.

Investment in 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 instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Initial recognition and measurement
Financial assets are recognised when, only when the entity becomes party to the contractual provisions of the instruments.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

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

Purchase or sales of financial assets that required delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e. the elate that the Group commits to purchase or sell the asset.

2(e) Summary of significant accounting policies (Cont'd)

Financial instruments

(a) Financial assets (Cont'd)

Initial recognition and measurement (Cont'd)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

– Financial assets at amortised cost (debt instruments)
– Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
– Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
– Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to expected credit loss assessment. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired, and through the amortization process.

The Group's financial assets at amortised cost include trade and other receivables, excluding prepayments and GST receivables.

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through OCI ("**FVOCI**"). Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

The Group and the Company do not have any investments in fair value through other comprehensive income (debt instruments).

Financial assets designated at fair value through OCI (equity instruments)

On initial recognition of an equity instruments that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. The classification is determined on an instrument-by instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCT are not subject to impairment assessment.

The Group and the Company did not elect to classify irrevocably its non-quoted equity investments under this category.

2(e) Summary of significant accounting policies (Cont'd)

Financial instruments

(a) Financial assets (Cont'd)

Financial assets at fair value through profit and loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss statement in the period in which it arises. Interest income from these financial assets is included in the finance income.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes listed equity investment which the Group had not irrevocably elected to classify at FVOCI. Dividends on listed equity instruments are also recognised as other income in the statement of comprehensive income when the right of payment has been established.

The Group and the Company have investments at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

– The rights to receive cash flows from the asset have expired or
– The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

2(e) Summary of significant accounting policies (Cont'd)

Financial instruments

(a) Financial assets (Cont'd)

Derecognition (Cont'd)
Continuing involvement that takes form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses on a forward-looking basis, the expected credit losses ("**ECL**") associated with its financial assets carried at amortised cost. For trade and other receivables, the Group applies the simplified approach permitted by SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables and contract assets. The Group applies the general approach of 12-month ECL at initial recognition for all other financial assets. At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group measures loss allowance at an amount equal to the lifetime expected credit losses as at the reporting elate. The Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. A provision matrix is established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are long past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

<u>Credit-impaired financial assets</u>

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

<u>Write-off policy</u>

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery (e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings), or in the case of loans and advances, when the amounts are long past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

2(e) Summary of significant accounting policies (Cont'd)

Financial instruments (Cont'd)

(b) Financial liabilities

Initial recognition and measurement

All financial liabilities are initially recognised at fair value less directly attributable transaction costs. The Company's and the Group's financial liabilities include borrowings, lease liabilities, trade and other payables, excluding contract liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by SFRS(I) 9. Separate embedded derivatives are abo classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in profit or loss when the changes arise.

The Group and the Company do not have financial liabilities at fair value through profit or loss.

Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

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

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

Derecognition

The Group de-recognises a financial liability when it becomes a party to the contractual agreements of the instrument. All interest-related charges are recognised as an expense in "finance cost" in the statement of comprehensive income. Financial liabilities are de-recognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Gains and losses are recognised in the statement of comprehensive income when the liabilities are de-recognised as well as through the amortisation process.

2(e) Summary of significant accounting policies (Cont'd)

Financial instruments (Cont'd)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for at purchased costs on a weighted average basis. Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of the inventories to the lower of cost and net realisable value.

Provision is made for obsolete, slow-moving and defective inventories in arriving at the net realisable value.

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 restricted cash and fixed deposits pledged 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.

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 resource 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 time is recognised as finance costs.

Provision for reinstatement cost

The provision for reinstatement cost arose from the restoration work upon expiry of the lease of premise. The Group recognises the estimated costs of dismantlement, removal or restoration of items of 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 time value.

Changes in the estimated timing or amount of the expenditure or discount rate for asset dismantlement, removal and restoration costs are adjusted against the cost of the related 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 change in the liability is recognised in profit or loss immediately.

2(e) Summary of significant accounting policies (Cont'd)

Dividends

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

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

Leases

(i) The Group as lessee

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or Jess) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of 1he lease unless another systematic basis 1s more representative of the time pattern in which economic benefits from the leased assets are consumed.

(a) Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives; variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantee;
- exercise price of purchase options, if the lessee reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that trigger those lease payments.

For all contracts that contain both lease and non-lease components, the Group has elected to not separate lease and non-lease components and account these as one single lease component.

The lease liabilities are presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured at amortised cost, by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

2(e) Summary of significant accounting policies (Cont'd)

Leases (from 1 January 2019) (Cont'd)

(i) The Group as lessee (Cont'd)

(a) Lease liability (Cont'd)

The Group remeasures the lease liability (with a corresponding adjustment to the related right-of-use asset or to profit or loss if the carrying amount of the right-of-use asset has already been reduced to nil) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

(b) Right-of-use asset

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

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

Retail outlets	2 to 6 years
Motor vehicles	5 years

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line item in the consolidated statement of financial position.

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

(c) Short-term leases and leases of low-value assets

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

2(e) Summary of significant accounting policies (Cont'd)

Income taxes

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

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill of an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the date of the financial position; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the date of the financial position, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income tax are recognised as income or expense in the statement of comprehensive income, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authorities on the same taxable entity, or on different tax entities, provided they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realised simultaneously.

2(e) Summary of significant accounting policies (Cont'd)

Employee benefits

Short-term employee benefits

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

Defined contribution plans

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

Employee leave entitlements

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

Key management personnel

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 are considered key management personnel.

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.

2(e) Summary of significant accounting policies (Cont'd)

Extinguishing financial liabilities with equity instruments

When equity instruments issued to a creditor to extinguish all or part of a financial liability are recognised initially, the equity instruments issued shall be measured at their fair value, unless that fair value cannot be reliably measured. If the fair value of the equity instruments issued cannot be reliably measured, then the equity instruments shall be measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability extinguished and the consideration paid shall be recognised in profit or loss, unless an equity instrument is extinguished in which case the gain will be recorded in equity

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 the 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 assets belong will be identified.

For the purposes 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. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the company at which management controls the related cash flows.

Individual assets or cash-generating units that include goodwill and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other 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 assets' or cash-generating unit's carrying amount exceeds the 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. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

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

An impairment loss, except for goodwill, 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 decrease.

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 on a revalued asset is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in profit or loss.

An impairment loss in respect of goodwill is not reversed, even if it relates to impairment loss recognised in an interim period that would have been reduced or avoided had the impairment assessment been made at a subsequent reporting or end of the reporting period.

2(e) Summary of significant accounting policies (Cont'd)

Contract liabilities

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

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:

Sale of goods

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.

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.

Hairdressing service treatments

Revenue from hairdressing service 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.

2(e) Summary of significant accounting policies (Cont'd)

Accounting for government assistance (Note 22)

SFRS(I) 1-20 Accounting for Government Grants and Disclosures of Government Assistance shall be applied when there is a transfer of resources from the government to an entity in return for meeting the stipulated conditions related to the operating activities of the entity and there is no service or goods provided back to the government by the entity. Government grant is recognised when there is reasonable assurance that it will comply with the conditions attached to them and the grants will be received. Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Significant judgement is required in determining the systematic basis, and timing of recognition of grant receivable and realisation to profit or loss.

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

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

Transactions and balances

Transactions in a currency other than the functional currency ("**foreign currency**") are translated into the functional currency using the exchange rates at the dates of the transactions. 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 rates at the reporting date are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transactions.

Translation of Group entities' financial statements

The results and financial position of all the Group entitles (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 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.

2(e) Summary of significant accounting policies (Cont'd)

Operating segments

For management purposes, operating segments are organised based on their services which are independently managed by the respective segment managers (i.e. specialist medical practitioners) responsible for the performance of the respective segments under their charge. The segment managers are directly accountable to the Chief Executive Officer ("**CEO**") who regularly reviews the segment results in order to allocate resources to the segments and to assess segment performance.

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.

3 Revenue

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

		2021			2020	
The Group	**At a point in time S$'000**	**Over time S$'000**	**Total S$'000**	At a point in time S$'000	Over time S$'000	Total S$'000
Singapore						
Sales of goods	**2,847**	**–**	**2,847**	3,843	–	3,843
Beauty, slimming and spa service treatments	**–**	**2,550**	**2,550**	–	3,336	3,336
Hairdressing treatments	**–**	**2,965**	**2,965**	–	–	–
Malaysia						
Sales of goods	**79**	**–**	**79**	102	–	102
Beauty, slimming and spa service treatments	**–**	**901**	**901**	–	1,500	1,500
Taiwan						
Sales of goods	**–**	**–**	**–**	10	–	10
	2,926	**6,416**	**9,342**	3,955	4,836	8,791

4 Plant and equipment

The Group	Beauty, slimming and spa equipment	Hairdressing equipment	Renovations	Furniture and office equipment	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
Cost					
At 1 April 2019	4,680	–	5,341	2,451	12,472
Additions	314	–	604	59	977
Written off	(3,402)	–	(3,497)	(2,034)	(8,933)
Exchange differences	(2)	–	(8)	(1)	(11)
At 31 March 2020	**1,590**	**–**	**2,440**	**475**	**4,505**
Acquisition of subsidiaries	**–**	**64**	**852**	**318**	**1,234**
Additions	**212**	**304**	**535**	**125**	**1,176**
Written off	**(19)**	**–**	**(8)**	**(42)**	**(69)**
Exchange differences	**(13)**	**–**	**(188)**	**(9)**	**(210)**
At 31 March 2021	**1,770**	**368**	**3,631**	**867**	**6,636**

4 Plant and equipment (Cont'd)

The Group	Beauty, slimming and spa equipment S$'000	Hairdressing equipment S$'000	Renovations S$'000	Furniture and office equipment S$'000	Total S$'000
Accumulated depreciation/impairment losses					
At 1 April 2019	4,370	–	4,690	2,349	11,409
Depreciation for the year	120	–	273	64	457
Written off	(3,402)	–	(3,476)	(2,016)	(8,894)
Impairment losses recognised	417	–	973	72	1,462
Written off	–	–	(18)	(17)	(35)
Exchange differences	(2)	–	(8)	(1)	(11)
At 31 March 2020	**1,503**	**–**	**2,434**	**451**	**4,388**
Acquisition of subsidiaries	**–**	**55**	**615**	**301**	**971**
Depreciation for the year	**30**	**15**	**112**	**22**	**179**
Disposals	**(7)**	**–**	**(20)**	**(32)**	**(59)**
Impairment losses recognised	**90**	**–**	**29**	**–**	**119**
Exchange differences	**(12)**	**–**	**(161)**	**(4)**	**(177)**
At 31 March 2021	**1,604**	**70**	**3,009**	**738**	**5,421**
Net book value					
At 31 March 2021	**166**	**298**	**622**	**129**	**1,215**
At 31 March 2020	87	–	6	24	117

4 Plant and equipment (Cont'd)

The Company	Furniture and office equipment S$'000
Cost	
At 1 April 2019	1
Additions	6
At 31 March 2020	**7**
Additions	**–**
At 31 March 2021	**7**
Accumulated depreciation	
At 1 April 2019	1
Depreciation for the year	2
At 31 March 2020	**3**
Depreciation for the year	**2**
At 31 March 2021	**5**
Net book value	
At 31 March 2021	**2**
At 31 March 2020	4

(a) The carrying amount of motor vehicles held under finance lease arrangements (Note 19) for the Group as at 31 March 2021 amounted to $ Nil (2020 - $Nil).

(b) During the financial year, the Group acquired plant and equipment with an aggregate cost of $1,176,000 (2020 - $977,000) of which $Nil (2020 - $Nil) was acquired by way of finance lease arrangement and $1,176,000 (2020 - $977,000) by cash. Additions to renovations include provision for reinstatement cost amounting to $ 199,000(2020 - $Nil) (Note 21).

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

For the financial year ended 31 March 2021, management of the Group had carried out an impairment assessment over the plant and equipment, right-of-use assets, intangible assets and investments in subsidiaries and identified the following significant cash generating units ("CGUs"). These were considered to have indications of possible: impairment issues at 31 March 2021 and 2020 as they were in a loss-making position for the past few years.

Impairment testing of plant and equipment, right-of-use assets and intangible assets

As at 31 March 2021, the carrying amounts of the Group's and the Company's plant and equipment amounted to $1,215,000 (2020 - $117,000) and $2,000 (2020 - $4,000), respectively. As at 31 March 2021, the carrying amount of the Group's right-of-use assets amounted to $3,254,000 (2020 - $308,000). As at 31 March 2021, the carrying amount of the Group's intangible assets amounted to $126,000 (2020 - $Nil).

For the financial year ended 31 March 2021 and 2020, the Group has identified that there are triggers of impairment for:

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

4 Plant and equipment (Cont'd)

Impairment tests for plant and equipment, right-of-use assets, intangible assets and investments in subsidiaries (Cont'd)

Impairment testing of plant and equipment, right-of-use assets and intangible assets (Cont'd)

The recoverable amounts of the plant and equipment, right-of-use assets and intangible assets were based on the higher of fair value less costs to sell and value-in-use. In the financial year ended 31 March 2021, management had assessed the recoverable amounts of plant and equipment, right-of-use assets and intangible assets based on discounted cash flows, representing the value-in-use ("**VIU**"), which is the higher of fair value less costs to sell and VIU. The management prepared the discounted cash flows based on the weighted average useful life of the plant and equipment, right-of-use assets and intangible assets. A pre-tax discount rate of 9.47% and cash flow projections are based on the cash generated by each identifiable cash generating unit.

As a result of that test, the Group determined that the carrying values of certain of its assets exceeded their recoverable amounts at the reporting date and recorded impairment losses on plant and equipment and right-of-use assets of $119,000 and $55,000 for the year ended 31 March 2021 (2020 - $1,462,000 and $4,540,000), respectively.

Impairment testing of investments in subsidiaries

As at 31 March 2021, the carrying amount of the investment in subsidiaries amounted to $2,507,000 (2020 - $Nil). During the financial year, management carried out a review of the recoverable amount of its subsidiaries and recognised an accumulated impairment loss of $4,258,000 (2020 - $4,258,000) in respect of a subsidiary with recurring losses and a deficit in shareholder's equity.

As at 31 March 2020 and 2021, the recoverable amount of subsidiaries was determined based on the higher of fair value less cost to sell and value-in-use. The fair value less cost to sell was determined based on the financials of the subsidiaries which comprised mainly cash balances, trade and other receivables and trade and other payables which were current and approximated fair value at year end.

During the financial year ended 31 March 2021, the subsidiaries were also having the same impairment indicators and there were no indications these impairment losses can be reversed to profit or loss at the reporting date.

5 Right-of-use assets

The Group	Retail outlets S$'000	Motor vehicle S$'000	Total S$'000
Cost			
At 1 April 2019	5,117	551	5,668
Additions	1,571	–	1,571
Disposal	–	(183)	(183)
Written off	–	(131)	(131)
At 31 March 2020	**6,688**	**237**	**6,925**
Acquisition of subsidiaries	**4,114**	**–**	**4,114**
Additions	**2,493**	**–**	**2,493**
Disposal	**(66)**	**(29)**	**(95)**
Exchange differences	**(8)**	**(1)**	**(9)**
At 31 March 2021	**13,221**	**207**	**13,428**
Accumulated depreciation			
At 1 April 2019	–	370	370
Depreciation for the year	1,959	61	2,020
Disposal	–	(183)	(183)
Written off	–	(131)	(131)
Impairment losses recognised	4,540	–	4,540
Exchange differences	1	–	1
At 31 March 2020	**6,500**	**117**	**6,617**
Acquisition of subsidiaries	**2,558**	**–**	**2,558**
Depreciation for the year	**947**	**41**	**988**
Disposal	**(38)**	**–**	**(38)**
Impairment losses recognised	**55**	**–**	**55**
Exchange differences	**(5)**	**(1)**	**(6)**
At 31 March 2021	**10,017**	**157**	**10,174**
Carrying amount			
At 31 March 2021	**3,204**	**50**	**3,254**
At 31 March 2020	188	120	308

Information about the Group's leasing activities are disclosed in Note 28.

As at 31 March 2021, the carrying amount of motor vehicles held under lease liabilities for the Group as at 31 March 2021 amounted to S$50,000 (2020 - S$120,000).

There were impairment indicators for the Group's right-of-use assets. Refer to Note 4 for the impairment assessment on plant and equipment and right-of-use assets.

6 Intangible assets

The Group	Non-compete agreement S$'000
Cost	
At 1 April 2019 and 31 March 2020	–
Additions arising from acquisition of subsidiaries	**138**
At 31 March 2021	**138**
Accumulated amortisation	
At 1 April 2019 and 31 March 2020	–
Amortisation	**12**
At 31 March 2021	**12**
Carrying amount	
At 31 March 2021	**126**
At 31 March 2020	–

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

There were impairment indicators for the Group's intangible assets. Refer to Note 4 for the impairment assessment on intangible assets.

7 Derivative financial instruments

The Group	**2021 S$'000**	2020 S$'000
Call option at acquisition	**251**	–
Change in fair value of call option	**69**	–
Call option, at fair value through profit or loss ("FVTPL")	**320**	–

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

Fair value loss of derivative financial instruments at FVTPL amounting to $69,000 is included within "other gains and losses" in profit or loss.

8 Goodwill

The Group	2021 S$'000	2020 S$'000
Goodwill arising on consolidation	**2,586**	–

(a) Goodwill arising on consolidation

	2021 S$'000	2020 S$'000
Cost		
At beginning of year	**–**	–
Additions arising from acquisition of subsidiaries	**2,586**	–
At end of year	**2,586**	–
Allowance for impairment losses		
At beginning and end of year	**–**	–
Net book value	**2,586**	–

Impairment tests for goodwill

As at 31 March 2021, the carrying amount of goodwill is attributable to the Group's cash-generating units ("**CGU**") comprising of Monsoon Hairdressing Group ("**Monsoon CGU**").

The Group	2021 S$'000	2020 S$'000
Monsoon CGU	**2,586**	–
Net book value	**2,586**	–

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

Key assumptions used for value-in-use calculations:

31 March 2021	Monsoon CGU %
Gross profit margin (1)	64.8
Growth rate (2)	3.8
Terminal growth rate (3)	1.1
Discount rate (4)	9.5

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

8 Goodwill (Cont'd)

Impairment tests for goodwill (Cont'd)

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

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

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

As at 31 March 2021, the Group believes that any reasonably possible changes in the above key assumptions applied are not likely to materially result in the recoverable amounts to be lower than their carrying amounts for the CGUs. The recoverable amounts of these three CGUs have been estimated to be higher than their carrying amounts, and thus no impairment is required at the reporting date.

9 Subsidiaries

The Company	**2021** **S$'000**	2020 S$'000
Unquoted equity investments, at cost		
At beginning of year	**4,258**	4,258
Acquisition of Monsoon Hairdressing Group	**2,507**	–
At end of year	**6,765**	4,258
Allowance for impairment losses		
At beginning of year	**(4,258)**	(4,258)
At end of year	**(4,258)**	(4,258)
Carrying amount	**2,507**	–

9 Subsidiaries (Cont'd)

Details of investments in subsidiaries are as follows:

Name	Country of incorporation/ principal place of business	Attributable to equity interest of the Group		Principal activities
		2021	2020	
		%	%	
Held by the Group				
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	Direct selling of skincare and health supplements
Hotel Culture Pte. Ltd. [(1)]	Singapore	**51**	51	Investment holding
MCU Trading Pte. Ltd. [(1)]	Singapore	**100**	100	General wholesale trading
MCU Holdings Sdn. Bhd. [(2)]	Malaysia	**100**	100	Provision of lifestyle and wellness treatment services
M2 Group Pte. Ltd. [(1)]	Singapore	**100**	–	Hairdressing salons/shops and other holding companies
Held by Mary Chia Beauty & Slimming Specialist Pte. Ltd.				
Scinn Pte. Ltd. [(1)]	Singapore	**100**	100	Clinic and other general medical services
MSB Beauty Pte. Ltd.	Singapore	**51**	51	Provision of lifestyle and wellness treatment services

9 Subsidiaries (Cont'd)

Details of investments in subsidiaries are as follows: (Cont'd)

Name	Country of incorporation/ principal place of business	Attributable to equity interest of the Group		Principal activities
		2021	2020	
		%	%	
Held by Organica International Holdings Pte Ltd.				
Organica International (M) Sdn. Bhd. (2)	Malaysia	**100**	100	Direct selling of skincare and health supplements
Organica Taiwan Branch(4)	Taiwan	**100**	100	Direct selling of skincare and health supplements
Held by MCU Trading Pte. Ltd.				
Yue You International Trading (Shanghai) Co. Ltd (3)	China	**100**	100	General wholesale trading
Held by MCU Holdings Sdn. Bhd.				
MCU Beautitudes Sdn Bhd (2)	Malaysia	**100**	100	Provision of lifestyle and wellness treatment services
Held by M2 Group Pte. Ltd				
Monsoon Hair House Pte. Ltd. (1)	Singapore	**80**	–	Operating of hair and beauty salons and sales of beauty and hair products
M Nature Pte. Ltd. (1)	Singapore	**80**	–	Operating of hairdressing, hair care and hair treatment salons, beauty salons and spas.

9 Subsidiaries (Cont'd)

Details of investments in subsidiaries are as follows: (Cont'd)

Name	Country of incorporation/ principal place of business	Attributable to equity interest of the Group		Principal activities
		2021	2020	
		%	%	
Held by M2 Group Pte. Ltd (Cont'd)				
M Plus Hair Pte. Ltd. (1)	Singapore	**80**	–	Operating of hairdressing, hair care and hair treatment salons, beauty salons and spas.
Hatsuga Enterprise Pte. Ltd. (1)	Singapore	**80**	–	Wholesale trade of cosmetics and toiletries, business management and consultancy services.
Starting Line Trading Pte. Ltd. (1)	Singapore	**80**	–	Wholesale trade of cosmetics and toiletries.

(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) Audited by Foo Kon Tan LLP for consolidation purposes
(4) Audited by HLB Candor Taiwan CPAs, member firm of HLB International in Taiwan.
(5) Not required to be audited as it is under liquidation.

Summarised financial information in respect of Group subsidiaries that have 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/(loss) allocated to non-controlling interest		Accumulated non-controlling interest	
		2021	2020	**FY2021**	FY2020	**2021**	2020
				S$'000	S$'000	**S$'000**	S$'000
Hotel Culture Pte. Ltd.	Singapore	**49%**	49%	**–**	(475)	**1,091**	1,091
MSB Beauty Pte. Ltd.	Singapore	**49%**	49%	**–**	–	**(53)**	(53)
Monsoon Hair House Pte. Ltd.	Singapore	**80%**	–	**(274)**	–	**(357)**	–
M Nature Pte. Ltd.	Singapore	**80%**	–	**(37)**	–	**(37)**	–
M Plus Hair Pte. Ltd.	Singapore	**80%**	–	**(90)**	–	**(90)**	–
Hatsuga Enterprise Pte. Ltd.	Singapore	**80%**	–	**(15)**	–	**(15)**	–
Starting Line Trading Pte. Ltd.	Singapore	**80%**	–	**(92)**	–	**(92)**	–
				(508)	(475)	**447**	1,038

9 Subsidiaries (Cont'd)

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

	Hotel Culture Pte Ltd	
	2021	2020
	S$'000	S$'000
Summarised statement of comprehensive income		
Revenue	**–**	–
Profit/(loss) for the year and total comprehensive income/(loss)	**(1)**	(969)
Profit/(loss) for the year representing total comprehensive Income/(loss)		
- attributable to equity holders of the Group	**(1)**	(494)
- attributable to NCI	**–**	(475)
	(1)	(969)
Summarised statement of financial position		
Current		
Assets	**13,550**	12,633
Liabilities	**(16,284)**	(16,288)
Net current assets/(liabilities)	**(2,734)**	(3,655)
Non-Current		
Assets	**–**	–
Liabilities	**–**	–
Net non-current assets/(liabilities)	**–**	–
Equity		
Equity attributable to equity holders of the Group	**(3,825)**	(4,746)
Non-controlling interest	**1,091**	1,091
	(2,734)	(3,655)
Other summarised information		
Cash flows from operating activities	**(5)**	(41)
Cash flows from investing activities	**–**	–
Cash flows from financing activities	**–**	(391)
Net increase/(decrease) in cash and cash equivalents	**(5)**	(432)

** denotes amount less than S$1,000*

9 Subsidiaries (Cont'd)

	M2 Group and its subsidiaries
	2021
	S$'000
Summarised statement of comprehensive income	
Revenue	3,439
Profit/(loss) for the year and total comprehensive income/(loss)	(2,552)
Profit/(loss) for the year representing total comprehensive Income/(loss)	
- attributable to equity holders of the Group	(2,044)
- attributable to NCI	(508)
	(2,552)
Summarised statement of financial position	
Current	
Assets	2,606
Liabilities	(6,689)
Net current assets/(liabilities)	(4,083)
Non-Current	
Assets	5,222
Liabilities	(1,608)
Net non-current assets/(liabilities)	3,614
Equity	
Equity attributable to equity holders of the Group	(431)
Non-controlling interest	(592)
	(1,023)
Other summarised information	
Cash flows from operating activities	–
Cash flows from investing activities	–
Cash flows from financing activities	–
Net increase/(decrease) in cash and cash equivalents	–

9 Subsidiaries (Cont'd)

Acquisition of Monsoon Hairdressing Group

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

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

- (i) an aggregate amount equivalent to S$837,500, which shall be payable by the Buyer to the Seller upon completion of the acquisition ("**Completion**").
- (ii) an aggregate amount equivalent to S$300,000 (fair value of S$296,239 as at acquisition date), which shall be payable by the Buyer to the Seller three calendar months from the date of the Completion ("**Completion Date**").
- (iii) an aggregate amount equivalent to S$385,728 (fair value of S$371,193 as at acquisition date), being the remainder of the Cash Consideration shall be applied to off-set the net sum of S$236,299 owed by the Lee Eng Tat (the "**Seller**") to the relevant Monsoon Hairdressing Group's companies, to be payable by the Company to the Seller nine calendar months after Completion Date.

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

- (i) an aggregate amount equivalent to S$1,000,000 (fair value of S$659,100 as at acquisition date) which shall be payable on Completion, by the Company's issue and allotment of such number of new ordinary shares in the share capital of the Company to the Seller or his nominee, having an aggregate value of S$1,000,000 based on the higher of S$0.15 per share, or the volume weighted average price per share as at the Execution Date after applying a 10% discount ("**Issue Price**").
- (ii) an aggregate amount equivalent to $523,228 (fair value of $343,250 as at acquisition date) to be payable on 31 December 2021, by the Company's issue and allotment of such number of new ordinary shares in the share capital of the Company to the Seller having an aggregate value equivalent to the remainder of the Non-Cash Consideration payable based on the Issue Price, provided that the FY2021 consolidated management accounts of the Monsoon Hairdressing Group is not in a net liability position.

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

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

9 Subsidiaries (Cont'd)

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

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

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

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

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

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

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

9 Subsidiaries (Cont'd)

The valuation on techniques used for measuring the fair value of material assets acquired were as follows: (Cont'd)

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

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

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

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

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

(e) Deferred consideration

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

(f) Revenue and net profit after tax contribution

Included in the Group's profit for the year is $408,000 attributable to the additional business generated by Monsoon Hairdressing Group. Revenue for the year generated by Monsoon Hairdressing Group amounts to $3,439,000. Had the business combination during the year been effected at 1 April 2020, the Group's revenue from continuing operations would have been $12,052,000 and the Group's profit for the year from continuing operations would have been $1,131,000.

10 Deferred tax assets/(liabilities)

Deferred tax assets comprise the following:

	The Group		The Company	
	2021	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000
Lease liabilities	**351**	–	**–**	–

Movement in deferred tax asset is as follows:

	The Group		The Company	
	2021	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000
At beginning of year	**–**	–	**–**	–
Recognised to profit or loss	**351**	–	**–**	–
At end of year	**351**	–	**–**	–

10 Deferred tax assets/(liabilities) (Cont'd)

Deferred tax liabilities comprise the following:

	The Group		The Company	
	2021	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000
Right-of-use assets	**299**	–	–	–

Movement in deferred tax liabilities is as follows:

	The Group		The Company	
	2021	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000
At beginning of year	**–**	–	–	–
Recognised to profit or loss	**299**	–	–	–
At end of year	**299**	–	–	–

11 Other assets

	The Group		The Company	
	2021	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000
Current				
Prepayments	**109**	54	**20**	9
Deposits	**1,043**	770	**4**	–
Advance to suppliers	**106**	93	**–**	–
	1,258	917	**24**	9
Non-current				
Deposits	**–**	–	**–**	–

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

12 Inventories

	2021	2020
The Group	**S$'000**	S$'000
Products held for sale, at cost	**823**	446

The carrying amount of inventories sold and recognised as an expense in the consolidated statement of comprehensive income was $1,170,000 (2020 - $423,000) for the financial year ended 31 March 2021.

As at 31 March 2021, the inventories amounting to S$Nil (2020 - S$47,000) were written off to profit or loss.

13 Trade and other receivables

	The Group		The Company	
	2021	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000
Trade receivables	**895**	120	**–**	2
Allowance for impairment losses	**(43)**	(43)	**–**	–
	852	77	**–**	2
Other receivables:				
Amounts due from related parties (non-trade)	**105**	147	**14**	14
GST receivables	**19**	28	**7**	12
Amounts due from director of subsidiaries	**70**	–	**–**	
Amounts due from subsidiaries (non-trade)	**–**	–	**33,211**	28,541
Sundry receivables	**84**	30	**–**	–
	278	205	**33,232**	28,567
Allowance for impairment losses	**–**	(2)	**(25,515)**	(20,971)
	278	203	**7,717**	7,596
	1,120	280	**7,717**	7,598

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

	The Group		The Company	
	2021	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000
At 1 April	**45**	167	**20,971**	18,094
Allowance made	**–**	24	**4,544**	2,877
Utilisation of impairment	**(2)**	(146)	**–**	–
At 31 March	**43**	45	**25,515**	20,971
Trade receivables	**43**	43	**–**	–
Other receivables	**–**	2	**25,515**	20,971
	43	45	**25,515**	20,971

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

During the year ended 31 March 2021, the Company has assessed and decided to impair the amount due from subsidiaries of $4,544,000 (2020 - $2,877,000) as these balances are not recoverable.

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

Trade and other receivables are denominated in the following currencies:

	The Group		The Company	
	2021	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000
Singapore dollar	**1,102**	250	**7,717**	7,598
Malaysia ringgit	**6**	5	**–**	–
Taiwan dollar	**12**	25	**–**	–
	1,120	280	**7,717**	7,598

13 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	**2021 S$'000**	2020 S$'000
By geographical area		
Singapore	**1,102**	250
Malaysia	**6**	5
Taiwan	**12**	25
	1,120	280

The Company	**2021 S$'000**	2020 S$'000
By geographical area		
Singapore	**7,717**	7,598
	7,717	7,598

The ageing analysis of trade receivables is as follows:

The Group	**Gross 2021 S$'000**	**Impairment losses 2021 S$'000**	Gross 2020 S$'000	Impairment losses 2020 S$'000
Not past due	**154**	**–**	73	–
Past due 0 to 90 days	**681**	**–**	2	–
Past due 91 to 182 days	**47**	**(18)**	18	(18)
Past due 183 to 365 days	**6**	**–**	–	–
Past due over 365 days	**11**	**(25)**	27	(25)
	899	**(43)**	120	(43)

The Company	**Gross 2021 S$'000**	**Impairment losses 2021 S$'000**	Gross 2020 S$'000	Impairment losses 2020 S$'000
Not past due	**–**	**–**	–	–
Past due 0 to 90 days	**–**	**–**	–	–
Past due 91 to 182 days	**–**	**–**	–	–
Past due 183 to 365 days	**–**	**–**	–	–
Past due over 365 days	**4,544**	**–**	4,424	–
	4,544	**–**	4,424	–

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

14 Cash and cash equivalents

	The Group		The Company	
	2021	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000
Cash and bank balances	**1,444**	1,629	**96**	997
Fixed deposits	**118**	118	**–**	–
	1,562	1,747	**96**	997

The fixed deposits at the balance sheet date have a maturity of approximately 2 months (2020 - 2 months) from the end of the financial year and earned effective interest at the rate of approximately 1.4% (2020 - 1.4%) per annum.

Cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2021	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000
Singapore dollar	**1,517**	1,708	**96**	997
Taiwan dollar	**13**	28	**–**	–
Chinese renminbi	**–**	*	**–**	–
Malaysian ringgit	**32**	11	**–**	–
	1,562	1,747	**96**	997

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

	2021	2020
The Group	**S$'000**	S$'000
Cash and cash equivalents as above	**1,562**	1,747
Restricted cash	**(502)**	(502)
Fixed deposits pledged for rental arrangement	**(118)**	(118)
	942	1,127

** denotes amount less than S$1,000*

15 Share capital

The Company	**2021**	2020	**2021**	2020
	Number of ordinary shares		**S$'000**	S$'000
Issued and fully paid with no par value				
At beginning of year	**190,961,806**	163,495,140	**6,878**	4,818
Issuance of shares pursuant to Subscription Exercise[(1)]	**5,555,556**	–	**800**	–
Issuance of shares pursuant to Acquisition[(2)]	**6,666,667**	–	**659**	–
Issuance of shares pursuant to Debt conversion[(3)]	**25,500,000**	–	**3,264**	–
Issuance of shares	–	27,466,666	–	2,060
At end of year	**228,684,029**	190,961,806	**11,601**	6,878

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

Issuance of shares

Notes: -

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

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

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

There were no outstanding convertibles, treasury shares and subsidiary holdings as at 31 March 2021 and 31 March 2020. In respect of the Acquisition, approximately $523,228 of the Aggregate Consideration will be payable on 31 December 2021 pursuant to the issuance of Consideration Shares at the issue price of $0.15 per Consideration Share, provided that the FY2021 consolidated management accounts of the Monsoon Hairdressing group of companies is not in a net liability position.

16 Reserves

	The Group		The Company	
	2021	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000
Merger reserve	**(927)**	(927)	**–**	–
Capital reserve	**(184)**	(399)	**215**	–
Foreign currency translation reserve	**(240)**	(311)	**–**	–
Accumulated losses	**(15,306)**	(17,257)	**(13,897)**	(9,339)
	(16,657)	(18,894)	**(13,682)**	(9,339)

Merger reserve

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

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.

Capital reserve

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

17 Borrowings

The Group	**2021** **S$'000**	2020 S$'000
Non-current		
Loans from financial institutions (secured)	**368**	–
	368	–
Current		
Loans from financial institutions (secured)	**342**	–
	342	–
	710	–
Effective interest rate	**6.25% -7.5%**	–

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

The loans are secured by the following:

a. Joint and several guarantee of $300,000 executed by two directors of M2 Group Pte. Ltd.

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

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

	The Group		The Company	
	2021	2020	**2021**	2020
Loans from financial institutions	**6%**	–	**–**	–

17 Borrowings (Cont'd)

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

	Carrying amount		Fair value	
	2021	2020	**2021**	2020
The Group	**S$'000**	S$'000	**S$'000**	S$'000
Bank loans (secured)	**710**	–	**700**	–

Borrowings are denominated in Singapore dollars.

18 Trade and other payables

	The Group		The Company	
	2021	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000
Current				
Trade payables - third parties	**2,101**	268		–
Other payables - third parties	**2,373**	2,015	**161**	132
Amounts due to subsidiaries (non-trade)	**–**	–	**11,013**	10,771
Amounts due to related parties (non-trade)	**114**	295	**8**	1
Loan from director of subsidiaries	**13**	1,494	**–**	–
Loan from former director of subsidiaries	**–**	2,118	**–**	–
Goods and services tax payable	**182**	163	**–**	–
Other deposits	**–**	3	**–**	–
Accrued operating expenses	**1,362**	1,355	**234**	165
	6,145	7,711	**11,416**	11,069

Amounts due to related parties (non-trade)

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

As at 31 March 2021, the Group recorded fair value changes for the loans from director and former director which amounted to S$Nil (2020 - S$121,000) charged as expense to equity and S$Nil (2020 - S$106,000) of finance cost.

Trade and other payables are denominated in the following currencies:

	The Group		The Company	
	2021	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000
Singapore dollar	**5,571**	7,108	**11,416**	11,069
Malaysian ringgit	**561**	574	**–**	–
Chinese renminbi	**13**	12	**–**	–
Taiwan dollar	**–**	17	**–**	–
	6,145	7,711	**11,416**	11,069

18 Trade and other payables (Cont'd)

Amounts due to director/former director

During the financial year ended 31 March 2018, Ms Mary Chia Ah Tow ceased to be a director and a shareholder of the Company following the shares disposal. The director is also a shareholder of the Company.

The director and the former director have provided an undertaking not to demand repayment of the unsecured and non-interest-bearing amounts due from the Group within the next 36 months from 31 March 2017 or until the cash flows of the Group permits, whichever is later.

Current loan from director is unsecured, interest-free and denominated in Singapore dollars.

19 Lease liabilities

The Group	**2021 S$'000**	2020 S$'000
Undiscounted lease payments due:		
- Year 1	**2,971**	1,879
- Year 2	**2,469**	1,343
- Year 3	**1,317**	1,105
- Year 4	**384**	794
- Year 5	**9**	364
- Year 6	**–**	9
	7,150	5,494
Less: Future interest cost	**(464)**	(465)
Lease liabilities	**6,686**	5,029
Presented as:		
- Non-current	**3,426**	2,988
- Current	**3,260**	2,041
	6,686	5,029

Total cash outflows for all leases during the year amount to $2,405,000 (2020 - $1,851,000).

Interest expense on lease liabilities of $351,000 (2020 - $266,000) is recognised within "finance costs" in profit or loss.

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

The Group	**2021 S$'000**	2020 S$'000
Short-term lease	**–**	348

As at 31 March 2021, the Group's short-term lease commitments at the reporting date are not substantially dissimilar to those giving rise to the Group's short-term lease expenses for the year.

Information about the Group's leasing activities are disclosed in Note 28

Please refer to Note 30 for liquidity risk exposure.

20 Contract liabilities

	The Group		The Company	
	2021	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000
Fees received, represented as:				
Current liabilities	**1,637**	1,679	**–**	–

Contract liabilities represent services for beauty, slimming and spa treatments, and hair treatments which have not been rendered as at the end of the reporting period.

21 Provision

Movements in provision for reinstatement cost are as follows:

	2021	2020
The Group	**S$'000**	S$'000
At beginning of year	**373**	429
Provision made during the year	**196**	–
Provision reversed during the year	**(20)**	(59)
Unwinding of interest	**5**	3
At end of year	**554**	373

Provision for reinstatement cost is denominated in Singapore Dollar.

	The Group	
	2021	2020
	S$'000	S$'000
Presented as:		
Current	**355**	177
Non-current	**199**	196
	554	373

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

22 Other operating income

The Group	**2021 S$'000**	2020 S$'000
Gain on disposal of property, plant and equipment	**2**	–
Gain on disposal of right of use assets	**1**	35
Gain on loan to share conversion	**346**	–
Gain on fair value changes in call option	**69**	–
Payables written back	**56**	371
Government grants	**977**	113
Interest income	**42**	–
Other income	**199**	51
Rental rebate	**882**	–
Gain on foreign exchange (realised)	**–**	34
	2,574	604

23 Staff costs

The Group	**2021 S$'000**	2020 S$'000
Salaries, wages, commissions and bonuses	**4,382**	5,076
Contributions to defined contribution plans	**420**	492
Foreign Worker Levy and Skill Development Levy	**196**	175
Other staff benefits	**15**	17
	5,013	5,760

24 Other operating expenses

The Group	**2021 S$'000**	2020 S$'000
Audit fees paid/payable to:		
- Auditors of the Group	**70**	67
- Other auditors	**22**	7
Advertising and marketing expenses	**134**	625
Amortisation of intangible assets	**12**	–
Bad debts written off		
- Trade receivables	**30**	159
Bank charges	**32**	14
C.C & NETS Service fee	**120**	170
Clinic consumables and expenses	**–**	8
Commission	**–**	71
Consultation fee	**107**	360
Dinner and dance expenses	**–**	4
Entertainment expense	**2**	8
Exhibition expenses	**48**	30
Fines and late payment interest	**35**	62
Foreign exchange loss	**49**	1
Impairment loss on plant and equipment	**119**	1,462
Impairment loss on right-of-use assets	**55**	4,540
Impairment loss on trade receivables	**–**	24
Insurance	**32**	46
Intercompany balance written off	**9**	64
Internet and networking charges	**30**	30
Inventories written off	**–**	47
Legal and professional fees	**374**	243
Listing related expenses	**31**	23
Membership fees	**2**	2
Member incentives	**33**	188
Office expenses	**–**	13
Plant and equipment written off	**26**	4
Printing and stationery	**24**	20
Recruitment expenses	**2**	1
Rental of operating equipment and terminals	**3**	16
Repair and maintenance expenses	**86**	177
Small value assets expensed off	**36**	36
Staff training	**85**	21
Telephone, fax and email expenses	**46**	39
Transport and travel	**38**	49
Upkeep of motor vehicles	**17**	25
Utilities	**146**	88
Other operating expenses	**525**	883
	2,380	9,627

25 Finance costs

The Group	**2021 S$'000**	2020 S$'000
Interest expenses:		
- Loans	**15**	–
- Lease liabilities	**351**	266
- Provision for reinstatement cost	**5**	3
- Deemed interest expenses	**41**	
- Changes in fair value on amount due to a former director	**–**	106
	412	375

26 Income tax expense

The Group	**2021 S$'000**	2020 S$'000
Current taxation		
- current year	**127**	–
- over-provision of tax in respect of prior years	**(1)**	(25)
Total taxation	**126**	(25)
Deferred taxation		
Origination and reversal of temporary differences	**(52)**	–
	74	(25)

Reconciliation of effective tax rate

The Group	**2021 S$'000**	2020 S$'000
Profit/(Loss) before taxation	**1,517**	(9,658)
Tax at statutory rate of 17% (2020 - 17%)	**258**	(1,642)
Effect of different tax rates in another country	**(8)**	(49)
Tax effect on non-deductible expenses	**292**	1,790
Tax effect on non-taxable income	**(460)**	(182)
Deferred tax assets on temporary difference not recognised	**(7)**	83
Over-provision of tax in respect of prior years	**(1)**	(25)
	74	(25)

Unrecorded tax losses

As at the end of the reporting period, the Group had estimated unutilised tax losses amounting to approximately $24,017,000 (2020 - $23,991,000) that are available for offset against future taxable profits of the Group. The unutilised tax losses have no expiry dates. The use of these unutilised tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation. The deferred tax assets arising from these unutilised tax losses of approximately $4,083,000 (2020 - $4,078,000) 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.

27 Loss per share

The Group	**2021**	2020
Profit/(Loss) attributable to equity holders of the Company (S$'000)	**1,951**	(9,158)
Weighted average number of ordinary shares in issue for basic earnings per share	**195,709,751**	165,784,029
Basic and diluted profit/(loss) per share (cents)	**1.00**	(5.52)

28 Leases

The Group as lessee

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

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

Information regarding the Group's right-of-use assets and lease liabilities are disclosed in Notes 5 and 19 respectively.

29 Significant related party transactions

Related party transactions

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

The Group	**2021** **S$'000**	2020 S$'000
Advance from related parties	**(42)**	105
Advance to related parties	**(181)**	157

Key management personnel compensations

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

The Group	**2021** **S$'000**	2020 S$'000
Directors' fees	**101**	103
Salaries and other short-term employee benefits	**112**	400
Contributions to defined contribution plans	**9**	25
	121	425

30 Financial risk management

The Company's and the Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Company's and the Group's financial performance. The key financial risks include foreign currency risk, credit risk, market price risk, interest rate risk, liquidity risk and cash flow risk. The Company's and the Group's overall risk management strategy seeks to minimise adverse effects from these financial risks on the Company's and the Group's financial performance. The Company's and the Group's overall risk management policy is to ensure adequate financial resources are available for the development of the Company's and the Group's business whilst managing the risk.

The Company's and the Group's risk management is carried out by the board of directors. The Company and the Group do not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

There has been no change to the Company's and the Group's exposure to these financial risks and the manner in which they manage and measure the risks.

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

	The Group		The Company	
	2021	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000
Financial assets at fair value through profit or loss				
Derivative financial instrument	**320**	–	**–**	–
Financial assets at amortised cost				
Trade and other receivables#	**1,111**	252	**7,710**	7,586
Other assets#	**1,149**	863	**4**	–
Cash and cash equivalents	**1,562**	1,747	**96**	997
	3,822	2,862	**7,810**	8,583
Financial liabilities at amortised cost				
Other payables##	**5,964**	7,548	**11,416**	11,069
Lease liabilities	**6,686**	5,029	**–**	–
Borrowings	**710**	–	**–**	–
	13,360	12,577	**11,416**	11,069

Exclude goods and services tax and prepayments
Exclude goods and services tax

Credit risk

Credit risk refers to the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group or the Company to incur a financial loss. The Group's exposure to credit risk arises primarily from trade and other receivables.

The Group's objective is to seek continual growth while minimizing losses arising from credit risk exposure. For trade and other receivables, the Group adopts the policy of dealing only with borrowers of appropriate credit history and obtaining sufficient security where appropriate to mitigate credit risk. The Group closely monitors and avoids any significant concentration of credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure including the default risk of the individual obligor, security risk and market/industry risk.

Credit policies are formulated covering collateral requirements, credit assessment, risk grading and reporting, documentation and legal procedures, and compliance with regulatory and statutory requirements.

All credit facilities, including those that require collateral. require the approval by management as appropriate. All collateral assets must be tangible and accessible or marketable in Singapore or a reputable market.

30 Financial risk management (Cont'd)

Credit risk (Cont'd)

The Group has in place a monitoring system to identify early symptoms of problematic loan accounts. A risk grading system is used in determining when impairment provisions may be required against specific credit exposures. Risk grades are subject to regular reviews and credit exposures take into consideration of stress testing of the fair value of collateral and other security enhancements held against the loans and advances.

The Group's significant exposure to credit risk arises from trade and other receivables. Credit exposure to an individual counterparty is restricted by credit limits that are approved by the credit committee based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored by the respective management and the credit committee.

Corporate guarantees

The Group's subsidiary, M2 Group Pte. Ltd. provided financial guarantees to certain subsidiaries of the Group. The maximum exposure of the Group's subsidiary in respect of the intra-group financial guarantees at the reporting date is if the facility is drawn down by the subsidiaries in the amount of $710,000 (2020 - $Nil). At the reporting date, the Group has considered it is not probable that a claim will be made against the subsidiary under the intra-group financial guarantees.

Exposure to credit risk

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

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

The Group	**2021** **S$'000**	2020 S$'000
Financial assets at amortised cost		
Trade and other receivables#	**1,101**	252
Other assets#	**1,149**	863
	2,250	1,115

The Company	**2021** **S$'000**	2020 S$'000
Financial assets at amortised cost		
Trade and other receivables#	**7,710**	7,586
Other assets#	**4**	–
	7,714	7,586

Exclude goods and services tax and prepayments

30 Financial risk management (Cont'd)

Credit risk (Cont'd)

Exposure to credit risk (Cont'd)

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

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

The Group	Internal credit rating	12-month/ Lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
At 31 March 2021					
Trade and other receivables#	(1)	Lifetime ECL	**1,144**	**(43)**	**1,101**
Other assets#	(2)	12 months ECL	**1,149**	**–**	**1,149**
			2,293	**(43)**	**2,250**
At 31 March 2020					
Trade and other receivables#	(1)	Lifetime ECL	297	(45)	252
Other assets#	(2)	12 months ECL	863	–	863
			1,160	(45)	1,115

The Company	Internal credit rating	12-month/ Lifetime ECL	Gross carrying amount S$	Loss allowance S$	Net carrying amount S$
At 31 March 2021					
Trade and other receivables#	(1)	Lifetime ECL	**33,225**	**(25,515)**	**7,710**
			33,225	**(25,515)**	**7,710**
At 31 March 2020					
Trade and other receivables#	(1)	Lifetime ECL	28,557	(20,971)	7,586
			28,557	(20,971)	7,586

Exclude goods and services tax and prepayments

30 Financial risk management (Cont'd)

Credit risk (Cont'd)

Exposure to credit risk (Cont'd)

(1) Trade and other receivables

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

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

Trade receivables are written off when there is no reasonable expectation of recovery. Impairment losses on trade receivables are presented as net impairment losses within other operating expenses. Subsequent recoveries of amounts previously written off are credited against the same line item. The closing loss allowances for trade receivables as at the reporting date reconcile to the opening loss allowances are disclosed in Note 13.

(2) Other assets

Financial assets that are neither past due nor impaired

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

Financial assets that are past due but not impaired

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

30 Financial risk management (Cont'd)

Credit risk (Cont'd)

Exposure to credit risk (Cont'd)

Cash and cash equivalents

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

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

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

	The Group		The Company	
	2021	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000
Not past due	**154**	73	**–**	–
Past due 0 to 90 days	**681**	2	**–**	–
Past due 91 to 182 days	**47**	18	**–**	–
Past due 183 to 365 days	**6**	–	**–**	–
Past due over 365 days	**11**	27	**–**	2
	899	120	**–**	2

An ageing analysis of amounts due from subsidiaries (gross before impairment losses) at the reporting date is as follows:

The Company	**2021** **S$'000**	2020 S$'000
Not past due	**–**	28,541
Past due 0 to 90 days	**–**	–
Past due 91 to 182 days	**–**	–
Past due 183 to 365 days	**4,670**	–
Past due over 365 days	**28,541**	–
	33,211	28,541

Liquidity risk

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

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

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

30 Financial risk management (Cont'd)

Liquidity risk (Cont'd)

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
2021					
Trade and other payables##	**5,964**	**5,977**	**5,977**	**–**	**–**
Lease liabilities	**6,686**	**7,150**	**2,971**	**4,179**	**–**
Borrowings	**710**	**773**	**381**	**392**	**–**
	13,360	**13,900**	**9,329**	**4,571**	**–**
2020					
Trade and other payables##	7,548	7,548	7,548	–	–
Lease liabilities	5,029	5,494	1,879	3,606	9
	12,577	13,042	9,427	3,606	9

The Company					
2021					
Trade and other payables##	**11,416**	**11,416**	**11,416**	**–**	**–**
	11,416	**11,416**	**11,416**	**–**	**–**
2020					
Trade and other payables##	11,069	11,069	11,069	–	–
	11,069	11,069	11,069	–	–

Exclude goods and services tax

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

Interest rate risk

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

The Group and the Company are not exposed to any movement in interest rate risk as they do not have any borrowings.

Foreign currency risk

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

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

Market price risk

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

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

31 Debt restructuring / conversion

Pursuant to the Debt Capitalisation Agreement signed on 1 March 2021 among the Company and Ms Ho Yow Ping, Madam Chia Ah Tow and JL Asia Resources Pte Ltd (collectively, "Participating Creditors") , the Company effected a Debt restructuring which involved the Company's issuance of an aggregate of 25,500,000 ordinary shares in the Company for a capitalisation of the loans from the Participating Creditors of the Company (the "Conversion Shares").

Following the issuance and allotment of the Conversion Shares, the Company's issued and paid-up share capital has increased from 203,184,029 shares to 228,684,029 shares.

The Company recorded a gain on the extinguishment of loan of $561,000 due to the difference between the carrying value of loans extinguished and allotment price agreed of $3,825,000 and fair value of $3,264,000. Based on the disclosure below, $215,000 has been recognised as capital reserve and $346,000 was recognised in profit or loss.

The summary of debt restructuring exercise is as follows:

The Group	2021 S$'000
Loan settled by issuance of shares	**3,825**
Total settlement	**3,825**
	*

	Allotment price S$'000	Fair value S$'000	2021 Gain on Extinguishment S$'000
Shares issued equity holders in their capacities as equity holders			
- Capital reserve	**1,463**	**1,248**	**215**
Shares issued to non-equity holders			
- Profit or loss	**2,362**	**2,016**	**346**
	3,825	**3,264**	**561**

	Total No. of shares
Total shares issued	25,500,000

32 Segment information

Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services provided. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and services in different markets.

Business segments

Management has determined the operating segments based on the reports reviewed to make strategic decisions. Each segment represents a strategic business unit that offers different types of products and services. The Group's reportable segments are as follow:-

- Beauty, slimming and spa treatment for women
- Beauty, slimming and spa treatment for men
- Direct selling
- Investment holding
- Hairdressing

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

Segment assets comprise of cash and cash equivalents, trade and other receivables, inventories, plant and equipment and other current assets. Segment assets exclude deferred tax assets.

Segment liabilities comprise primarily trade and other payables, specific borrowings and which can be attributable to the specific segments. Segment liabilities exclude current tax liabilities.

Geographical segments

The Group's geographical segments are based on the geographical location of the assets. Sales to external customers disclosed in geographical segments are attributed to geographic areas based on origins of the Group's customers.

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise taxation balances.

32 Segment information (Cont'd)

Business segments (Cont'd)

(a) Business segments

(i) The following table presents revenue and results information regarding the Group's business segments for the years ended 31 March 2021 and 2020:

	Beauty, slimming and spa treatment for women		Beauty, slimming and spa treatment for men		Direct selling		Investment holding		Hairdressing		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000	**S$'000**	S$'000	**S$'000**	S$'000	**S$'000**	S$'000	**S$'000**	S$'000
Revenue	**5,579**	8,213	**89**	398	**822**	726	**–**	–	**3,951**	**–**	**10,441**	9,337
Inter-segment revenue	**(587)**	(546)	**–**	–	**–**	–	**–**	–	**(512)**	**–**	**(1,099)**	(546)
External revenue	**4,992**	7,667	**89**	398	**822**	726	**–**	–	**3,439**	**–**	**9,342**	8,791
Other information:												
Other income	**2,045**	522	**141**	6	**152**	53	**–**	23	**236**	**–**	**2,574**	604
Purchases and related costs	**(544)**	(123)	**–**	(11)	**(40)**	(205)	**–**	–	**(586)**	**–**	**(1,170)**	(339)
Changes in inventories	**108**	(80)	**(2)**	(4)	**(181)**	–	**–**	–	**(32)**	**–**	**(107)**	(84)
Staff costs	**(3,404)**	(4,890)	**(264)**	(414)	**(122)**	(456)	**–**	–	**(1,223)**	**–**	**(5,013)**	(5,760)
Depreciation of plant and equipment	**(76)**	(395)	**(1)**	(17)	**(4)**	(45)	**–**	–	**(98)**	**–**	**(179)**	(457)
Depreciation of right-of-use assets	**(579)**	(1,795)	**–**	(203)	**(16)**	(22)	**–**	–	**(393)**	**–**	**(988)**	(2,020)
Operating lease expense	**(148)**	(328)	**(2)**	(63)	**–**	–	**–**	–	**–**	**–**	**(150)**	(391)
Other operating expenses	**(1,735)**	(8,445)	**(58)**	(203)	**(252)**	(941)	**(1)**	(38)	**(334)**	**–**	**(2,380)**	(9,627)
Finance costs	**(270)**	(297)	**(1)**	(75)	**(22)**	(3)	**–**	–	**(119)**	**–**	**(412)**	(375)
Profit/(Loss) before taxation											**1,517**	(9,658)
Income tax expense											**(74)**	25
Profit/(Loss) for the year											**1,443**	(9,633)

32 Segment information (Cont'd)

Business segments (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 2021 and 2020:

	Beauty, slimming and spa treatment for women		Beauty, slimming and spa treatment for men		Direct selling		Investment holding		Hairdressing		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000	**S$'000**	S$'000	**S$'000**	S$'000	**S$'000**	S$'000	**S$'000**	S$'000
Assets and liabilities:												
Segment assets	**6,575**	3,125	**143**	156	**399**	495	**33**	39	**5,465**	–	**12,615**	3,815
Total assets											**12,615**	3,815
Segment liabilities	**11,828**	13,747	**122**	748	**100**	284	**8**	13	**4,984**	–	**17,042**	14,792
Unallocated liabilities												
- Income tax payables	**–**	1	**–**	–	**–**	–	**–**	–	**182**	–	**182**	1
Total liabilities											**17,224**	14,793
Other segment information:												
Capital expenditure	**637**	962	**26**	–	**17**	15	**–**	–	**496**	–	**1,176**	977
Gain on disposal of investment property	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Depreciation of plant and equipment	**76**	395	**1**	17	**4**	45	**–**	–	**98**	–	**179**	457
Impairment loss on plant and equipment	**84**	1,369	**8**	34	**–**	59	**–**	–	**27**	–	**119**	1,462
Gain on disposal of plant and equipment	**–**	–	**–**	–	**2**	–	**–**	–	**–**	–	**2**	–
Gain on disposal of right-of-use assets	**–**	35	**–**	–	**1**	–	**–**	–	**–**	–	**1**	35
Plant and equipment written off	**–**	–	**–**	4	**26**	–	**–**	–	**–**	–	**26**	4
Depreciation of right-of-use assets	**579**	1,795	**–**	203	**16**	22	**–**	–	**393**	–	**988**	2,020
Impairment loss on right-of-use assets	**–**	4,455	**–**	85	**–**	–	**–**	–	**55**	–	**55**	4,540
Trade and other receivables written off	**–**	98	**–**	–	**–**	32	**–**	29	**–**	–	**–**	159
Impairment loss/(Reversal of impairment loss) on trade receivables	**–**	24	**–**	–	**–**	–	**–**	–	**–**	–	**–**	24
Fair value adjustment to interest-free loans from former director	**–**	41	**–**	65	**–**	–	**–**	–	**–**	–	**–**	106

32 Segment information (Cont'd)

(b) Geographical information

	Singapore		Malaysia		Taiwan		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000	**S$'000**	S$'000	**S$'000**	S$'000
Revenue - Sales to external customers	**8,362**	7,179	**980**	1,602	**–**	10	**9,342**	8,791
Non-current assets#	**7,618**	131	**234**	271	**–**	23	**7,852**	425

Note # - exclude deferred tax asset and deposits

The Group's non-current assets comprising plant and equipment and right-of-use assets are mainly located in Singapore, Taiwan and Malaysia.

Information about major customer

The Group does not have any major customers.

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, issue new shares or sell assets to reduce debt.

There were also no changes in the Group's approach to capital management during the financial years ended 31 March 2021 and 2020.

The Group monitors capital on the basis of the net debt to total capital ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings, trade and other payables and less cash and cash equivalents. Total equity is calculated as share capital plus reserves excluding non-controlling interest. Total capital is calculated as total equity plus net debt.

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

The Group	**2021** **S$'000**	2020 S$'000
Borrowings	**710**	–
Lease liabilities	**6,686**	5,029
Trade and other payables	**6,145**	7,711
Less: Cash and cash equivalents	**(1,562)**	(1,747)
Net debt	**11,979**	10,993
Total equity	**(5,056)**	(12,016)
Total capital	**6,923**	(1,023)
Net debt to total capital ratio	**1.7**	*

* Not meaningful as the Company has a deficit in shareholder's funds as at balance sheet date.

34 Fair value measurement

Definition of fair value

SFRS(I)s define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy

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

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

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

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

Fair value measurement of financial assets and financial liabilities

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

Fair values of financial instruments

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

The Group	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Financial assets, at FVTPL (Note 7)	–	–	320	320

Fair value measurement of financial assets

Financial assets, at FVTPL (Note 7)

The fair values of financial assets, at FVTPL are estimated using the Black-Scholes model for the financial year ended 31 March 2021.

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

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement	Sensitivity of the fair value measurement to input
Black-Scholes model	Risk-free rate	The higher the control, the higher the fair value	An increase/(decrease) by 10% of the fair value would increase/(decrease) the carrying amount by $32.
	Volatility rate	The higher the liquidity, the higher the fair value	

The reconciliation of the movement is disclosed in Note 7. There were no transfers between Level 1 and Level 2 in 2021.

34 Fair value measurement (Cont'd)

<u>Fair value measurement of financial assets (Cont'd)</u>

Measurement of fair value

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialist for complex valuations. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximizing the use of market-based information. The finance team reports directly to the chief financial officer (CFO) and to the audit committee. Valuation processes and fair value changes are discussed among the audit committee and the valuation team at least every year, in line with the Group's reporting dates.

Non-current financial assets and financial liabilities

The carrying amounts of variable rate non-current loans from financial approximate their fair values. The carrying amounts of finance leases approximate their fair values as they bear interest at rates which approximate market rates for similar arrangements. The fair values of interest-free loans from an executive director and a former director at inception are based on discounted cash flows using incremental rate of borrowing after due consideration of the risk-free rate and credit spread.

Other financial assets and financial liabilities

The carrying amounts of other financial assets and financial liabilities which have a maturity of less than one year approximate their fair value because of the short-term period of maturity.

Fair value measurements using significant unobservable inputs (Level 3)

<u>Consideration payable</u>

The fair value of consideration payable is based on a discount rate applied to the cash consideration payable on a date agreed on the sales and purchase agreement.

	2021	2020
	$'000	$'000
At beginning of year	**–**	–
Consideration payable	**1,011**	–
At end of year	**1,011**	–

ISSUED AND PAID-UP CAPITAL	:	S$ 11,601,000
NO. OF SHARES	:	228,684,029
NO. OF TREASURY SHARES AND SUBSIDIARY HOLDINGS	:	NIL
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	1 VOTE PER SHARE

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF HOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	1	0.24	1	0.00
100 – 1,000	143	34.21	137,100	0.06
1,001 – 10,000	107	25.60	684,500	0.30
10,001 – 1,000,000	153	36.60	12,535,500	5.48
1,000,001 and above	14	3.35	215,326,928	94.16
Total	418	100.00	228,684,029	100.00

LIST OF TOP TWENTY SHAREHOLDERS

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	%
1	SUKI SUSHI PTE LTD	110,466,839	48.31
2	HO YOW PING (HE YOUPING)	42,433,333	18.56
3	GRACE HOW PEI YEN	26,666,666	11.66
4	MARY CHIA AH TOW	14,120,000	6.17
5	LEE ENG TAT	3,671,667	1.61
6	HAN SENG JUAN	2,300,000	1.01
7	ONG PANG AIK	2,300,000	1.01
8	SONG WEI MING	2,300,000	1.01
9	TEO KEE BOCK	2,300,000	1.01
10	PHILLIP SECURITIES PTE LTD	2,042,156	0.89
11	UOB KAY HIAN PTE LTD	1,901,900	0.83
12	DBS NOMINEES PTE LTD	1,688,600	0.74
13	LEE BOON LENG	1,626,667	0.71
14	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	1,514,100	0.66
15	LEE CHENG SHEUN	1,000,000	0.44
16	LEE LAY TING JANE	811,300	0.35
17	KIU KAI SOON	666,667	0.29
18	LEE KOK HUANG	666,667	0.29
19	LEONG POH CHOO	573,700	0.25
20	LEE MIN SHANE	346,500	0.15
	Total:	219,396,762	95.96

STATISTICS OF SHAREHOLDINGS
AS AT 25 AUGUST 2021

SUBSTANTIAL SHAREHOLDERS

	NAME OF SHAREHOLDERS	DIRECT INTEREST NO. OF SHARES	%	DEEMED INTEREST NO. OF SHARES	%
1	SUKI SUSHI PTE LTD	110,466,839	48.31	–	–
2	HO YOW PING (HE YOUPING)	42,433,333	18.56	110,466,839	48.31
3	LEE BOON LENG	–	–	112,093,506	49.02
4	GRACE HOW PEI YEN	26,666,666	11.66	–	–
5	MARY CHIA AH TOW	14,120,000	6.17	–	–

Notes

1 Suki Sushi Pte Ltd holds 110,466,839 of shares in the Company. The shareholders of Suki Sushi are Mr Lee Boon Leng (72.87%), Ms Ho Yow Ping (He YouPing) (21.45%), Ms Low Xiu Li Evelyn (2.81%), Mr Khoo Cheng Been (2.31%) and Mr Seow Bao Shuen (0.56%).

2 Ms Ho Yow Ping (He YouPing) and Mr Lee Boon Leng are deemed to have an interst in the Company by virtue of their 72.87% and 21.45% respective shareholding interest in Suki Sushi Pte Ltd.

PUBLIC FLOAT

Based on the information available to the Company as at 25 August 2021, approximately 11.68 % of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Limited is complied with.

NOTICE IS HEREBY GIVEN that the Annual General Meeting **("AGM")** of Mary Chia Holdings Limited (the "**Company**") will be held by way of electronic means on Thursday, 30 September 2021 at 10.00 a.m. (Singapore Time), to transact the following businesses:

AS ORDINARY BUSINESS:

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 March 2021 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 2022 (FY2021: S$105,000). **Resolution 2**

3. To re-elect the following Directors of the Company retiring pursuant to Regulation 98 of the Company's Constitution.

   (a) Ms Ho Yow Ping (He YouPing) **Resolution 3**

   (b) Mr Sim Eng Huat **Resolution 4**
   [See Explanatory Note (i)]

4. 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**

5. To transact any other ordinary business which may be properly transacted at the AGM.

AS SPECIAL BUSINESS:

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

6. **Approval for the continued appointment of Mr Pao Kiew Tee as an Independent Director by shareholders in accordance with Rule 406(3)(d)(iii)(A) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") ("Catalist Rules"), which will take effect on 1 January 2022.**

   That, subject to and contingent upon passing of Resolution 7 below, in accordance with Rule 406(3)(d)(iii)(A) of the Listing Manual Section B: Rules of Catalist of the SGX-ST (which will take effect from 1 January 2022):

   (a) the continued appointment of Mr Pao Kiew Tee as an Independent Director be and is hereby approved by shareholders; and

   (b) the authority conferred by this Resolution shall continue in force until the earlier of the following:

      (i) the retirement or resignation of Mr Pao Kiew Tee as a Director, or

      (ii) the conclusion of the third AGM of the Company following the passing of this Resolution.
      [See Explanatory Note (ii)] **Resolution 6**

7. **Approval for the continued appointment of Mr Pao Kiew Tee as an Independent Director by shareholders (excluding the directors and the chief executive officer ("CEO") of the Company and their respective associates) in accordance with Rule 406(3)(d)(iii)(B) of the Listing Manual Section B: Rules of Catalist of the SGX-ST, which will take effect on 1 January 2022.**

   That, subject to and contingent upon passing of Resolution 6 above, in accordance with Rule 406(3)(d)(iii)(B) of the Listing Manual Section B: Rules of Catalist of the SGX-ST (which will take effect from 1 January 2022):

   (a) the continued appointment of Mr Pao Kiew Tee as an Independent Director be and is hereby approved by shareholders (excluding the directors and the CEO of the Company and their respective associates); and

(b) the authority conferred by this Resolution shall continue in force until the earlier of the following:

(i) the retirement or resignation of Mr Pao Kiew Tee as a Director, or

(ii) the conclusion of the third AGM of the Company following the passing of this Resolution.
[See Explanatory Note (ii)] **Resolution 7**

8. **Authority to allot and issue shares and convertible securities**

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; and/or

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus, or capitalisation issues.

At any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force), issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution is in force,

provided that:

(1) the aggregate number of Shares to be allotted and issued pursuant to this Resolution (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) shall not exceed one hundred per cent. (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below) of which the aggregate number of Shares to be allotted and issued other than on a pro-rata basis to shareholders of the Company (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below) or such other limit as may be prescribed by the Catalist Rules as at the date this Resolution is passed;

(2) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:-

(i) new Shares arising from the conversion or exercise of the convertible securities;

(ii) (where applicable) new Shares arising from exercising of share options or vesting of share awards, provided that share options or share awards were granted (as the case may be) in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

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

provided further that adjustments in accordance with (i) and (ii) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

(3) in exercising the authority conferred by this Ordinary Resolution 8, the Company shall comply with the rules, guidelines and measures issued by the SGX-ST from time to time and the provisions of the Catalist Rules for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law and the Catalist Rules to be held, whichever is the earlier.
[See Explanatory Note (iii)]

Resolution 8

BY ORDER OF THE BOARD

Shirley Lim Guat Hua
Company Secretary

15 September 2021

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) The Board of Directors, in consultation with the Nominating Committee, recommend to members the re-election of Ms Ho Yow Ping (He YouPing) and Mr Sim Eng Huat as Directors of the Company.

Ms Ho Yow Ping (He YouPing), will upon re-election as a Director of the Company, continue as Board Chairman and Chief Executive Officer. Please refer to the Corporate Governance Report on pages 36 to 44 of the Annual Report for the detailed information required pursuant to Rule 720(5) of the Catalist Rules.

Mr Sim Eng Huat, will upon re-election as a Director of the Company, continue as Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees and will be considered independent pursuant to Rule 704(7) of the Catalist Rules. Please refer to the Corporate Governance Report on pages 36 to 44 of the Annual Report for the detailed information required pursuant to Rule 720(5) of the Catalist Rules.

(ii) The proposed Ordinary Resolutions 6 and 7 are to seek approval from the members via a two-tier voting process for Mr Pao Kiew Tee to continue in office as an Independent Director of the Company. Subject to the passing of these resolutions, he will continue to serve as an Independent Director of the Company, until the earlier of his respective retirement or resignation, or the conclusion of the third AGM of the Company following the passing of these resolutions.

Resolution 6 and Resolution 7, if both passed, will allow Mr Pao Kiew Tee to continue in office as an Independent Director of the Company but if either Resolution 6 or Resolution 7 is not passed, Mr Pao Kiew Tee will step down as a Director of the Company before 1 January 2022 and the Company will endeavour to fill the vacancy within two months, but in any case, not later than three months.

Mr Pao Kiew Tee (Independent Non-Executive Director) will, upon re-appointment as Director of the Company, continue to serve as the Chairman of the Audit Committee and Remuneration Committee and a member of the Nominating Committee. He is considered independent for the purposes of Rule 704(7) of the Catalist Rules.

(iii) The Ordinary Resolution 8 proposed in item 8, if passed, will authorize and empower the Directors of the Company from the date of this AGM until the conclusion of the next AGM or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to allot and to issue further Shares and make and grant convertible securities convertible into Shares, without seeking any further approval from shareholders in general meeting but within the limitation imposed by this Resolution, for such purposes as the Directors may consider what would be in the best interests of the Company. The number of Shares and convertible securities that the Directors may issue under this Resolution would not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this Resolution. For issue of Shares and convertible securities other than on a pro-rata basis to all shareholders, the aggregate number of Shares and convertible securities to be issued shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this Resolution. As at 15 September 2021, the Company had no treasury shares and subsidiary holdings.

Notes:

1. The AGM is being convened, and will be held, by way of electronic means pursuant to the COVD-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice of AGM will not be sent to members. Instead, this Notice of AGM will be sent to members by electronic means via publication at the SGXNet at the URL https://www.sgx.com/securities/company-announcements.

2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via "live" audio-visual webcast ("**Live Webcast**") or "live" audio-only stream ("**Live Audio Stream**")), submission of questions in advance of the AGM, addressing of substantial and relevant questions prior to the AGM and/or during the AGM and voting by appointing the Chairman of the AGM as proxy, are set out in the accompanying Company's announcement dated 15 September 2021 ("**AGM Alternative Arrangements Announcement**"). The AGM Alternative Arrangements Announcement, this Notice of AGM, the Annual Report of the Company and the proxy form will be published at the SGXNet at the URL https://www.sgx.com/securities/company-announcements.

3. Members (including persons who hold shares in the Company through the Central Provident Fund ("**CPF**") or Supplementary Retirement Scheme ("**SRS**") ("**CPF/SRS investors**")) who wish to follow the proceedings through a Live Webcast or a Live Audio Stream must pre-register at the URL https://conveneagm.com/sg/marychia ("**Pre-Registration Link**") no later than 10.00 a.m. on 28 September 2021 ("**Registration Cut-Off Time**"). Following verification, an email containing instructions on how to access the Live Webcast and Live Audio Stream of the proceedings of the AGM will be sent to authenticated members and CPF/SRS investors by 12.00 p.m. on 29 September 2021. Members and CPF/SRS investors who do not receive any email by 12.00 p.m. on 29 September 2021, but have registered by the Registration Cut-off Time, should email the Company's Share Registrar, B.A.C.S. Private Limited at main@zicoholdings.com for assistance.

   Members holding shares through relevant intermediaries (as defined in Section 181 of the Companies Act) (other than CPF/SRS investors) will not be able to pre-register at the Pre-Registration Link for the "live" broadcast of the AGM and should instead approach his/her relevant intermediary as soon as possible in order for the relevant intermediary to make the necessary arrangements for the member to (i) participate in the AGM; (ii) submit questions in advance of the AGM; and (iii) appoint the Chairman as proxy to attend, speak and vote on their behalf at the AGM.

4. **Due to the current COVID-19 situation, a member will not be able to attend the AGM in person. A member will also not be able to vote online on the resolutions to be tabled for approval at the AGM. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.**

   The instrument appointing the Chairman of the AGM as proxy ("**proxy form**") may be accessed at the Pre-registration Link and the SGXNet. Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

5. The Chairman of the AGM, as proxy, need not be a member of the Company.

6. The proxy form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. A CPF/SRS investor who wishes to vote should instead approach his/her relevant intermediary as soon as possible to specify his/her voting instructions.

   CPF/SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their voting instructions by 5.00 p.m. on 20 September 2021, being seven (7) working days before the date of the AGM.

7. The proxy form must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged at the office of the Company's Share Registrar at 8 Robinson Road, #03-00 ASO Building, Singapore 048544; or

   (b) if submitted electronically, be submitted via email to the Company's Share Registrar at main@zicoholdings.com, or to the Company's meeting convenor at https://conveneagm.com/sg/marychia

   in either case, not later than 10.00 a.m. on 28 September 2021, being forty-eight (48) hours before the time appointed for holding the AGM.

   A member who wishes to submit the proxy form must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or sending it by email to any of the two email addresses provided above.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

8. The proxy form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the proxy form is executed by a corporation, it must be executed either under its common seal (or by the signatures of authorised persons in the manner as set out under the Companies Act as an alternative to sealing) or under the hand of an attorney or a duly authorised officer of the corporation.

9. Where the proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the proxy form, failing which the proxy form may be treated as invalid.

10. A depositor's name must appear in the Depository Register maintained by The Central Depository (Pte) Limited as at seventy-two (72) hours before the time appointed for holding the AGM in order for the depositor to be entitled to attend, speak and vote at the AGM.

11. Members will not be able to ask questions "live" during the broadcast of the AGM. All members (including CPF/SRS investors) may submit questions relating to the business of the AGM no later than 10.00 a.m. on 27 September 2021:

    (a) via the Pre-Registration Link at the https://conveneagm.com/sg/marychia;

    (b) by email to corporate@marychia.com; or

    (c) by post to the Company's Share Registrar at 8 Robinson Road, #03-00 ASO Building, Singapore 048544.

    In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult to submit questions by post, members and Investors are strongly encouraged to submit their questions via the pre-registration website or by email. The Company will endeavor to answer all substantial and relevant questions prior to, or at, the AGM.

12. All documents (including the Annual Report, this Notice of AGM and the proxy form) or information relating to the business of the AGM have been, or will be, published on the SGXNet. **Printed copies of the documents will not be dispatched to members**. Members are advised to check the SGX website regularly for updates.

Personal Data Privacy:

By (a) submitting an instrument appointing the "Chairman of the Meeting" as proxy to a vote at the AGM and/or any adjournment thereof, or (b) submitting any question prior to the AGM, or (c) submitting the pre-registration form in accordance with Notice of the AGM, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of:

(i) the processing and administration by the Company (or its agents or service providers) of proxy forms appointing the "Chairman of the Meeting" as proxy for the AGM (including any adjournment thereof);

(ii) processing of the pre-registration emails for purposes of granting access to members (or their corporate representatives in the case of members who are legal entities) to view the live webcast of the AGM proceedings and providing viewers with any technical assistance where necessary;

(iii) addressing selected questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions;

(iv) the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof);

(v) enabling the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines.

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a member (such as his name, his presence at the AGM and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

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

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT:

1. The Annual General Meeting ("**AGM**") is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream), submission of questions in advance of the AGM, addressing of substantial and relevant questions prior to the AGM and/or during the AGM and voting by appointing the Chairman of the AGM as proxy, are set out in the Notice of AGM and the accompanying Company's announcement dated 15 September 2021 ("**AGM Alternative Arrangements Announcement**").
3. The AGM Alternative Arrangements Announcement, the Notice of AGM and this proxy form have been made available at the SGXNet at the URL https://www.sgx.com/securities/company-announcements. Printed copies of the Notice of AGM and this proxy form will not be sent to members.
4. **Due to the current COVID-19 situation, a member will not be able to attend the AGM in person. A member will also not be able to vote online on the Resolutions to be tabled for approval at the AGM. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. In appointing the Chairman of the AGM as proxy, a member must give specific instructions as to voting, or abstentions from voting, in respect of a Resolution in the proxy form, failing which the appointment of the Chairman of the AGM as proxy for that Resolution will be treated as invalid.**
5. This proxy form is not valid for use by investors holding shares in the Company through relevant intermediaries (including investors holding through Central Provident Fund ("**CPF**") and Supplementary Retirement Scheme ("**SRS**") ("**CPF/SRS investors**")) and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor who wishes to vote should instead approach his/her relevant intermediary as soon as possible to specify voting instructions. CPF/SRS investors who wish to vote should approach their respective CPF Agent Banks and SRS Operators to submit their voting instructions by 5.00 p.m. on 20 September 2021, being seven (7) working days before the AGM.

Personal data privacy:
By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 15 September 2021.

I/We ______________________________ (Name) NRIC/ Passport/ Co. Reg. No. ______________________________

of ____ (Address)

being a member/members of **MARY CHIA HOLDINGS LIMITED** (the "**Company**"), hereby appoint the Chairman of the AGM, as my/our proxy, to attend, speak and vote for me/us and on my/our behalf at the AGM of the Company to be held by way of electronic means on Thursday, 30 September 2021 at 10.00 a.m. and at any adjournment thereof. I/We direct the Chairman of the AGM, being my/our proxy, to vote for or against, or abstain from voting, on the Resolutions proposed at the AGM as indicated hereunder.

No.	Resolutions	For*	Against*	Abstain*
	ORDINARY BUSINESS			
1	To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2021 together with the Auditors' Report thereon.			
2	To approve the payment of Directors' fees of S$105,000 for the financial year ending 31 March 2022 (FY2021: S$105,000).			
3	To re-elect Ms Ho Yow Ping (He YouPing) as Director.			
4	To re-elect Mr Sim Eng Huat as Director.			
5	To re-appointment Messrs Foo Kon Tan LLP as the Auditors and to authorise the Directors to fix their remuneration.			
	SPECIAL BUSINESS			
6	Approval for the continued appointment of Mr Pao Kiew Tee as an independent director, for the purposes of Rule 406(3)(d)(iii)(A) of the Listing Manual Section B: Rules of Catalist (which will take effect from 1 January 2022).			
7	Approval for the continued appointment of Mr Pao Kiew Tee as an independent director, for the purposes of Rule 406(3)(d)(iii)(B) of the Listing Manual Section B: Rules of Catalist (which will take effect from 1 January 2022).			
8	To authorise Directors to allot and issue shares			

*****Voting will be conducted by poll. If you wish to exercise your votes "For" or "Against" the relevant Resolution, please tick "√" in the relevant box provided. Alternatively, please indicate number of votes "For" or "Against" each Resolution. If you mark "√" in the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution. **In the absence of specific directions in respect of a Resolution, the appointment of Chairman as your proxy of that Resolution will be treated as invalid**.

Dated this __________ day of ____________________ 2021

Total number of Shares held *(Note 1)*

____
Signature(s) Member(s)/
common seal of Corporate Member(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS FORM.

PROXY FORM
ANNUAL GENERAL MEETING

Notes:

1. Please insert the total number of Shares in the share capital of the Company ("**Shares**") held by you. If you have Shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members (maintained by or on behalf 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 entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. **Due to the current COVID-19 situation, a member will not be able to attend the AGM in person. A member will also not be able to vote online on the Resolutions to be tabled for approval at the AGM. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. This proxy form may be accessed from the pre-registration link at the URL https://conveneagm.com/sg/marychia and the SGXNet at the URL https://www.sgx.com/securities/company- announcements.**

   Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a Resolution in the proxy form, failing which the appointment of the Chairman of the AGM as proxy for that Resolution will be treated as invalid.

3. The Chairman of the AGM, as proxy, need not be a member of the Company.

4. The proxy form must be submitted in the following manner:

   (a) if submitted by post, be lodged at the office of the Company's Share Registrar, 8 Robinson Road, #03-00 ASO Building, Singapore 048544; or

   (b) if submitted electronically, be submitted via email to the Company's Share Registrar at main@zicoholdings.com or to the Company's meeting convenor at https://conveneagm.com/sg/marychia

   in either case, no later than 10.00 a.m. on 28 September 2021, being forty-eight (48) hours before the time appointed for holding the AGM.

   A member who wishes to submit the proxy form must complete and sign the proxy form, before submitting it by post to the address provided above, or sending it by email to the email address provided above.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

5. The proxy form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the proxy form is executed by a corporation, it must be executed either under its common seal (or by the signatures of authorised persons in the manner as set out under the Companies Act (Chapter 50) as an alternative to sealing) or under the hand of an attorney or a duly authorised officer of the corporation.

6. Where the proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the proxy form, failing which the proxy form may be treated as invalid.

7. For members (including CPF/SRS investors), this proxy form is not valid for their use and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor who wishes to vote should instead approach his/her relevant intermediary as soon as possible to specify voting instructions. CPF/SRS investors who wish to vote should approach their respective CPF Agent Banks and SRS Operators to submit their voting instructions by 5.00 p.m. on 20 September 2021, being seven (7) working days before the AGM.

General:

The Company shall be entitled to reject the proxy form if it is incomplete, improperly completed or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the proxy form. In addition, in the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any proxy form lodged if such members are not shown to have Shares entered against their names in the Depository Register as at seventy-two (72) hours before the time appointed for holding the 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 15 September 2021.

COMPANY INFORMATION

COMPANY REGISTRATION NUMBER
200907634N

REGISTERED OFFICE
183 Thomson Road
Goldhill Shopping Centre
Singapore 307628
Tel: 6252 9651
Fax: 6255 6862

BOARD OF DIRECTORS
Ho Yow Ping (He YouPing)
(Executive Chairman / Chief Executive Officer)

Pao Kiew Tee (Lead Independent Director)

Sim Eng Huat (Independent Director)

Gillian Ng Lee Eng (Independent Director)

COMPANY SECRETARY
Shirley Lim Guat Hua

SHARE REGISTRAR
B.A.C.S Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544
Email: main@zicoholdings.com

SPONSOR
SAC Capital Private Limited
1 Robinson Road
#21-00 AIA Tower
Singapore 048542

AUDIT COMMITTEE
Pao Kiew Tee (Chairman)
Sim Eng Huat
Gillian Ng Lee Eng

NOMINATING COMMITTEE
Sim Eng Huat (Chairman)
Pao Kiew Tee
Gillian Ng Lee Eng

REMUNERATION COMMITTEE
Pao Kiew Tee (Chairman)
Sim Eng Huat
Gillian Ng Lee Eng

BANKERS
DBS Bank Ltd

INDEPENDENT AUDITOR
Foo Kon Tan LLP
Public Accountants and
Chartered Accountants
24 Raffles Place, #07-03
Clifford Centre
Singapore 048621

Partner-in-charge: Ms Ang Soh Mui
(since financial year ended 31 March 2019)

MARY CHIA
URBAN HOMME
MCU CLINIC
MASEGO
ORGANICA
HUANG AH MA
DR SCINN
SCINN
M GROUP