CORRIGENDUM TO MARY CHIA HOLDINGS LIMITED 2021 ANNUAL REPORT

1. Page no. 7 – FINANCIAL AND OPERATIONS REVIEW

Current and non-current assets

The Group's non-current assets increased by approximately ~~S$7.0~~ S$7.4 million, mainly due to:

2. Page no. 8 – FINANCIAL AND OPERATIONS REVIEW

Equity

The Group recorded a negative working capital of S$8.2 million and a negative equity of ~~S$4.7~~ S$4.6 million as at 31 March 2021.

Statement of cash flows

1. Operating profit of ~~S$1.4~~ 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;

3. Page no. 9 – MESSAGE FROM THE CHAIRMAN AND CEO

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 an increase in revenue of ~~S$3.1~~ S$3.4 million attributed to the Monsoon Hairdressing group of companies acquired in November 2020.

4. Page no. 28 – CORPORATE GOVERNANCE REPORT

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

5. Page no. 49 – INDEPENDENT AUDITOR'S REPORT

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 ~~of~~ for Qualified Opinion section above, we were unable to obtain sufficient appropriate evidence about sales and trade receivables of a subsidiary.

6. Page no. 50 – INDEPENDENT AUDITOR'S REPORT

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 ~~auditors~~ 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.

7. Page no. 51 – INDEPENDENT AUDITOR'S REPORT

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 ~~auditors~~ 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.

8. Page no. 52 – INDEPENDENT AUDITOR'S REPORT

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.

9. Page no. 56 – CONSOLIDATED CASH FLOW STATEMENT

Cash Flows from Operating Activities

Interest income ~~(4)~~ (42)

10. Page no. 58 – NOTES TO THE FINANCIAL STATEMENTS

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~~es~~ 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 Group's current liabilities would be ~~$11,296,000~~ $11,295,000 (2020 - $9,930,000) compared to current assets of $4,763,000 (2020 - $3,390,000) as at 31 March 2021.

11. Page no. 66 – NOTES TO THE FINANCIAL STATEMENTS

Goodwill is allocated to the Group's cash-generating units ("CGU") ~~according to the individual subsidiary~~ as follows:

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

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 ~~$5,646,000~~ $515,000 but no impairment is required.

- A 1% decrease in future revenue growth rate would decrease the VIU of Monsoon CGU by ~~$4,455,000~~ $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 ~~$4,290,000~~ $1,871,000 as at 31 March 2021, but no impairment is required.

12. Page no. 68 – NOTES TO THE FINANCIAL STATEMENTS

Impairment of investments in subsidiaries (Note 9)

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 ~~6~~ 9 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 ~~17~~ 19, respectively.

Provision of reinstatement cost (Note 21)

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 ~~S~~$554,000 (2020 - ~~S~~$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 ~~S~~$5,540 (2020 - ~~S~~$3,730).

13. Page no. 87 – NOTES TO THE FINANCIAL STATEMENTS

4 Plant and equipment

Exchange differences	(~~211~~) (210)

14. Page no. 90 – NOTES TO THE FINANCIAL STATEMENTS

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, ~~and~~ right-of-~~me~~ 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.

15. Page no. 92 – NOTES TO THE FINANCIAL STATEMENTS

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	-

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

16. Page no. 93 – NOTES TO THE FINANCIAL STATEMENTS

8 Goodwill

~~Please refer to Note 9 for the impairment assessment of goodwill for the Group.~~

Impairment tests for goodwill

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 seven-year period each for Beh's Clinic CGU and CWL Clinic CGU, and a five-year period with terminal value for Dermatology Clinic CGU. 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.~~

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 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.

17. Page no. 94 – NOTES TO THE FINANCIAL STATEMENTS

8 Goodwill (Cont'd)

Impairment tests for goodwill (Cont'd)

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 ~~lower~~ higher than its VIU as at 31 March 2021.

9 Subsidiaries

Allowance for impairment losses		
At beginning of year	(4,258)	(4,258)
~~Allowance~~	-	-
At end of year	(4,258)	(4,258)
Carrying amount	2,507	-

18. Page no. 101 – NOTES TO THE FINANCIAL STATEMENTS

9 Subsidiaries (Cont'd)

(c) Effects on cash flow of the Group

~~(c)~~ 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.

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

19. Page no. 102 – NOTES TO THE FINANCIAL STATEMENTS

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 ~~S~~$1,726,000 and corresponding right-of-use assets of ~~S~~$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.

(d) Acquisition related costs of ~~S~~$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 ~~$523,228~~ $1,208,956 (fair value of ~~$343,250~~ $1,011,000 as at acquisition date) to be payable ~~on~~ 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) ~~Deferred consideration~~ Revenue and net profit after tax contribution

20. Page no. 104 – NOTES TO THE FINANCIAL STATEMENTS

9 Trade and other receivables

Trade receivables ~~885~~ 895

~~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.~~

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 ~~S~~$4,544,000 (2020 - ~~S~~$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.

21. Page no. 105 – NOTES TO THE FINANCIAL STATEMENTS

9 Trade and other receivables (Cont'd)

	Gross	Impairment losses	**Gross**	Impairment losses
	2021	2020	**2021**	2020
The Group	**$'000**	$'000	**$'000**	$'000

	Gross	Impairment losses	**Gross**	Impairment losses
	2021	2020	**2021**	2020
The Company	**$'000**	$'000	**$'000**	$'000
Past due over 365 days	**4,544**	-	**4,244**	-

	4,544	-	4,244	-

22. Page no. 108 – NOTES TO THE FINANCIAL STATEMENTS

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%	-	-	-

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

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

Borrowings are denominated in Singapore dollars.

23. Page no. 110 – NOTES TO THE FINANCIAL STATEMENTS

18 Trade and other payables (Cont'd)

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. ~~There are no non-current amounts due to director and former director recorded under non-current.~~

24. Page no. 113 – NOTES TO THE FINANCIAL STATEMENTS

24 Other operating expenses

- Other auditors	~~9~~	22
Other operating expenses	~~538~~	525

25. Page no. 114 – NOTES TO THE FINANCIAL STATEMENTS

26 Income tax expenses

Deferred taxation		
Origination and reversal of temporary differences	(52)	-
	~~(52)~~ 74	- (25)
	~~74~~	-

Tax effect on non-deductible expenses	~~291~~	292
Over-provision of tax in respect of prior years	-	(1)

Unrecorded tax losses

As at the end of the reporting period… 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.

26. Page no. 116 – NOTES TO THE FINANCIAL STATEMENTS

30 Financial risk management

Financial assets at amortised cost				
	~~4,142~~ 3,822	2,862	**7,810**	8,583

All credit facilities, including those that require collateral. require the approval by management as appropriate. All collateral assets must be tangible and ~~1ccessible~~ accessible or marketable in Singapore or a reputable market.

27. Page no. 117 – NOTES TO THE FINANCIAL STATEMENTS

30 Financial risk management (Cont'd)

Corporate guarantees

The Group's ~~policy is to provide financial guarantees only to wholly owned subsidiaries~~ subsidiary, M2 Group Pte. Ltd. provided financial guarantees to certain subsidiaries of the Group. The maximum exposure of the ~~Company~~ Group's subsidiary in respect of the intra-group financial guarantees at the reporting date is if the facility is drawn down by the ~~subsidiary~~ subsidiaries in the amount of ~~S$Nil~~ $710,000 (2020 - $Nil). At the reporting date, the Group has considered it is not probable that a claim will be made against the ~~Company~~ subsidiary under the intra-group financial guarantees.

28. Page no. 120 – NOTES TO THE FINANCIAL STATEMENTS

30 Financial risk management (Cont'd)

Credit risk (Cont'd)

Cash and cash equivalents

The Company	**2021** **$'000**	2020 $'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

29. Page no. 122 – NOTES TO THE FINANCIAL STATEMENTS

31 ~~Segment information~~ Debt restructuring/conversion

30. Page no. 126 – NOTES TO THE FINANCIAL STATEMENTS

33 Capital management

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 ~~and~~ excluding non-controlling interest. Total capital is calculated as total equity plus net debt.

Total equity	~~(4,609)~~ (5,056)	(12,016)
Total capital	~~7,370~~ 6,923	(1,023)
Net debt to total capital ratio	1.7	*

31. Page no. 128 – NOTES TO THE FINANCIAL STATEMENTS

34 Fair value measurement (Cont'd)

Other financial assets and financial liabilities

The carrying amounts of other financial assets and financial liabilities ~~(trade and other receivables, trade and other payables, and borrowings)~~ which have a maturity of less than one year approximate their fair value because of the short-term period of maturity.

32. Page no. 134 – NOTICE OF ANNUAL GENERAL MEETING

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 item 21 of the Corporate Governance Report on pages ~~13~~ 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 item 21 of the Corporate Governance Report on pages ~~13~~ 36 to 44 of the Annual Report for the detailed information required pursuant to Rule 720(5) of the Catalist Rules.