

MARY CHIA HOLDINGS LIMITED
Company Registration No. 200907634N
(Incorporated in the Republic of Singapore)
(the "Company")

**RESPONSE TO QUERIES FROM THE SGX REGCO ON THE COMPANY'S
ANNOUNCEMENTS RELEASED ON 29 JULY 2022**

The board of directors (the "Board") of Mary Chia Holdings Limited (the "Company", and together with its subsidiaries, the "Group") has on 1 August 2022 received the following queries from the Singapore Exchange Regulation ("SGX Regco") on the Company's announcements released on 29 July 2022 in relation to the following matters:

- (i) Unaudited financial statements for the financial year ended 31 March 2022 ("FY2022");
- (ii) Receipt of judgement in default of a notice of intention to contest or not contest for alleged amounts relating to renovation and interior design services provided by CJ Design & Concepts Pte Ltd (the "Judgements");
- (iii) Resignation of Lead Independent Non-Executive Director Mr Pao Kiew Tee ("Mr Pao");
- (iv) Resignation of Mr Simon Ooi See Keng ("Mr Ooi") as key management personnel; and
- (v) Cessation of Continuing Sponsor, SAC Capital Private Limited ("SAC").

The Company sets out the queries received from SGX Regco as well as its responses.

1. The Judgements pertains to alleged sums amounting to approximately S\$211,000 from CJ Design & Concepts Pte Ltd ("CJ"), for claims relating to renovation and interior design services. However the Company is disputing the amount.

- Please clarify whether the Judgement is finalized by the Court and whether there is any deadline imposed on the Company to repay the entire sum.

Company's Response:

CJ's solicitors have indicated for the Company to pay the said sums pursuant to the Judgments within 5 days from 28 June 2022. On 2 August 2022, the Company instructed solicitors to set aside the Judgments.

The Company will update the shareholders as and when there is material development.

2. The Group recorded net loss of S\$1.289 million for FY2022, had negative working capital of S\$10.17 million and a deficit in equity of S\$5.5 million as at 31 March 2022. Notwithstanding, the management believes that the Group is able to operate on a going concern basis, taking into consideration the undertaking provided by the Company's controlling shareholder, Suki Sushi Pte Ltd, to provide financial support to the Group and the Company for the next 12 months from the date of the letter of undertaking (8 July 2022) to operate without any curtailment of operations.

- (a) **Please disclose a breakdown of trade and other payables amounting to approximately S\$6.81 million as at 31 March 2022. For other payables, please disclose the nature of these other payables and whether the counterparties are related parties.**

Company's Response:

Trade and other payables as at 31 March 2022

S\$000

Related parties

<i>Suki Sushi Pte Ltd and JL Asia Resources Pte Ltd: Rentals</i>	564
<i>Ms Wendy Ho Yow Ping: Interest-free advances</i>	57
<i>Mr Lee Eng Tat: Staff costs & brought forward balances when the Company acquired Monsoon Hairdressing group</i>	215

Third parties

<i>Trade creditors</i>	867	
<i>Rentals (including for Malaysia and Monsoon group)</i>	1,609	
<i>Professional fees</i>	369	
<i>GST payables</i>	361	
<i>Renovations</i>	275	
<i>Software related expenses</i>	59	
<i>Accruals - others (Staff costs, Director fees, Professional fees)</i>	1,356	
<i>Others</i>	1,083	Note 1
<i>Total</i>	<u>6,815</u>	

Note 1: Includes mainly \$615,000 in subsidiary under liquidation, MSB Beauty Pte Ltd as well as marketing and training expenses.

(b) In view of the Group's negative working capital position, please disclose assess the Board's assessment of the Company's ability to meet its short-term obligations when they fall due and the pro-active actions which the management plans to take to ensure that the Group's financial position remains strong. Please provide the Board's justification and bases on whether the Group can operate as a going concern.

Company's Response:

Barring any unforeseen circumstances, the Board and the Company believes that the Group can operate as a going concern based on the following reasons:

- (i) Following the financial year end, the Company secured a \$500,000 short-term working capital loan;*
- (ii) The Company had been receiving financial support from its controlling shareholder Suki Sushi Pte Ltd ("**Suki**") and its major shareholders, Ms Wendy Ho Yow Ping ("**Ms Ho**") (the Company's CEO and Executive Chairman) and her spouse Mr Lee Boon Leng ("**Mr Lee**"). Ms Ho, her mother Madam Chia Ah Tow and JL Asia Resources Pte Ltd ("**JL Asia**") who is wholly-owned by Mr Lee, had in March 2021, converted approximately \$3.8 million worth of loans to equity in the Company;*
- (iii) Ms Ho has provided personal guarantees for the working capital loans for the Company;*
- (iv) Suki gave the undertaking of financial support in their letter dated 8 July 2022 for a period of 12 months from the date of the letter. It had also provided similar undertakings in the past; and*
- (v) The Company recently engaged a consultant for the Company's Business Strategy Development project to drive business growth through development and interventions in business strategies,*

and through strengthening the management system and processes. In this initiative, the Company has obtained support from Enterprise Singapore (“ESG”) in the form of ESG’s Enterprise Development Grant.

- (c) **Please clarify whether the Company’s controlling shareholder, Suki Sushi Pte Ltd, has been providing financial support to the Group as and when the Group is unable to repay its debts.**

Company’s Response:

Please refer to the responses to question 2(b) above.

- (d) **Please provide the Board of Directors’ confirmation as to whether sufficient information has been disclosed to enable trading of the Company’s shares to continue in an orderly manner and the bases for its views.**

Company’s Response:

The Board of Directors confirms that to its best knowledge, sufficient information has been disclosed to enable trading of the Company’s shares to continue in an orderly manner.

- (e) **Please provide the Board of Directors’ opinion as to whether trading of the Company’s shares should be suspended pursuant to Listing Rule 1303(3) (Going Concern) and the basis for such opinion.**

Company’s Response:

Please refer to the response to question 2(b) above for the Board’s opinion on the Company’s ability to operate as a going concern. Therefore, the Board is of the view that the Company’s shares should not be suspended pursuant to Listing Rule 1303(3) (Going Concern).

Further, Going Concern was not raised as an audit qualification issue in FY2021.

- (f) **Please provide the Sponsor’s view on the Group’s ability to operate as a going concern and the basis for such opinion.**

Barring any unforeseen circumstances and to the Sponsor’s best knowledge, the Sponsor, having considered the following, is of the view that the Group is able to continue as a going concern after taking into account the following:

- (i) *the Board’s bases for its opinion that the Group is able to continue operating as a going concern set out in the responses to question 2(b) above; and*
- (ii) *the Company does not fall under any of the circumstances set out in Rule 1303(3) of the Catalist Rules.*

- 3. Pursuant to the resignation of Mr Pao, the Company currently does not have the minimum of 3 IDs in its AC. Please clarify who will take over Mr Pao’s role as the lead ID in the meantime and whether the Company has identified suitable candidates for this replacement. Please elaborate on whether there are disagreements or differences in opinion or matters to highlight that led to the resignation of Mr Pao?**

Company’s Response:

The Company has identified a suitable candidate following Mr Pao’s resignation and will make the relevant announcement in due course.

As disclosed in Mr Pao’s cessation announcement dated 29 July 2022, there are no disagreements or differences in opinion or matters to highlight that led to the resignation of Mr Pao

- 4. It is disclosed that Simon’s role in the Group is to manage the Group’s subsidiaries in Malaysia.**

- (a) Please clarify whether Mr Simon's resignation will affect the Malaysia's subsidiaries operations and whether there will be a replacement for Simon.**

Company's Response:

There will be no effect on Malaysia's operations as the General Manager of the Malaysian subsidiaries, who is Mr Ooi's immediate subordinate for many years and whom is familiar with the Malaysian operations of the Group, is standing in until the Company decides whether a replacement is necessary or desirable. The Company treads with caution as the Malaysia market is gradually recovering from the challenges presented by Covid-19. The Company intends to take the conservative approach to carefully assess the situation before making major decisions.

- (b) Please elaborate on whether there are disagreements or differences in opinion or matters to highlight that led to the resignation of Mr Ooi?**

Company's Response:

As disclosed in Mr Ooi's cessation announcement, there are no disagreements or differences in opinion or matters to highlight that led to the resignation of Mr Simon.

- 5. Are there any disagreements or differences in opinions between the Company and the Sponsor so far?**

To date and to the best of the Sponsor's knowledge, there are no disagreements or differences in opinions between the Company and the Sponsor.

BY ORDER OF THE BOARD

Wendy Ho

Chief Executive Officer
3 August 2022

This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "Sponsor"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Charmian Lim (Tel: (65) 6232 3210), at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.