MARY CHIA
HOLDINGS LIMITED

2018

ANNUAL REPORT

CORPORATE PROFILE

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

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

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

This annual report has been prepared by Mary Chia Holdings Limited (the "Company") and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this annual report.

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

The contact person for the Sponsor is Ms Keng Yeng Pheng, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg)

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MARY CHIA™

The Beauty & Slimming Specialist

With over 36 years of specialized expertise in the field of weight management and skincare, Mary Chia Beauty and Slimming Specialist remains to be the preferred choice for many female customers looking for a trusted name in helping them achieve their desired physique and complexion.

Credit: Peter Khong Photo & Video Service

The Mary Chia Group is channeling great Corporate Social Responsibility (CSR) efforts for the brand. Mary Chia is proud to be one of the sponsors for the Moulmein-Cairnhill 53rd National Day Celebrations Dinner, graced by Mr Melvin Yong, Member of Parliament for Tanjong Pagar GRC, Adviser to Tanjong Pagar GRC Grassroots Organisation (Moulmein-Cairnhill). Proceeds from the event will go to support the community initiatives for the residents via complimentary haircuts for those with mobility difficulty, and sending "hearty lunchboxes" to the lower income households.

In July this year, the Group is proud to be a sponsor of the Lee Hsien Loong Cup Charity Golf Event Tournament 2018. This event is held annually to help the underprivileged living in Ang Mo Kio GRC and Sengkang West SMC through education and financial assistance schemes, as well as support programmes to engage the young and enrich the senior citizens.

URBAN HOMME

be your own man

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


Before

After

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

MASEGO
THE SAFARI SPA

皇阿瑪
THE ORIENTAL SPA CHAMBER
时 尚 养 身 馆

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

In 2014, Huang Ah Ma has also launched the Maternity Spa, offering pre and post natal massage and recuperation therapies.

Mu
Skincare • Body Care • Nutrition+

MU is a revolutionary product line exclusively developed by Mary Chia Group. Aimed to combat ageing and reverse its effects, this comprehensive range comprises nutritional dietary supplements as well as skincare and body care products.

In 2018, we have enhanced the formula for MU D'TOX Probiotics with Seawater Magnesium. Fomulated with live probiotics culture, it helps to promote overall wellness through detoxification, promote regular bowel movement and good gastrointestinal health. MU Ambassadors Li Nan Xing and Constance Song take MU D'TOX Probiotics daily and it is suitable for busy individuals who are always on the go.

scinn
Medical Centre

Buoyed by FDA-proven technologies, Scinn Medical Centre focuses on providing each client with a 360° experience to a better complexion and body shape. Scinn Medical Centre is the synthesis of bespoke medical aesthetics & beauty therapies, helping its clients lead a holistic lifestyle.

New technologies have been invested to provide a wider spectrum of services available at Scinn. Technologies include Clatuu™ for fat freezing and Tri-beam Premium™ for laser toning.

Scinn's resident doctor, Dr Yong Zhi Yong's key focus is on facial rejuvenation with a holistic approach. He believes in a minimally invasive approach in treating various skin conditions to enhance a person's natural beauty and delay the signs of ageing. To further his knowledge, he attends conferences and private trainings to upgrade his skills and repertoire.

MCU
CLINIC
· PERFECTION IS AN ATTITUDE ·

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

endermospa LPG

LPG® Endermospa is synonymous with professionally trained personnel and targeted treatment protocols to provide non-invasive face and body programmes with its patented Endermologie® technique. With the new-patented Alliance treatment head, it combines the motorised flap and roller with sequential suction, which work together to thoroughly stimulate and mobilise tissue. Multidimensional stimulation is enabled to boost various physiological mechanisms simultaneously.

Together with the latest Skin Identity Sensor, the intensity of the treatment is optimised based on individual's skin condition. Expect personalised treatments with enhanced treatment efficacies in one session - Smooth Cellulite, Skin Firming, Release Fat, Lighten Legs.

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

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.

We are proud to announce that Organica Malaysia has been granted another three years of Direct Selling License from Ministry of Domestic Trade & Consumer Affairs of Malaysia.

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. It is a sophisticated form of art that brings back simple goodness from Mother Nature.

The latest supplement product Cordyzymes is an enzyme enhanced with precious cordyceps. It is produced through the fermentation process of 156 different kinds of vegetables, herbs and fruits. The product has superior health benefits, which include strengthening of immune system, optimizing nutrient absorption, as well as promoting detoxification.

The strength of our signature skincare product, JUVE Daily Essence, lies in its unique formulation of delicate botanical ingredients, fine-tuned to suit Asian skin types. In JUVE, potent antioxidants are bio-activated to enhance collagen production for firm, youthful-looking skin.

In April this year, Organica organised a five-day four-night leadership training course in Chiang Mai, Thailand. During the course, Organica has planned a meaningful visit to the local orphanage where the members extended their care and monetary support to the young children.

Organica has received great reception since its launch in both Singapore and Malaysia. Regular marketing network sessions are organised to reach out to members and new prospects. The Group is also now venturing into the direct selling market in Taiwan.

FINANCIAL AND OPERATIONS REVIEW

FINANCIAL PERFORMANCE

Revenue remained at approximately S$9.1 million for the financial year ended 31 March 2018 ("**FY2018**") and for the corresponding prior year period ("**FY2017**"). Revenue in FY2018, as compared to FY2017, is after an increase in revenue of S$0.4 million from the direct selling of JUVE Daily Essence, a house brand of Organica International Holdings Pte. Ltd., which is a wholly-owned subsidiary of the Company, was offset by decreases in revenue from the segments of beauty, slimming and spa treatment attributed from the closure of retail outlets in Singapore and Malaysia. As at 31 March 2018, the Group has a total of 15 retail outlets in Singapore and Malaysia, as compared to 18 outlets as at 31 March 2017.

Other operating income decreased by S$0.1 million or 19.5% from S$0.6 million in FY2017 to S$0.5 million in FY2018 mainly due to decreases in government grants of S$0.3 million which was offset by an increase of S$0.2 million in deemed interest on loans from a former director, Ms Mary Chia.

Purchases and related costs and changes in inventories in totality decreased by S$0.3 million from S$0.7 million in FY2017 to S$0.4 million in FY2018 arising from higher utilization of inventories.

Depreciation decreased by S$0.1 million or 17.4% from S$0.5 million in FY2017 to S$0.4 million in FY2018 due to certain plant and equipment being fully depreciated or impaired as at 31 March 2017.

Staff and staff related costs decreased by S$0.2 million or 3.7% from S$6.0 million in FY2017 to S$5.8 million in FY2018, mainly due to the resignation of Ms Mary Chia as the Chairman in FY2018.

Operating lease expenses decreased by S$1.0 million or 20.6% from S$4.5 million in FY2017 to S$3.5 million in FY2018, mainly due to savings in rental expenses from both the new office and warehouse in Singapore, and from the closure of outlets in Singapore and Malaysia.

Other operating expenses increased by S$0.5 million or 15.0% from S$3.3 million in FY2017 to S$3.8 million in FY2018, mainly due to the final award of S$0.6 million arising from the arbitration proceedings between Mary Chia Beauty & Slimming Specialist Pte Ltd and Slim Beauty House Co., Ltd in relation to their joint venture and an increase in legal and professional fees of S$0.2 million, which was partially offset by a decrease in advertising marketing expenses of S$0.3 million.

The Group's finance costs increased by S$0.1 million or 16.6% from S$0.9 million to S$1.0 million due to deemed interest on loans from a director and a former director.

As a result of the above factors, the Group reported a net loss of S$5.6 million in FY2018, as compared to S$6.4 million in FY2017.

STATEMENT OF FINANCIAL POSITION

Property, plant and equipment decreased by S$3.3 million from S$4.0 million as at 31 March 2017 to S$0.7 million as at 31 March 2018 mainly due to the reclassification of the net book value of the leasehold property of S$2.9 million as assets held for sale following the sale of the leasehold/ investment properties ("**Properties**") to JL Asia Resources Pte. Ltd. ("**JL Asia**") as announced in March 2018. Investment property decreased from S$57.0 million to nil due to the reclassification as assets held for sale. As a result, assets held for sale increased from nil to S$59.9 million as at 31 March 2018 due to reclassifications from leasehold property and investment property.

Other assets (current and non-current) decreased by S$0.2 million from S$1.4 million as at 31 March 2017 to S$1.2 million as at 31 March 2018 mainly due to a decrease in rental deposits to landlords as a result of the closure of outlets.

Trade and other receivables decreased by S$0.2 million from S$0.4 million as at 31 March 2017 to S$0.2 million as at 31 March 2018 mainly due to long outstanding receivables being written off.

Trade and other payables (current and non-current) increased by S$25.2 million from S$10.3 million as at 31 March 2017 to S$35.5 million as at 31 March 2018 mainly due to dividends payable of S$20.6 million from Hotel Culture Pte. Ltd. to a non-controlling interest and an interest free cash advance of S$2.2 million repayable to Ms Mary Chia, as announced on 27 March 2018.

Total borrowings (current and non-current) remained at approximately S$29.2 million as at 31 March 2018 and 31 March 2017. The property loans of S$22.3 million as at 31 March 2017 in the financing of the Properties have been reclassified as current as at 31 March 2018 in view of these loans were settled in April 2018 following the sale of the Properties.

The Group has a working capital of S$0.3 million as at 31 March 2018. Included in trade and other payables are billings in advance amounting to S$2.5 million for non-refundable treatment packages paid for by customers and will only be recognized as revenue after the services has been rendered as required by the financial accounting standards. If these billings in advance are excluded from the current liabilities, the Group will have a working capital surplus of S$2.8 million.

STATEMENT OF CASH FLOWS

Net cash outflow from operating activities in FY2018 of S$1.7 million was mainly due to the loss before taxation, partially offset by higher trade and other payables and adjustments for depreciation of property, plant and equipment and finance costs.

The Group had a net cash inflow of S$0.4 million from investing activities in FY2018 due to a 1% deposit amounting to S$0.6 million on the sales price of the Properties received from a related party JL Asia which was partially offset payments to a non-controlling interest for the purchase of shares of SCINN.

The Group's net cash inflow from financing activities of S$1.3 million in FY2018 was mainly due to loans from related parties of S$2.2 million, proceeds of new borrowings of S$1.5 million, partially offset by partial repayment of borrowings of S$1.4 million and interest paid of S$0.9 million.

MESSAGE FROM THE CEO

DEAR FELLOW SHAREHOLDERS,

FY2018 is a year marked with significant events. In August 2017, a new ultimate controlling shareholder Suki Sushi Pte. Ltd. ("**Suki Sushi**"), owned and controlled by Jason Lee Boon Leng ("**Jason Lee**") and Ms Wendy Ho, the CEO of the Group, purchased from Ms Mary Chia, the founder of the Group, her entire stakes of shareholdings in the Company. Mr Jason Lee is the son-in-law of Ms Mary Chia and the spouse of Ms Wendy Ho. The purchase led to a mandatory unconditional cash offer ("**Cash Offer**") by Suki Sushi to acquire all shares of the Company. In October 2017, upon the completion of the Cash Offer, Ms Mary Chia stepped down as the Chairman and director of the Company.

In March 2018, the Group divested its properties at 48, 49 and 50 Mosque street ("**Properties**") at a sales price of S$64.8 million, held by a 51% owned subsidiary, to JL Asia Resources Pte. Ltd., a company wholly-owned by Jason Lee. The initial investment in the Properties in FY2010 was S$25.9 million, which has appreciated in value since then and the fair value gain have been recognised in accordance to accounting standards over the years. The sale of the Properties generated positive cashflow much needed by the Group, which was experiencing negative working capital as highlighted by the external auditors in the FY2017 audited financial statements. The divestment was completed on 29 March 2018 as announced, the sales proceeds of the Properties being received in April 2018, and the transfer of the legal title being completed in May 2018. As the book value of Properties was S$59.9 million when it was sold, the Group will be recognising in FY2019 a gain of approximately S$4.9 million in accordance to the accounting standards once the transfer of the legal title is completed.

Amidst these significant corporate events, revenue in the beauty and spa business segment declined as the Group had streamlined our businesses by closing off non-performing outlets in FY2017 and FY2018. While I believe that there is a continued demand of lifestyle and wellness services for men and women in Singapore, I can see that competition is increasing in the market as well. In maintaining our competitiveness, and to retain existing and attract new customers, the Group will be embarking on a re-branding exercise, which include renovations of the existing outlets in the coming months.

The Group experienced growth in its business segment of direct selling of Organica products, from revenue of S$80,000 in FY2017 to S$0.5 million in FY2018. Adding to the existing product JUVE Daily Essence, a new health supplement product Cordyzymes was launched by Organica International Holdings Pte. Ltd. ("**Organica Singapore**"). While the foundation of growth has been laid by the Organica teams in Singapore and Malaysia, the Group will now venture into Taiwan, and target to gain an entry in the direct selling market there.

The Group has narrowed its losses in FY2018 compared to FY2017. We have concluded the sales of the Properties in end March 2018 and will be recognising a gain of approximately S$4.9 million in FY2019. The Group is mindful in its spending and will rationalise any major cost involved in the re-branding in the beauty and spa business segment and expansions in direct selling business segment. I believe the Group is poised for a recovery in FY2019.

I am most grateful to our loyal customer, staff and business partners for their continued support. To Ms Mary Chia, the Board extends its utmost appreciation to the many years in building up the local trusted brand.

Yours faithfully,

WENDY HO
Chief Executive Officer

BOARD OF DIRECTORS

WENDY HO

Chief Executive Officer

First appointment: 30 April 2009
Last re-election: 2 October 2017

Ms Wendy Ho is the Chief Executive Officer ("CEO") 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.

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 Certificate from Singtrain Academy in Infant & Child massage/ tuina which is a 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 (International) Beauty & Hair Research Association in 1989.

YEUNG KOON SANG @ DAVID YEUNG

Lead Independent Director
Non Executive Chairman

First appointment: 11 June 2009
Last re-election: 28 July 2016

Mr David Yeung is the Chairman of the Audit Committee, the Chairman of the Remuneration Committee, and a member of the Nominating Committee. Mr David Yeung was appointed Non-Executive Chairman of the Board on 10 September 2018.

Mr David Yeung is a director of Kreston David Yeung PAC, a company providing auditing, accounting and tax services, which he founded in 1987. He has more than 30 years of experience in public accounting with previous employments in Deloitte & Touche, UK and Ernst & Young, Singapore. He holds a Master of Social Science (Accounting) degree from the University of Birmingham, England. He is a Fellow of the Institute of Singapore Chartered Accountants and a Fellow of the Association of Chartered Certified Accountants, United Kingdom. He is an independent director of SGX-ST listed companies, CITIC Envirotech Limited, CNA Group Ltd, AEI Corporate Limited and Southern Packaging Group Co Limited. He was a council member of the National Council of Social Services, Chairman of School Advisory Committee on Ang Mo Kio Secondary School and an Honorary Treasurer of the Radin Mas Citizens' Consultative Committee. He was conferred the Public Service Medal by the President of the Republic of Singapore in 2001.

PERIOWSAMY OTHARAM, JP (P O RAM)

Independent Director

First appointment: 17 April 2017
Last re-election: 2 October 2017

Mr P O Ram is a member of the Audit, Remuneration and Nominating Committees. He is a consultant with Straits Law Practice LLC's Litigation and Dispute Resolution Practice. He was a Deputy Public Prosecutor in the Attorney-General's Chambers and thereafter in various appointments including as a Senior State Counsel. He also has extensive experience in the field of parliamentary work and served as Clerk of Parliament and Secretary of the Presidential Council for Minority Rights from 1995 to 2005. He was the Secretary-General of the ASEAN Inter-Parliamentary Association from 2013 to 2016. He was conferred the Public Service Star (Bar) in 2012 for his services as Chairman of the Board of Visitors (Drug Rehabilitation Centres and Anti-Inhalant Abuse Centres).

BOARD OF DIRECTORS

PAO KIEW TEE
Independent Director
First appointment: 10 December 2012
Last re-election: 28 July 2015

Mr Pao Kiew Tee is the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees.

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, New Silkroutes Group Limited and Boldtek Holdings Limited. He is also a Trustee of the Serangoon Gardens Country Club and a member of the Audit Committee of the Seletar Country Club. He is also active in various grassroots organisations. 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.

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 Managing 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.

SIU YEUNG SAU
Chief Financial Officer

Mr Siu Yeung Sau is the Chief Financial Officer ("CFO") of the Group. He has been with the company since August 2017 and is responsible for the overall financial management, accounting and management reporting as well as all financial operations of the Group. Between July 1997 and December 2004, he worked in various audit positions at KPMG Pte. Ltd., Pricewaterhouse Coopers LLP and Diethelm Keller Siber Hegner. In 2005, he joined Pokka Corporation (Singapore) Private Limited, which was then a company listed on the Main Board of the SGX-ST, until April 2008 when he left the company as Group Financial Controller. Between 2008 and 2009, he was CFO of Sisulan Apparel (China) Co Ltd. In 2010, he was CFO of SGX-ST Catalist-listed WesTech Electronics Limited (now known as WE Holdings Ltd.) and subsequently became Group Financial Controller of Commonwealth Travel Service Corporation Pte Ltd. He was the CFO of EuroSports Global Limited/ EuroSports Auto Pte Ltd from November 2012 to September 2015 and a Financial Consultant at EuroSports Auto Pte Ltd from July to October 2012. He holds a Bachelor of Accountancy degree from Nanyang Technological University of Singapore and a Master of Business Administration from California State University, East Bay.

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 and accountable corporate environment, which will protect the interests of the Company's shareholders and promote investors' confidence. This report outlines the Company's corporate governance practices and structures in the financial year ended 31 March 2018 ("**FY2018**"), with specific reference made to each of the principles of the Code of Corporate Governance 2012 (the "**Code**") and the disclosure guide developed by the Singapore Exchange Trading Limited (the "**SGX-ST**") in January 2015 (the "**Guide**").

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

Board Matters

1. The Board's Conduct of its Affairs

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

The Board is involved in the supervision of the management of the Group's operations. All directors shall discharge their fiduciary duties and responsibilities at all times in the interests of the Group. Matters which specifically require the Board's decision or approval include:

(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 appointment of key personnel;

(d) interested person transactions;

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

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

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

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

Notes:

1. *Ms Ho Yow Ping (He YouPing) ("**Wendy Ho**") attended the Audit Committee meetings, Nominating Committee meetings and Remuneration Committee meetings as invitee.*
2. *Mr Pao Kiew Tee was appointed as Chairman of Nominating Committee on 17 April 2017.*
3. *Mr Periowsamy Otharam was appointed as an Independent Director on 17 April 2017 and also appointed as a member of the Audit Committee, Nominating Committee and Remuneration Committee on the same day.*
4. *Ms Mary Chia Ah Tow ("**Mary Chia**") was re-designated from Executive Chairman to Non-Executive Chairman on 24 August 2017 and she resigned as director and Non-Executive Chairman of the Company on 7 October 2017.*

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

The Company is responsible for arranging and funding the training of directors. All Board members are provided with regular updates on the changes in the relevant laws and regulations and financial reporting standards to enable them to make well-informed decisions and to ensure they are competent in carrying out their expected roles and responsibilities. Where appropriate, the Company will arrange for directors to attend seminars and receive training to improve themselves in discharging of their duties as directors. The Company also works closely with professionals as and when appropriate to provide its directors with updates in changes to relevant laws, regulations and accounting standards.

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

Directors and key executives undergo relevant training to enhance their skills and knowledge, particularly on new laws, regulations and changing risks affecting the Group's operations. Other forms of training include governance practices and training in accounting, legal and industry-specific knowledge. Examples of training courses are "Sustainability - Connecting Investors and Shareholders" and "Corporate Governance Code Briefing". 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 FY2018, the Company's external auditors, Messrs Foo Kon Tan LLP, updated the Board on the changes in accounting standards.

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

2. Board Composition and Guidance

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

In FY2018, the Board consisted of the following directors, who bring a wide range of business, legal and financial experience relevant to the Group:

Ms Mary Chia	Non-Executive Chairman[1]
Ms Wendy Ho	Chief Executive Officer
Yeung Koon Sang @ David Yeung	Lead Independent Director / Non-Executive Chairman[1]
Pao Kiew Tee	Independent Director
Periowsamy Otharam (appointed on 17 April 2017)	Independent Director

Note:

1. *Ms Mary Chia was re-designated from Executive Chairman to Non-Executive Chairman on 24 August 2017 and she resigned as director and Non-Executive Chairman of the Company on 7 October 2017. Mr David Yeung, who is also the Lead Independent Director, was appointed Non-executive Chairman of the Board on 10 September 2018.*

The Company endeavors to maintain a strong and independent element on the Board. There were three independent directors ("IDs") on the Board during the financial period up to 7 October 2017 under review which made up of more than half of the Board. Upon resignation of Ms Mary Chia, the three independent directors made up of a majority of the Board thereby meeting the requirement of the Code which stipulates that where (1) the Executive Chairman and the CEO are immediate family members; (2) the Executive Chairman is part of the management; or (3) the Executive Chairman is not an independent director, independent directors should make up at least half of the Board.

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

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

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	3	75%
Legal or corporate governance	3	75%
Relevant industry knowledge or experience	3	75%
Strategic planning experience	4	100%
Customer based experience or knowledge	4	100%

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 Nominating Committee ("**NC**") will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.

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

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

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

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

The Board is of the opinion that, given the scope and nature of the Group's operations, the present size of the Board is appropriate in facilitating effective decision making.

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

Presently, Mr Yeung Koon Sang @ David Yeung ("**David Yeung**") has served as an Independent Director of the Company for more than nine (9) years since his initial appointment in 2009. The Board has assessed his independence to a particularly rigorous review. Taking into account the views of the NC, the Board concurs that Mr David Yeung continued to demonstrate strong independence in character and judgement in the discharge of his responsibilities as a director of the Company. Based on the declaration of independence received from Mr David Yeung, he has no association with Management that could compromise his independence. After taking into account all these factors, and also having weighed the need for Board's refreshment against tenure for relative benefit, the Board has determined that Mr David Yeung continues to be considered an Independent Director, notwithstanding he has served on the Board for more than nine (9) years from the date of his first appointment.

3. Chairman and Chief Executive Officer

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

Prior to the resignation of Ms Mary Chia the Company had a separate Non-Executive/Executive Chairman and CEO. Ms Mary Chia was the Executive Chairman of the Board and was re-designated as Non-Executive Chairman on 24 August 2017. Ms Mary Chia resigned as director and Non-Executive Chairman of the Company on 7 October 2017. Ms Wendy Ho, the daughter of Ms Mary Chia, is the CEO. Although the Chairman and the CEO are related to each other, the Board is of the view that the process of decision making by the Board in FY2018 is independent and based on collective decisions without any individual or group of individuals exercising any considerable concentration of power or influence. All Board committees are chaired by the IDs and more than half of the Board consists of IDs. As such, there are adequate accountability and safeguards to ensure an appropriate balance of power and authority for good corporate governance. Subsequent to the resignation of Ms Mary Chia as the Non-Executive Chairman on 7 October 2017 and in the absence of a Chairman of the Board, Ms Wendy Ho was nominated as the acting Chairman of the Board of all subsequent Board meetings. Mr David Yeung, who is also the Lead Independent Director, was appointed the Non-Executive Chairman of the Board on 10 September 2018.

The Chairman leads the Board discussions and deliberation and also ensures that the Board meetings are held when necessary. The Chairman 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.

The CEO 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.

Shareholders with concerns may contact the Lead Independent Director - Mr David Yeung (at email: auditcommittee@marychia.com) directly, when contacts 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 regular discussions amongst themselves without the presence of key management personnel and Executive Directors, to discuss matters and provide relevant feedback.

4. Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

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

The Chairman of the NC is Mr Pao Kiew Tee. 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) Determining on an annual basis whether or not a director is independent;

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

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

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

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

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

Pursuant to the provisions of Regulation 98 of the Company's Constitution, all directors are subject to re-nomination and re-election at regular intervals of at least once every three years. At each annual general meeting, at least one third of the directors (or if their number is not a multiple of three, the number nearest to but not less than one third) are required to retire from office and submit themselves for re-election.

The NC recommended to the Board that Mr Pao Kiew Tee and Mr David Yeung be nominated for re-election at the forthcoming AGM, having reviewed and being satisfied with the overall contributions and performance of Mr Pao Kiew Tee and Mr David Yeung. With the directors offering themselves for re-election, the Board has accepted the recommendations of the NC. Upon re-election, Mr Pao Kiew Tee will remain as an Independent Director of the Company, Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee. Mr Pao Kiew Tee will be considered independent for the purposes of Rule 704(7) of the Catalist Rules. Upon re-election, Mr David Yeung will remain as the Non-Executive Chairman, Lead Independent Director, Chairman of the Audit Committee, Chairman of the Remuneration Committee and a member of the Nominating Committee. Mr David Yeung will be considered independent for the purpose of Rule 704 (7) of the Catalist Rules.

Mr Pao Kiew Tee, being the Chairman of the NC, abstained from voting on the resolution in respect of his re-election as a director. Mr David Yeung, being a member of the NC, abstained from voting the resolution in respect of his 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 three years)**	**Principal commitment**
Mary Chia[1]	30 April 2009	28 July 2016	Nil	Nil	Nil
Wendy Ho	30 April 2009	2 October 2017	Nil	Nil	Nil
David Yeung	11 June 2009	28 July 2016	AEI Corporation Ltd Southern Packaging Group Ltd CITIC Envirotech Ltd CNA Group Ltd	Ace Achieve Infocom Limited	Kreston David Yeung PAC
Pao Kiew Tee	10 December 2012	28 July 2015	Boldtek Holdings Limited Wong Fong Industries Limited New Silkroutes Group Limited	Jubilee Industries Holdings Ltd Imperium Crown Ltd	Independent Director
Periowsamy Otharam	17 April 2017	N.A.	Nil	Nil	Straits Law Practice LLC

Note:

1. *Ms Mary Chia was re-designated from Executive Chairman to Non-Executive Chairman on 24 August 2017 and she resigned as director and Non-Executive Chairman of the Company on 7 October 2017.*

Multiple board representation

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

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

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

The Company currently does not have any alternate directors.

The NC had reviewed and is satisfied that in FY2018, two of the Independent Directors holding multiple board representations, have been able to devote adequate time and attention to the affairs of the Company to fulfill their duties as directors of the Company.

5. Board Performance

Principle 5: There should be formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The NC evaluates the performance of the Board as a whole and the Board Committees based on performance criteria set by the Board. The criteria for assessing the Board's and Board Committees' performance include the Board's composition and size, processes, accountability, standard of conduct and performance of its principal functions and fiduciary duties, and guidance to and communication with the Management. The level of contribution to Board meetings and other deliberations are also considered.

During FY2018, directors were requested to complete a self-assessment checklist based on the above areas of assessment to assess the overall effectiveness of the Board and Board Committees. The results of these checklists were considered by the NC which made recommendations on the re-nomination of directors to the Board to help the Board in discharging its duties more effectively. No external facilitator was engaged for the evaluation process in FY2018.

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

6. Access to information

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

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

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

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

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

(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.

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

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

7. Remuneration Committee

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

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

The Chairman of the RC is Mr David Yeung.

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

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

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

(c) to make recommendations to the Board on the Company's framework of remuneration, the specific remuneration packages for each Executive Director and the CEO or executive of relevant rank if the CEO is not a director;

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

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

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

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

8. Level and mix of remuneration

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

The RC performs an annual review and ensures that the remuneration packages are comparable within the industry and with similar companies and will also take into consideration the Group's relative performance and the contributions and responsibilities of the individual directors.

The service agreement of Ms Wendy Ho, in relation to her appointments as CEO respectively, were renewed on 5 September 2018 for a period of 3 years. The IDs are compensated based on fixed directors' fees taking into considerations their contributions, responsibilities and time spent. Their fees are recommended to shareholders for approval at the annual general meeting of the Company.

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

If necessary, the RC may seek expert advice outside the Company on remuneration of the directors and key executives. The RC ensures that in the event of such advise being sought, existing relationships, if any, between its Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The Company has not appointed any remuneration consultants for FY2018.

9. Disclosure on remuneration

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

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

The remuneration received by the Executive Director(s) and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group for FY2018. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary and fixed allowance. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.

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

Certain quantitative conditions taken into consideration are target revenue, target profit, sales growth and years of service, while qualitative conditions comprise of on-the-job performance, leadership, teamwork, etc. the performance conditions are set by the RC. In view of the challenging operating conditions, the performance conditions were referred to but not factored in the determination of the remuneration received by the Executive Directors and the key management personnel for FY2018. The inclusion of the performance conditions in the service agreement of the Executive Directors and key management personnel is done in a review conducted prior to the renewal of the service agreement of the Executive Directors and performance evaluation for key executives.

The breakdown of the remuneration of the directors for FY2018 is as follows:

Directors	Salary %	Bonus %	Fees %	Other Benefits %	Total %
$250,000 to $500,000					
Wendy Ho	100	-	-	-	100
Below $250,000					
Mary Chia[1]	100	-	-	-	100
David Yeung	-	-	100	-	100
Pao Kiew Tee	-	-	100	-	100
Periowsamy Otharam	-	-	100	-	100

Note:

1. *Ms Mary Chia resigned as director and Non-Executive Chairman of the Company on 7 October 2017. On 24 August 2017, Ms Mary Chia was re-designated from Executive Chairman to Non-Executive Chairman.*

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

Key Management Personnel	Salary[5] %	Bonus %	Fees %	Other Benefits %	Total %
Below $250,000					
Chua Goh Boon Hua[1]	77.1	-	13.6	9.3	100
Chua Sai Pheng[2]	100.0	-	-	-	100
Simon Ooi See Keng	87.8	-	-	12.2	100
Siu Yeung Sau[3]	100.0	-	-	-	100
Yong Zhi Yong[4]	100.0	-	-	-	100

Notes:

1. *Mr Chua Goh Boon Hua is the Managing Director of Organica International (M) Sdn. Bhd.*
2. *Ms Chua Sai Pheng resigned on 2 January 2018.*
3. *Mr Siu Yeung Sau was appointed as Chief Financial Officer on 22 August 2017.*
4. *Dr Yong Zhi Yong was appointed on 1 August 2017. Dr Yong is the resident doctor of Scinn Pte. Ltd.*
5. *Salary includes contractual payments for staff retention purposes that are based on completion of every 6 months of employment.*

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

The aggregate of the total remuneration paid to the top five key management personnel (who were not directors or CEO) was approximately $490,000.

During the financial year under review, Wai Lee Chien, sales and operations manager, who is the daughter-in-law of Ms Mary Chia and the sister-in-law of the CEO, has an annual remuneration between $50,000 to $100,000. Wai Lee Chien resigned on 21 July 2017 as the District Manager of a wholly owned subsidiary of the Company, Mary Chia Beauty & Slimming Specialist Pte Ltd, and the director of a wholly owned subsidiary of the Company, MCU Holdings Sdn. Bhd., on 1 September 2017.

The Company does not have any employee share option scheme.

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

10. Accountability and audit

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

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

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

11. Risk Management and Internal Controls

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

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

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

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

In FY2018, the Board had received assurance from the CEO and CFO that:

(a) the financial records have been properly maintained and the financial statements for FY2018 give a true and fair view of the Company's operations and finances; and

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

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

In view of the increase in revenue in the direct selling business segment in FY2018, the Board has commissioned BDO LLP an internal audit review on the internal controls surrounding the direct selling businesses. This is in addition of the BDO LLP's follow-up audit on the previous year's reviews on Human Resource and Payroll Management and Corporate Governance practices of the Company, in which the Management has taken steps to rectify the shortcomings and exceptions highlighted in both reports. As at the date of this report, a follow-up audit on revenue and payroll of a Malaysian subsidiary by Kreston John & Gan's, in which the internal auditors had reported internal control deficiencies which included inconsistencies in sales and payroll documentation, is in the progress and the Board have received a draft report. Management has implemented most of the recommendations and is in the process of putting forth an implementation plan on all the remaining recommendations, and the Board has instructed Management to further update upon the implementation of these recommendations.

Based on the foregoing, the Board with the concurrence of the AC recognises that there were control weaknesses as highlighted by both BDO LLP and Kreston John & Gan and the Management has subsequently implemented controls to address the deficiencies. 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 have since become adequate and effective.

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

12. Audit Committee

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The AC met with the external auditors without the presence of any Executive Director and Management personnel in FY2018.

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

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

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

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

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

The Company had instituted a whistle-blowing policy to provide a channel for employees of the Group to report in good faith and in confidence, without fear of reprisals, concern about possible improprieties in financial reporting and other matters. The objective of the policy will ensure that there is independent investigation of such matters and that appropriate follow up actions will be taken. The AC exercises the overseeing function over the administration of the policy. Staff is given direct access to the AC via email or mail. Once a complaint is lodged, the AC will direct Management to investigate and review any report findings as well as follow up actions taken.

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

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

13. Internal Audit

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

The Company engaged BDO LLP in FY2018 to conduct a review of the Organica International, the direct selling business of the Group and following audits on the previous year's reviews of Corporate Governance practices and Human Resource and Payroll Management of the Company, and Kreston John & Gan's follow-up audit on revenue and payroll of a Malaysian subsidiary, in which the Management has taken steps to rectify the shortcomings and exceptions highlighted by both internal auditors. (collectively, the "Reviews").

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

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

The AC is aware of the need to establish a system of internal controls within the Group to safeguard the shareholders' interests and the Group's assets, and to manage risk. The size of the operations of the Group does not warrant the Group to have an in-house internal audit function.

During the financial year, the internal audits reports on the Reviews were received by the AC with the inclusion of the Management's response. The AC also reviews the effectiveness of actions taken by the Management on the recommendations made by the internal auditors in this respect. The AC is satisfied that the internal audit function is adequately resourced and has the appropriate standing within the Group.

14. Communication with Shareholders

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

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

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

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

(a) the annual report that is despatched to all shareholders 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. An email address is also provided at the Company's website for shareholders and potential investors to send their enquiries.

All shareholders of the Company will receive the notice of annual general meeting and/or extraordinary general meeting and such notice will also be advertised in the newspapers. The directors attend the annual general meetings and are available to answer questions from the shareholders. The Chairman of the Board, AC, NC, and RC and the external auditors will also be present to assist the directors in addressing any relevant queries from shareholders. The Company held its last annual general meeting in October 2017. The Board considers the annual general meeting as the main forum where dialogue with shareholders can be effectively conducted. The Company will consider the use of other forum set out in the Code as and when such needs arise.

Shareholders are encouraged to attend, to participate effectively, to vote in the general meetings of the Company, to stay informed of the Company's strategy and goals, in order to ensure a high level of accountability. Notice of the general meeting is despatched to shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 working days before the meeting. If and where questions are presented by the shareholders (in a general meeting or otherwise), the Company will communicate with its shareholders and attend to such questions. The Company meets with investors at least once a year at the AGM of the Company.

The Company currently does not have an investor relations policy but considers advice from its professionals on appropriate disclosure requirements before announcing material information to shareholders. The Company will consider the appointment of a professional investor relations officer to manage the function should the need arises.

To facilitate participation by shareholders, the Constitution of the Company allow 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 does not have a fixed dividend policy. The form, frequency and amount of dividends would depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the directors may deem appropriate that are beneficial to the Company. Notwithstanding the above, any declaration of dividends is clearly communicated to the shareholders via SGXNET. Taking into consideration these factors, the Group did not declare any dividends for FY2018.

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

The Company ensures that there are separate resolutions at general meetings on each distinct issue. To promote greater transparency and effective participation, the Company conducted electronic poll voting for all resolutions tabled at the shareholders' meetings. The rules, including the voting process, are clearly communicated at such meetings.

15. Dealing in Company's Securities

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

16. Interested 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 FY2018 by the Group were as follows:

Name of Interested Person	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)
JL Asia Resources Pte Ltd[1] Operating lease rental income	69.3	-
Suki Sushi Pte. Ltd.[2] Operating lease rental expense	0.1	-

Notes:

1. *JL Asia Resources Pte Ltd ("JL Asia") is wholly-owned by Mr Lee, being the controlling shareholder of Suki Sushi Pte. Ltd. ("Suki Sushi"), is the ultimate controlling shareholder of the Company, and the spouse of the CEO. JL Asia leases the investment/leasehold properties ("Properties") from the Group to operate a hotel. The lease of the premises entered into between Hotel Culture Pte Ltd and JL Asia was renewed on 24 April 2017 for a term of three years commencing on 15 February 2017 and expiring on 14 February 2020. At a monthly rental of S$125,000, the aggregate value of the IPT under the three years lease will be S$4.5 million. The entry of the renewal of the lease agreement falls within the exception of Catalist Rule 916(1). In addition to the above, JL Asia entered into a sales and purchase agreement with Hotel Culture Pte. Ltd. to purchase the Properties at a consideration of S$64.8 million. The sale of the Properties was approved by the shareholders at an Extraordinary General Meeting held on 26 March 2018.*

2. *As announced on 9 May 2017, the Company entered into a rental agreement with Suki Sushi, the controlling shareholder of the Company, to lease the premises of 26 Tai Seng Street #01-03A for approximately 22 months from 1 April 2017 to 23 January 2019 at a monthly rental of S$6,239 for, inter alia, retail distribution and marketing purposes. The aggregate value of the IPT under the approximate 22 months lease will be approximately S$137,000. The entry of the rental agreement falls within the exception of Catalist Rule 916(1).*

17. Material Contracts

Pursuant to Rule 1204(8) of the Catalist Rules, the Company confirms that except for the services agreements between the Company and the CEO and save as previously disclosed by the Company on SGXNET, 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 FY2018 or if not then subsisting, entered into since the end of the previous financial year.

18. Non-Sponsor Fees

For FY2018, the Company paid its sponsor, PrimePartners Corporate Finance Pte. Ltd. non-sponsor fee of S$50,000.

19. Non-Audit Fee

The audit and non-audit services that were rendered by the Company's external auditors, Messrs Foo Kon Tan LLP, to the Group and their related fees in FY2018 were as follows:

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

20. 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 Company is gradually placing emphasis on sustainability and would implement appropriate policies and programs when the opportunities arise. The Company has up to 12 months from its financial year to publish its first sustainability report and will provide a status update when appropriate.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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 2018.

Opinion of the directors

In the opinion of the directors,

(a) the accompanying statements of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows, together with the notes thereon, are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2018 and the financial performance, changes in equity and cash flows of the Group for the year ended 31 March 2018 in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards; and

(b) at the date of this statement, after considering the measures taken by the Group and the Company with respect to the Group's and the Company's ability to continue as a going concern as described in Note 2 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

Names of directors

The directors of the Company in office are:

Mary Chia Ah Tow (Non-Executive Chairman/Non-Executive Director) – resigned on 7 October 2017
Ho Yow Ping (He YouPing) (Chief Executive Officer)
Yeung Koon Sang @ David Yeung (Lead Independent Director) – appointed on 10 September 2018
Pao Kiew Tee (Independent Director)
Periowsamy Otharam (Independent Director)

Arrangements to enable directors to acquire shares or debentures

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

Directors' interest in shares or debentures

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

	Number of ordinary shares			
	Shares registered in the name of director		Shares in which director is deemed to have an interest	
The Company - <u>Mary Chia Holdings Limited</u>	As at 1.4.2017	**As at 31.3.2018**	As at 1.4.2017	**As at 31.3.2018**
Ho Yow Ping (He YouPing)	32,680,000	**32,680,000**	-	**110,466,839**
The Subsidiary - <u>Hotel Culture Pte Ltd</u>				
Ho Yow Ping (He YouPing)	-	**-**	245,000	**245,000**

There was no change in any of the above-mentioned interests between the end of the financial year and 21 April 2018.

Ms Ho Yow Ping (He YouPing) is deemed to have an interest in 110,466,839 shares. Suki Sushi Pte. Ltd. holds 110,466,839 shares in the Company through DBS Nominees Pte. Ltd.. Mr. Lee Boon Leng, the spouse of Ms Ho Yow Ping (He YouPing), holds 73.75% of the shareholdings of Suki Sushi Pte. Ltd. while Ms Ho Yow Ping (He YouPing) holds 21.70%.

Share options

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

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

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

Audit Committee

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

Yeung Koon Sang @ David Yeung (Chairman)
Pao Kiew Tee
Periowsamy Otharam

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

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

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

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

(iv) the half yearly financial information and the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2018 as well as the auditor's report thereon; and

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

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

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

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

Independent auditor

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

On behalf of the directors

....
HO YOW PING (HE YOUPING)

12 September 2018

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mary Chia Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the financial statements. The Group incurred losses and total comprehensive loss of $5,562,000 and $5,677,000 (2017 - $6,412,000 and $6,483,000) and reported net operating cash outflows of $1,635,000 (2017 - $3,377,000) for the financial year ended 31 March 2018. As at 31 March 2018, the Group's current assets exceeded current liabilities by $284,000 (2017 – deficit $11,607,000) and the Group had a deficit in equity of $2,211,000 (2017 – surplus $23,692,000). These factors indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as going concerns. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Key Audit Matters	Our response and work performed
Valuation of investment property classified as assets held for sale **(Refer to Notes 6 & 13 to the financial statements)**	
This investment property held for sale is stated at fair value based on an independent external valuation. The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuation is highly sensitive to key assumptions applied in deriving at the significant unobservable inputs, i.e. a small change in the assumptions can have a significant impact to the valuation.	We assessed the Group's processes for the selection of the external valuers, the determination of the scope of work of the external valuers, and the review and acceptance of the valuation reported by the external valuers. We have evaluated the competence, qualification and objectivity of the management expert, obtained an understanding of the work of that expert; and evaluated the appropriateness of that expert's work as audit evidence for the relevant assertion. We also read the terms of engagement of the external valuers with the Group to determine whether there were any matters that might have affected their objectivity or limited the scope of their work. We have evaluated whether the auditor's expert has the necessary competence, capabilities and objectivity for our purposes. Through our appointed auditor's expert, we considered the valuation methodologies used against those applied by the external valuers for similar property types. We have examined the valuation assumptions with regards to the market conformity. We have reviewed the mathematical correctness of fundamental calculation steps. We also considered the adequacy of the descriptions in the financial statements, in describing the inherent degree of subjectivity and key assumptions in the estimates. This includes the relationships between the key unobservable inputs and fair values, in conveying the uncertainties.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report is 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 will not express any form of assurance conclusion thereon.

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

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Toh Kim Teck.

Foo Kon Tan LLP
Public Accountants and Chartered Accountants
Singapore

12 September 2018

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2018

		The Group		The Company	
		2018	2017	**2018**	2017
	Note	**$'000**	$'000	**$'000**	$'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	5	**658**	4,047	**-**	-
Investment property	6	**-**	57,000	**-**	-
Subsidiaries	7	**-**	-	**265**	1,265
Deferred tax assets	8	**-**	-	**-**	-
Other assets	9	**645**	386	**-**	-
Total non-current assets		**1,303**	61,433	**265**	1,265
Current Assets					
Inventories	10	**443**	402	**-**	-
Trade and other receivables	11	**193**	386	**25,224**	932
Other assets	9	**507**	1,002	**8**	4
Cash and cash equivalents	12	**740**	767	**3**	*
		1,883	2,557	**25,235**	936
Assets held for sale	13	**59,915**	-	**-**	-
		61,798	2,557	**25,235**	936
Total assets		**63,101**	63,990	**25,500**	2,201
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	14	**4,818**	4,818	**4,818**	4,818
Reserves	15	**(5,946)**	(335)	**9,699**	(9,988)
Attributable to equity holders of the Company		**(1,128)**	4,483	**14,517**	(5,170)
Non-controlling interests		**(1,083)**	19,209	**-**	-
Total equity		**(2,211)**	23,692	**14,517**	(5,170)
Non-Current Liabilities					
Borrowings	16	**154**	22,478	**-**	-
Other payables	17	**3,370**	3,461	**-**	-
Provision	18	**274**	195	**-**	-
Total non-current liabilities		**3,798**	26,134	**-**	-
Current Liabilities					
Trade and other payables	17	**32,120**	6,845	**10,952**	7,141
Borrowings	16	**29,048**	6,789	**31**	230
Provision	18	**150**	262	**-**	-
Current tax liabilities		**196**	268	**-**	-
Total current liabilites		**61,514**	14,164	**10,983**	7,371
Total liabilities		**65,312**	40,298	**10,983**	7,371
Total equity and liabilities		**63,101**	63,990	**25,500**	2,201

** denotes amount less than $1,000*

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	**Year ended 31 March 2018 $'000**	Year ended 31 March 2017 $'000
Revenue	4	**9,104**	9,177
Other operating income	19	**445**	553
Purchases and related costs		**(396)**	(452)
Changes in inventories		**35**	(250)
Depreciation of property, plant and equipment	5	**(446)**	(540)
Staff costs	20	**(5,813)**	(6,034)
Operating lease expenses		**(3,538)**	(4,457)
Other operating expenses	21	**(3,819)**	(3,321)
Finance costs	22	**(1,039)**	(891)
Loss before income tax		**(5,467)**	(6,215)
Income tax expense	23	**(95)**	(197)
Loss for the year, net of tax		**(5,562)**	(6,412)
Other comprehensive loss, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(115)**	(71)
Other comprehensive loss for the year, net of tax		**(115)**	(71)
Total comprehensive loss for the year		**(5,677)**	(6,483)
Loss attributable to:			
Equity holders of the Company		**(5,850)**	(6,128)
Non-controlling interests		**288**	(284)
		(5,562)	(6,412)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(5,965)**	(6,199)
Non-controlling interests		**288**	(284)
		(5,677)	(6,483)
Loss per share attributable to equity holders of the Company (cents)			
- Basic and diluted loss per share	24	**(3.58)**	(3.75)

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 2018

	Share capital $'000	Merger reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 April 2016	4,818	(927)	193	6,422	10,506	19,493	29,999
Loss for the year	-	-	-	(6,128)	(6,128)	(284)	(6,412)
Other comprehensive income							
- Foreign currency translation differences	-	-	(71)	-	(71)	-	(71)
Total comprehensive loss for the year	-	-	(71)	(6,128)	(6,199)	(284)	(6,483)
Contributions by and distributions to owners							
Fair value adjustment to interest-free loans from shareholders	-	-	-	176	176	-	176
Total transactions with owners, recognised directly in equity	-	-	-	176	176	-	176
Balance at 31 March 2017	4,818	(927)	122	470	4,483	19,209	23,692
Balance at 1 April 2017	4,818	(927)	122	470	4,483	19,209	23,692
Loss for year	-	-	-	(5,850)	(5,850)	288	(5,562)
Other comprehensive income							
- Foreign currency translation differences	-	-	(115)	-	(115)	-	(115)
Total comprehensive loss for the year	-	-	(115)	(5,850)	(5,965)	288	(5,677)
Contributions by and distributions to owners							
Dividend	-	-	-	-	-	(20,580)	(20,580)
Fair value adjustment to interest-free loans from shareholders	-	-	-	354	354	-	354
Total transactions with owners, recognised directly in equity	-	-	-	354	354	(20,580)	(20,226)
Balance at 31 March 2018	4,818	(927)	7	(5,026)	(1,128)	(1,083)	(2,211)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	**Year ended 31 March 2018 $'000**	Year ended 31 March 2017 $'000
Cash Flows from Operating Activities			
Loss before taxation		**(5,467)**	(6,215)
Adjustments for:			
Depreciation of property, plant and equipment	5	**446**	540
Fair value loss on investment property	6	**-**	176
Fair value adjustment to interest-free loans from former director	19	**(246)**	-
Interest expense	22	**1,039**	891
Property, plant and equipment written off	21	**31**	436
Loss on disposal of property, plant and equipment	21	**26**	-
Impairment loss on property, plant and equipment	5	**234**	373
Trade and other receivables written off	21	**171**	-
Impairment loss on trade and other receivables	21	**195**	-
Interest income	19	**-**	(1)
Operating loss before working capital changes		**(3,742)**	(3,800)
Change in inventories		**(41)**	273
Change in trade and other receivables		**239**	254
Change in trade and other payables		**2,076**	84
Cash used in operations		**(1,468)**	(3,189)
Income tax paid		**(167)**	(188)
Net cash used in operating activities		**(1,635)**	(3,377)
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment		**(260)**	(417)
Deposit for sale of property		**648**	-
Proceeds from disposal of property, plant and equipment		**7**	-
Interest received		**-**	1
Net cash generated from/(used in) investing activities		**395**	(416)
Cash Flows from Financing Activities			
Increase in fixed deposit pledged		**-**	(60)
Increase in restricted cash		**-**	(502)
Proceeds from loans from financial institutions		**1,480**	4,000
Repayment of loans from financial institutions		**(1,423)**	(1,505)
Interest paid		**(891)**	(715)
Repayment of finance lease liabilities		**(73)**	(122)
Loans from directors		**-**	757
Repayment of loans from director		**(31)**	-
Loans from former director		**2,200**	1,352
Repayment of loans from former director		**(5)**	-
Net cash generated from financing activities		**1,257**	3,205
Net changes in cash and cash equivalents		**17**	(588)
Cash and cash equivalents at beginning of year		**105**	685
Effects of foreign exchange on cash and cash equivalents		**5**	8
Cash and cash equivalents at end of year	12	**127**	105

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 2017 $'000	Cash flows – Principal repayment $'000	Cash flows – Proceeds $'000	Cash flows – Interest paid $'000	Non-cash flows – Interest expense $'000	Non-cash flows – Fair value adjustment $'000	Non-cash flows transfer $'000	As at 31 March 2018 $'000
Finance lease liabilities (Note 16.1)	280	(73)	-	(11)	11	-	-	207
Loans from financial institutions (Note 16.2)	28,887	(1,423)	1,480	(872)	872	-	-	28,944
Loans from executive directors (Note 17)	1,802	(36)	-	-	99	(354)	(769)	742
Loans from former director (Note 17)	-	-	2,200	-	48	(245)	769	2,772

1 General information

The financial statements of Mary Chia Holdings Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 March 2018 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

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

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

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

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

2 Going concern

The Group incurred losses and total comprehensive loss of $5,562,000 and $5,677,000 (2017 - $6,412,000 and $6,483,000), reported net operating cash outflows of $1,635,000 (2017 - $3,377,000) for the financial year ended 31 March 2018. As at 31 March 2018, the Group's current assets exceeded current liabilities by $284,000 (2017 - deficit $11,607,000) and the Group had a deficit in equity of $2,211,000 (2017 – surplus $23,692,000).

As at 31 March 2018, the Group's current liabilities included deferred revenue related to non-refundable payments received in advance from customers amounting to $2,474,000 (2017 - $1,996,000). Excluding this amount, the Group's current liabilities would be $59,040,000 (2017 - $12,168,000) compared to current assets of $61,798,000 (2017 - $2,577,000) as at 31 March 2018.

Notwithstanding the above, management believes that the Group 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 following:

(1) On 1 March 2018, a subsidiary, Hotel Culture Pte. Ltd., entered into an agreement to dispose of its property to an entity controlled by the non-controlling interest of that subsidiary for a consideration of $64,800,000. The sale of the properties was completed on 7 May 2018 (Note 33).

(2) The holding company has given an undertaking to provide financial support to the Group for the next 12 months after the date of the auditor's report to operate without any curtailment of operations.

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

3(a) Basis of preparation

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

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

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

Significant accounting estimates and judgements

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

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

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

Income taxes (Note 23)

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.

Key sources of estimation uncertainty

In addition to the going concern assumption disclosed in Note 2, the other key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements are prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumption when they occur.

Depreciation of property, plant and equipment (Note 5)

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of property, plant and equipment to be within 2 to 75 years. In particular, management estimates the useful lives of plant and equipment to be 2 to 12 years. The estimation of useful lives is based on assumptions about wear and tear, ageing, changes in demand and the Group's historical experience with similar assets. The Group performs annual reviews on whether the assumptions made on useful lives continue to be valid. As changes in the expected level of usage, maintenance programmes and technological developments could affect the economic useful lives and the residual values of these assets, future depreciation charges could be revised. If depreciation on the Group's property, plant and equipment increases/decreases by 10% from management's estimates, the Group's loss for the year will increase/decrease by $45,000 (2017 - $54,000).

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

Key sources of estimation uncertainty (Cont'd)

Impairment of non-financial assets (Note 5 and Note 7)

Property, plant and equipment and subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. 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 estimate of the expected future cash flows from the cash-generating unit and also to use many estimates and assumptions such as future market growth, forecast revenue and costs, useful lives and utilisation of the assets, discount rates and other factors.

Valuation of inventories (Note 10)

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 are 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.

Valuation of non-current assets classified as held for sale (Note 13)

The Group's investment property classified as held for sale is stated at estimated fair value based on the valuation performed by independent professional valuers. The determination of the fair value of investment property requires the use of historical transaction comparables and estimates such as future cash flows from assets and capitalisation rates applicable to those assets. The carrying amount of investment property is disclosed in Note 13 to the financial statements. If the market value used to estimate the fair value of the investment property decreases/increases by 2% from management's estimates, the Group's loss for the year will decrease/increase by $1,140,000 (2017 – $1,140,000).

Valuation of loans from director and a former director

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

3(b) Interpretations and amendments to published standards effective in 2018

On 1 April 2017, the Group adopted the following FRS that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS.

Reference	**Description**
Amendments to FRS 7	Statement of Cash Flows: Disclosure Initiative
Amendments to FRS 12	Recognition of Deferred Tax Assets for Unrealised Losses

3(b) Interpretations and amendments to published standards effective in 2018 (Cont'd)

The adoption of these new and amended FRS did not result in substantial changes to the Group's accounting policies nor any significant impact on these financial statements except for the following:

Amendments to FRS 7 Statement of Cash Flows: Disclosure Initiative

The Amendments to FRS 7 Statement of Cash Flows require entities to reconcile cash flows arising from financing activities as reported in the statement of cash flows – excluding contributed equity – to the corresponding liabilities in the opening and closing statements of financial position. Additional disclosures are also required about information that is relevant to an understanding of the liquidity of an entity. This includes any restrictions over the decisions of an entity to use cash and cash equivalent balances, e.g. any tax liabilities that would arise on repatriation of foreign cash and cash equivalent balances. These amendments are effective for the financial period beginning on or after 1 January 2017. As this is a disclosure standard, it affects the disclosure in the consolidated statement of cash flows but does not affect the financial position and performance of the Group.

Amendments to FRS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.

The amendments are effective for annual periods beginning on or after 1 January 2017, with early adoption permitted.

The adoption of these new or amended FRS did not result in substantial changes to the accounting policies of the Group and had no material effect on the amounts reported for the current or prior financial years.

3(c) SFRS(I) not yet effective

In December 2017, the ASC issued the Singapore Financial Reporting Standards (International) ("SFRS(I)"). Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018. SFRS(I) comprise standards and interpretations that are equivalent to International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board.

The Group's financial statements for the financial year ending 31 March 2019 will be prepared in accordance with SFRS(I). As a result, this will be the last set of financial statements prepared under the current FRS.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International).

The Group has performed a preliminary assessment of the impact of SFRS(I) for the transition to the new reporting framework. Based on the Group's preliminary assessment, the Group does not expect to change its existing accounting policies on adoption of the new framework.

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. However, the Group has not early applied the following new or amended standards in preparing these statements.

3(c) SFRS(I) not yet effective (Cont'd)

For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Group in future financial periods, the Group assessed the transition options and the potential impact on its financial statements, and to implement these standards.

Reference	Description	Effective date (Annual periods beginning on or after)
SFRS(I) 9	Financial Instruments	1 January 2018
SFRS(I) 15	Revenue from Contracts with Customers	1 January 2018
SFRS(I) INT 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
SFRS(I) 16	Leases	1 January 2019

<u>SFRS(I) 9 Financial Instruments</u>

SFRS(I) 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SFRS(I) 9 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

Under SFRS(I) 9, an investment in an equity instrument that does not have a quoted price in an active market for an identical instrument shall be measured at fair value at the date of initial application. Any difference between the previous carrying amount and the fair value would be recognised in the opening retained earnings when the Group applies SFRS(I) 9.

SFRS(I) 9 is effective for annual periods beginning on or after 1 January 2018 with early adoption permitted. Based on the Group's initial assessment, the Group does not expect any significant adjustments to the measurement basis arising from adoption of the new classification and measurement model or a significant increase in the impairment loss allowance.

3(c) SFRS(I) not yet effective (Cont'd)

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 establishes a five-step model that will apply to revenue arising from contracts with customers. Under SFRS(I) 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in SFRS(I) 15 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer, i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

SFRS(I) 15 also includes clarifications on how to:

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

SFRS(I) 15 is effective for annual periods beginning on or after 1 January 2018. The Group does not expect significant changes to the basis of revenue recognition for its revenue arising from adoption of this new standard. However, additional disclosures may be required to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

SFRS(I) INT 22 Foreign Currency Transactions and Advance Consideration

The interpretation addresses how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency. It is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

The interpretations are effective from 1 January 2018. On initial application, entities would have the option of applying the interpretations either retrospectively or prospectively in accordance with SFRS(I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors.

The Group does not expect a significant change to the requirements arising from adopting the new interpretation. The Group plans to adopt the standard when it becomes effective in 2018/2019 without restating comparative information; and is gathering data to quantify the potential impact arising from the adoption.

3(c) SFRS(I) not yet effective (Cont'd)

SFRS(I) 16 Leases

SFRS(I) 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases.

For a lessee, SFRS(I) 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying SFRS(I) 1-7 Statement of Cash Flows.

For a lessor, SFRS(I) 16 substantially carries forward the lessor accounting requirements in SFRS(I) 1-17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

SFRS(I) 16 Leases replaces accounting requirements introduced more than 30 years ago in accordance with FRS 17 Leases that are no longer considered fit for purpose, and is a major revision of the way in which companies where it is required lessees to recognise most leases on their balance sheets. Lessor accounting is substantially unchanged from current accounting in accordance with FRS 17. SFRS(I) 16 Leases will be effective for accounting periods beginning on or after 1 January 2019. Early adoption will be permitted, provided the Group has adopted SFRS(I) 15. Based on the Group's preliminary assessment, the Group expects these operating leases to be recognised as assets with corresponding lease liabilities under the new standard. This would increase the gearing ratio of the Group.

3(d) Summary of significant accounting policies

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

Consolidation

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

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

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

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

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

Consolidation (Cont'd)

Subsidiary

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

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

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

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

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

Non-controlling interest

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

Changes in ownership interests in subsidiaries without change of control

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

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

Consolidation (Cont'd)

<u>Changes in ownership interests in subsidiaries resulting in loss of control</u>

When the Group loses control of a subsidiary, it:

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

A gain or loss is recognised in profit or loss and is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
(ii) the previous carrying amounts of the assets and liabilities of the subsidiary and any non-controlling interest.

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

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

<u>Business combination</u>

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

Acquisition-related costs are expensed as incurred.

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

Consolidation (Cont'd)

Business combination (Cont'd)

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

Goodwill

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

Property, plant and equipment

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

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

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

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

Property, 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 property, plant and equipment are retained in the books of accounts until they are no longer in use.

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

Investment properties

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

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

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

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

<u>Transfers</u>

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

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

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

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

Subsidiaries

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

Financial assets

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

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

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

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

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

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

<u>Loans and receivables</u>

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

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

Financial assets (Cont'd)

Loans and receivables (Cont'd)

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

Inventories

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

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

Cash and cash equivalents

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

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

Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter, the assets classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss. Property, plant and equipment once classified as held for sale are not depreciated.

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

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.

Financial liabilities

The Group's financial liabilities include borrowings, and trade and other payables, excluding deferred revenue, deposit for sale of property, and goods and services tax payable.

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

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

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

<u>Borrowings</u>

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

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

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

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

Provisions

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

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

<u>Asset dismantlement, removal or reinstatement</u>

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

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

Financial guarantees

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

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

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

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

Leases

Where the Group is the lessee,

Finance leases

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

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

Operating leases

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

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

Where the Group is the lessor,

Operating leases

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

Income taxes

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

Current tax

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

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

Income taxes (Cont'd)

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

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

Such deferred tax assets and liabilities are not recognised:

- Where the deferred tax arises from initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.
- In respect of deductible temporary differences and carry forward of unutilised tax losses, if it is not probable that there will be sufficient taxable profits against which those deductible temporary differences and carry forward of unutilised tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity or on different tax entities, provided the Group intends to settle its current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

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

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

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

Income taxes (Cont'd)

Current and deferred tax for the year

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

Employee benefits

Short-term employee benefits

Short-term employee benefit obligations, including accumulated compensated absences, 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

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to define contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

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.

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

Related parties (Cont'd)

(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.

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 executives are considered key management personnel.

Impairment of non-financial assets

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

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

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

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

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

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

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

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

Impairment of non-financial assets (Cont'd)

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

Revenue recognition

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

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

<u>Sale of goods</u>

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

<u>Beauty, slimming and spa service treatments</u>

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.

<u>Interest income</u>

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

<u>Rental income</u>

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

Borrowing costs

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

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

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

Government grants

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

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

Dividends

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

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

Functional currencies

Functional and presentation currency

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

Conversion of foreign currencies

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

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

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

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

Conversion of foreign currencies (Cont'd)

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the exchange rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Translation of Group entities' financial statements

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

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

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

Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer ("CEO") to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Additional disclosures on each of these segments are shown in Note 29 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

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

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

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

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.

4 Revenue

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

	2018	2017
	$'000	$'000
Sales of goods	**3,136**	3,407
Beauty, slimming and spa service treatments	**4,417**	4,210
Rental income	**1,551**	1,560
	9,104	9,177

5 Property, plant and equipment

The Group	Leasehold property $'000	Motor vehicles $'000	Beauty, slimming and spa equipment $'000	Renovations $'000	Furniture and office equipment $'000	Total $'000
Cost						
At 1 April 2016	3,268	345	4,212	4,857	2,324	15,006
Additions	-	184	70	218	93	565
Write-off	-	-	(83)	(393)	-	(476)
Exchange differences	-	(2)	(43)	(73)	(21)	(139)
At 31 March 2017	**3,268**	**527**	**4,156**	**4,609**	**2,396**	**14,956**
Additions	**-**	**-**	**67**	**142**	**51**	**260**
Disposal	**-**	**-**	**-**	**-**	**(66)**	**(66)**
Write-off	**-**	**-**	**-**	**(37)**	**(2)**	**(39)**
Reclassified to non-current assets held for sale (Note 13)	**(3,268)**	**-**	**-**	**-**	**-**	**(3,268)**
Exchange differences	**-**	**2**	**37**	**60**	**17**	**116**
At 31 March 2018	**-**	**529**	**4,260**	**4,774**	**2,396**	**11,959**
Accumulated depreciation/impairment						
At 1 April 2016	270	237	3,482	4,292	1,863	10,144
Depreciation for the year	43	55	222	123	97	540
Write-off	-	-	(2)	(38)	-	(40)
Impairment losses recognised	-	-	41	75	257	373
Exchange differences	-	(2)	(36)	(59)	(11)	(108)
At 31 March 2017	**313**	**290**	**3,707**	**4,393**	**2,206**	**10,909**
Depreciation for the year	**40**	**65**	**163**	**99**	**79**	**446**
Disposal	**-**	**-**	**-**	**-**	**(33)**	**(33)**
Write-off	**-**	**-**	**-**	**(8)**	**-**	**(8)**
Impairment losses recognised	**-**	**-**	**25**	**200**	**9**	**234**
Reclassified to non-current assets held for sale (Note 13)	**(353)**	**-**	**-**	**-**	**-**	**(353)**
Exchange differences	**-**	**2**	**36**	**55**	**13**	**106**
At 31 March 2018	**-**	**357**	**3,931**	**4,739**	**2,274**	**11,301**
Net book value						
At 31 March 2018	**-**	**172**	**329**	**35**	**122**	**658**
At 31 March 2017	2,955	237	449	216	190	4,047

5 Property, plant and equipment (Cont'd)

The Company	Furniture and office equipment $'000
<u>Cost</u>	
At 1 April 2016, 31 March 2017 and 31 March 2018	**1**
<u>Accumulated depreciation</u>	
At 1 April 2016, 31 March 2017 and 31 March 2018	**1**
<u>Net book value</u>	
At 31 March 2018	**-**
At 31 March 2017	-

(a) The carrying amount of motor vehicles held under finance lease arrangements (Note 16.1) for the Group as at 31 March 2018 amounted to $169,000 (2017 - $237,000).

(b) During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $260,000 (2017 - $565,000) of which $Nil (2017 - $148,000) was acquired by way of finance lease arrangement and $260,000 (2017 - $368,000) by cash. Additions to renovations include provision for reinstatement cost amounting to $Nil (2017 - $49,000) (Note 18).

(c) As at 31 March 2018, leasehold property reclassified to assets held for sale with a net total carrying amount of $2,915,000 (2017 - $2,955,000) is mortgaged to Amalgamated Term Loan and Working Capital Loan (Note 16.2).

The details of the leasehold property held for sale by the Group as at 31 March 2018 are as follows:

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

<u>Impairment testing of property, plant and equipment</u>

The Group has been incurring losses. The Group conducted an impairment test on the property, plant and equipment of its cash-generating units ("CGUs"). As a result of that test, the Group determined that the carrying values of certain of its assets exceeded their recoverable amounts as at the reporting date and recorded an impairment loss of $234,000 for the year ended 31 March 2018 (2017 - $373,000).

5 Property, plant and equipment (Cont'd)

Impairment testing of property, plant and equipment (Cont'd)

The recoverable amounts of the CGUs were estimated based on the fair value less costs to sell which was higher than value in use. As at 31 March 2017, the recoverable amounts of the CGUs were based on the higher of fair value less costs to sell and value in use. The estimate of value in use was determined based on cash flow projections from formally approved financial budgets and forecasts covering a five-year period, and using a pre-tax discount rate of 9.3% and a 2% terminal value growth rate. The fair value less costs to sell of property, plant and equipment (Level 3 valuation) was determined using the cost approach. The cost approach is based on cost to reproduce or replace under new condition with current market prices for similar assets, with allowance for accrued depreciation arising from the conditions, utility, age, wear and tear, or obsolescence present (physical, functional or economic), taking into consideration past and present maintenance policy and rebuilding history.

6 Investment property

The Group	**2018 $'000**	2017 $'000
At beginning of year	**57,000**	57,176
Fair value loss on investment property	**-**	(176)
Reclassified to non-current assets held for sale (Note 13)	**(57,000)**	-
At end of year	**-**	57,000

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

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

The investment property was leased to an entity, in which a director of a subsidiary has an interest, under operating leases. As at 31 March 2018, the investment property reclassified as assets held for sale with a total carrying amount of $57,000,000 (2017 - $57,000,000) was mortgaged to secure bank loans (Note 16.2).

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

The Group	**2018 $'000**	2017 $'000
Rental income (Note 4)	**1,551**	1,560
Direct operating expenses	**(22)**	(19)
	1,529	1,541

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

6 Investment property (Cont'd)

The details of the investment property held for sale by the Group are as follows:

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

7 Subsidiaries

The Company	2018 $'000	2017 $'000
Unquoted equity investments, at cost		
At beginning and end of year	**4,258**	4,258
Allowance for impairment losses		
At beginning of year	**(2,993)**	(814)
Allowance made	**(1,000)**	(2,179)
At end of year	**(3,993)**	(2,993)
Carrying amount	**265**	1,265

Impairment testing of investments in subsidiaries

During the financial year, management carried out a review of the recoverable amount of its subsidiaries and recognised an impairment loss of $1,000,000 (2017 - $2,179,000) in respect of a subsidiary with recurring losses, negative future cash flow forecast, and a deficit in shareholder's equity.

As at 31 March 2017, the recoverable amount of subsidiaries was determined based on value in use. The value in use calculation was based on cash flow projections from formally approved financial budgets and forecasts covering a five-year period, and using a pre-tax discount rate of 9.3% and a terminal value growth rate of 2% from year six.

7 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
		2018	2017	
<u>Held by the Company</u>				
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
<u>Held by Mary Chia Beauty & Slimming Specialist Pte Ltd</u>				
Scinn Pte. Ltd. [(1)]	Singapore	**70**	70	Clinic and other general medical services
MSB Beauty Pte. Ltd.	Singapore	**51**	51	Provision of lifestyle and wellness treatment services

7 Subsidiaries (Cont'd)

Name	**Country of incorporation/ principal place of business**	**Attributable to equity interest of the Group**		**Principal activities**
		2018	2017	
Held by Organica International Holdings Pte. Ltd.				
Organica International (M) Sdn. Bhd. [2]	Malaysia	**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**	-	General wholesale trading
Held by MCU Holdings Sdn. Bhd.				
MCU Beautitudes Sdn. Bhd. [2]	Malaysia	**100**	100	Provision of lifestyle and wellness treatment services

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

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 allocated to non-controlling interest		Accumulated non-controlling interest	
		2018	2017	**FY2018**	FY2017	**2018**	2017
				$'000	$'000	**$'000**	$'000
Hotel Culture Pte. Ltd.	Singapore	**49%**	49%	**487**	324	**(819)**	19,274
Scinn Pte. Ltd.	Singapore	**30%**	30%	**(193)**	(121)	**(211)**	(18)
MSB Beauty Pte. Ltd.	Singapore	**49%**	49%	**(6)**	(487)	**(53)**	(47)

7 Subsidiaries (Cont'd)

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

	Hotel Culture Pte Ltd		Scinn Pte Ltd		Total	
	2018	2017	**2018**	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Summarised statement of comprehensive income						
Revenue	**1,780**	1,793	**72**	185	**1,852**	1,978
Profit/(loss) for the year and total comprehensive income	**9,396**	(7,063)	**(643)**	(430)	**8,753**	(7,493)
Profit/(loss) for the year representing total comprehensive income						
- attributable to equity holders of the Company	**4,792**	(3,602)	**(450)**	(301)	**4,342**	(3,903)
- attributable to NCI	**4,604**	(3,461)	**(193)**	(129)	**4,411**	(3,590)
	9,396	(7,063)	**(643)**	(430)	**8,753**	(7,493)
Summarised statement of financial position						
Current						
Assets	**88,039**	1,082	**209**	80	**88,248**	1,162
Liabilities	**(84,891)**	(7,858)	**(1,195)**	(448)	**(86,086)**	(8,306)
Net current assets/(liabilities)	**3,148**	(6,776)	**(986)**	(368)	**2,162**	(7,144)
Non-Current						
Assets	**-**	64,800	**257**	282	**257**	65,082
Liabilities	**-**	(22,272)	**-**	-	**-**	(22,272)
Net non-current assets/(liabilities)	**-**	42,528	**257**	282	**257**	42,810
Equity						
Equity attributable to equity holders of the Company	**1,605**	18,234	**(510)**	(60)	**1,095**	18,174
Non-controlling interests	**1,543**	17,518	**(219)**	(26)	**1,324**	17,492
	3,148	35,752	**(729)**	(86)	**2,419**	35,666
Other summarised information						
Cash flows from operating activities	**1,734**	1,722	**(395)**	(379)	**1,339**	1,343
Cash flows investing activities	**(9,209)**	(4,399)	**(83)**	(35)	**(9,292)**	(4,434)
Cash flows from financing activities	**7,469**	2,698	**482**	375	**7,951**	3,073
Net increase (decrease) in cash and cash equivalents	**(6)**	21	**4**	(39)	**(2)**	(18)

8 Deferred tax assets

	The Group		The Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
At 1 April	**-**	14	**-**	-
Recognised in profit or loss (Note 23)	**-**	(14)	**-**	-
At 31 March	**-**	-	**-**	-

Deferred taxation is attributable to the following:

The Group	Property, plant and equipment $'000	Unutilised tax losses $'000	Others $'000	Total $'000
At 1 April 2016 and 1 April 2017	3	11	-	14
Recognised in profit or loss (Note 23)	(3)	(11)	-	(14)
Effect of currency translation difference	-	-	-	-
At 31 March 2017 and 31 March 2018	-	-	-	-

9 Other assets

	The Group		The Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Current				
Prepayments	**206**	135	**8**	4
Deposits	**301**	867	**-**	-
	507	1,002	**8**	4
Non-current				
Deposits	**645**	386	**-**	-

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

10 Inventories

The Group	**2018** **$'000**	2017 $'000
Products held for sale, at cost	**443**	402

The carrying amount of inventories sold recognised as an expense in the consolidated statement of comprehensive income was $396,000 (2017 - $452,000) for the financial year ended 31 March 2018.

11 Trade and other receivables

	The Group		The Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Trade receivables	**243**	354	**2**	2
Allowance for impairment losses	**(160)**	(18)	**-**	-
	83	336	**2**	2
Other receivables:				
Amounts due from related parties	**43**	-	**-**	-
Goods and services tax receivable	**24**	16	**3**	2
Amounts due from subsidiaries (non-trade)	**-**	-	**29,877**	5,586
Sundry receivables	**136**	74	**-**	-
	203	90	**29,880**	5,588
Allowance for impairment losses	**(93)**	(40)	**(4,658)**	(4,658)
	110	50	**25,222**	930
	193	386	**25,224**	932

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

	The Group		The Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
At 1 April	**58**	58	**4,658**	173
Allowance made	**195**	-	**-**	4,485
At 31 March	**253**	58	**4,658**	4,658
Trade receivables	**160**	18	**-**	-
Other receivables	**93**	40	**4,658**	4,658
	253	58	**4,658**	4,658

Amounts due from related parties 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 amounts that are deemed to be not collectible. These trade receivables are not secured by any collateral or credit enhancements.

11 Trade and other receivables (Cont'd)

Trade and other receivables are denominated in the following currencies:

	The Group		The Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Singapore dollar	**131**	319	**25,224**	932
Malaysia ringgit	**62**	67	**-**	-
	193	386	**25,224**	932

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

	2018	2017
The Group	**$'000**	$'000
By geographical area		
Singapore	**67**	285
Malaysia	**16**	51
	83	336

The ageing analysis of trade receivables is as follows:

	Gross	**Impairment losses**	Gross	Impairment losses
The Group	**2018**	**2018**	2017	2017
	$'000	**$'000**	$'000	$'000
Not past due	**69**	**-**	154	-
Past due 0 to 90 days	**5**	**-**	23	-
Past due 91 to 182 days	**-**	**-**	-	-
Past due 183 to 365 days	**-**	**-**	-	-
Past due over 365 days	**169**	**(160)**	177	(18)
	243	**(160)**	354	(18)

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

12 Cash and cash equivalents

	The Group		The Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Cash and bank balances	**680**	707	**3**	*
Fixed deposits	**60**	60	**-**	-
	740	767	**3**	-

The fixed deposits at the balance sheet date have a maturity of approximately 3 months (2017 - 3 months) from the end of the financial year and earn interest at the rate of approximately 0.35% (2017 - 0.35%) per annum.

Cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Singapore dollar	674	700	3	*
Malaysian ringgit	66	67	-	-
	740	767	3	*

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

The Group	**2018** **$'000**	2017 $'000
Cash and cash equivalents as above	**740**	767
Bank overdraft (Notes 16.3)	**(51)**	(100)
Restricted cash	**(502)**	(502)
Fixed deposits pledged for rental agreement	**(60)**	(60)
	127	105

** denotes amount less than $1,000*

13 Assets held for sale

On 1 March 2018, a subsidiary, Hotel Culture Pte. Ltd., entered into an agreement to dispose of its property to an entity controlled by the non-controlling interest of that subsidiary for a consideration of $64,800,000.

Part of this property is leased to earn rental and the remaining floor area is for own use. Accordingly, this property with a carrying value of $59,915,000 comprising investment property of $57,000,000 and leasehold property of $2,915,000 have been reclassified to assets held for sale in the statement of financial position as at 31 March 2018. The sale of the properties was completed on 7 May 2018 (Note 33).

14 Share capital

	2018	2017	**2018**	2017
The Company	Number of ordinary shares		**$'000**	$'000
Issued and fully paid with no par value				
At beginning and at end of year	**163,495,140**	163,495,140	**4,818**	4,818

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

15 Reserves

	The Group		The Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Merger reserve	**(927)**	(927)	**-**	-
Foreign currency translation reserve	**7**	122	**-**	-
Retained earnings/(accumulated losses)	**(5,026)**	470	**9,699**	(9,988)
	(5,946)	(335)	**9,699**	(9,988)

Merger reserve

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

Foreign currency translation reserve

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

16 Borrowings

	The Group		The Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Non-current				
Obligations under finance leases (Note 16.1)	**154**	206	**-**	-
Loans from financial institutions (Note 16.2)	**-**	22,272	**-**	-
	154	22,478	**-**	-
Current				
Obligations under finance leases (Note 16.1)	**53**	74	**-**	-
Loans from financial institutions (Note 16.2)	**28,944**	6,615	**31**	230
Bank overdraft (Note 16.3)	**51**	100	**-**	-
	29,048	6,789	**31**	230
	29,202	29,267	**31**	230

16.1 Obligations under finance leases

The Group has acquired certain property, plant and equipment under finance leases. These leases have no terms of renewal, purchase options and escalation clauses. The interest rate implicit in the leases ranges from 1.93% to 7.08% (2017 - 1.93% to 7.08%) per annum. Future minimum lease payments under the finance lease arrangements together with the present values of the net minimum lease payments are as follows:

The Group	**2018**	2017
	$'000	$'000
Minimum lease payments payable:		
No later than one year	**61**	85
Later than one year and not later than five years	**156**	200
Later than five years	**10**	26
	227	311
Less: Finance charges allocated to future years	**(20)**	(31)
Present value of minimum lease payments	**207**	280
Present value of minimum lease payments:		
No later than one year	**53**	74
Later than one year and not later than five years	**144**	182
Later than five years	**10**	24
	154	206
	207	280

Finance lease liabilities are secured by certain property, plant and equipment of the Group (see Note 5), personal guarantee from a director of the Company, namely Ms Ho Yow Ping (He YouPing), and corporate guarantee by the Company.

16 Borrowings (Cont'd)

16.2 Loans from financial institutions

	The Group		The Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Repayable:				
Current				
No later than one year	**28,944**	6,615	**31**	230
Non-current				
Later than one year and not later than five years	**-**	5,907	**-**	-
Later than five years	**-**	16,365	**-**	-
	-	22,272	**-**	-
	28,944	28,887	**31**	230
Current				
Term loans	**3,118**	417	**31**	230
Amalgamated term loan	**19,309**	1,167	**-**	-
Revolving working capital loans	**6,517**	5,031	**-**	-
	28,944	6,615	**31**	230
Non-current				
Term loans	**-**	3,091	**-**	-
Amalgamated term loan	**-**	19,181	**-**	-
	-	22,272	**-**	-

Term loans

The term loans have weighted average interest rate of 2.95% (2017 - 2.45%) per annum and are repayable on monthly instalment and secured by the investment property and leasehold property (the "Properties") of the Group.

The Company had a loan of $31,000 due by 1 January 2018 which remained unpaid as at 31 March 2018. This loan was settled on 4 April 2018.

Amalgamated term loan

The loan bears interest at 2.95% (2017 - 2.38%) per annum.

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

Revolving working capital loans

Revolving working capital loans bear interest at rates at 3.13% (2017 – ranging from 2.94% to 2.99%) per annum. The loans are repayable on monthly instalment, and are secured by the Properties, and a corporate guarantee from the Company.

16 Borrowings (Cont'd)

16.3 Bank overdraft

Bank overdraft is secured by the following:

(i) personal guarantee from a director of the Company;

(ii) corporate guarantee from the Company; and

(iii) negative pledge over all assets of a subsidiary.

At the reporting date, bank overdraft bore interest at 8.85% (2017 - 9.85%) per annum over the prevailing prime rate of the bank.

17 Trade and other payables

	The Group		The Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Current				
Trade payables - third parties	**3,345**	2,858	**250**	152
Amounts due to subsidiaries (non-trade)	**-**	-	**8,245**	6,732
Amounts due to related parties (non-trade)	**382**	77	**2,201**	-
Loan from former director	**2,200**	-	**-**	-
Amount due to non-controlling interest of a subsidiary (non-trade)	**350**	-	**-**	-
Dividend payable to non-controlling interest of a subsidiary	**20,580**	-	**-**	-
Deferred revenue	**2,474**	1,996	**-**	-
Goods and services tax payable	**91**	101	**-**	-
Deposit for sale of property	**648**	-	**-**	-
Other deposits	**2**	253	**-**	-
Accrued operating expenses	**2,048**	1,560	**256**	257
	32,120	6,845	**10,952**	7,141
Non-current				
Amounts due to director/former director				
Director (Shareholder)				
Loans	**742**	966	**-**	-
Accrued salaries	**705**	436	**-**	-
	1,447	1,402	**-**	-
Former Director (Former Shareholder)				
Loans	**572**	836	**-**	-
Accrued salaries	**1,351**	1,223	**-**	-
	1,923	2,059	**-**	-
	3,370	3,461	**-**	-

17 Trade and other payables (Cont'd)

Deferred revenue

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

Amounts due to related parties (non-trade)

Amounts due to subsidiaries, related parties and non-controlling interest of a subsidiary are unsecured, interest-free and repayable on demand.

Trade and other payables, excluding deferred revenue and deposit for sale of property, are denominated in the following currencies:

	The Group		The Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Singapore dollar	**29,076**	7,259	**10,952**	7,141
Malaysian ringgit	**3,289**	1,051	**-**	-
Renminbi	**3**	-	**-**	-
	32,368	8,310	**10,952**	7,141

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 share disposals. 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. Non-current amounts due to Director and former director are unsecured, interest-free and denominated in Singapore dollars.

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

18 Provision

The Group	2018 $'000	2017 $'000
At 1 April	**457**	455
Provision made during the year	**-**	49
Provision used during the year	**(33)**	(47)
At 31 March	**424**	457
Presented as:		
Current	**150**	262
Non-current	**274**	195
	424	457

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 property, plant and equipment.

19 Other operating income

The Group	2018 $'000	2017 $'000
Interest income	**-**	1
Fair value adjustment to interest-free loans	**246**	-
Government grants	**124**	440
Sundry income	**75**	112
	445	553

20 Staff costs

The Group	**2018** **$'000**	2017 $'000
Salaries, wages, commissions and bonuses	**5,122**	5,411
Contributions to defined contribution plans	**577**	495
Foreign Worker Levy and Skill Development Levy	**113**	126
Other staff benefits	**1**	2
	5,813	6,034

21 Other operating expenses

The Group	**2018** **$'000**	2017 $'000
Audit fees paid/payable to:		
- Auditors of the Company	**108**	97
- Other auditors	**7**	6
Advertising and marketing expenses	**147**	440
Bad debts written off		
- Trade receivables	**124**	-
- Other receivables	**47**	-
Bank charges	**219**	217
Consultation fee	**38**	120
Dinner and dance expenses	**15**	4
Exhibition expenses	**18**	98
Fair value loss on investment property	**-**	176
Fines and late payment interest	**246**	67
Final award under arbitration processing	**580**	-
Foreign exchange loss	**15**	-
Impairment loss on property, plant and equipment	**234**	373
Insurance	**33**	25
Internet and networking charges	**33**	33
Legal and professional fees	**575**	404
Listing related expenses	**80**	97
Loss on disposal of property, plant and equipment	**26**	-
Member incentives	**183**	-
Property, plant and equipment written off	**31**	436
Printing and stationery	**19**	29
Impairment loss on trade receivables	**142**	-
Impairment loss on other receivables	**53**	-
Recruitment expenses	**4**	15
Repair and maintenance expenses	**378**	165
Staff training	**45**	59
Telephone, fax and email expenses	**46**	41
Utilities	**160**	171
Other operating expenses	**213**	248
	3,819	3,321

22 Finance costs

The Group	**2018 $'000**	2017 $'000
Interest expenses:		
- Bank overdraft	**8**	13
- Loans	**1,020**	866
- Finance lease liabilities	**11**	12
	1,039	891

23 Income tax expense

The Group	**2018 $'000**	2017 $'000
Current taxation		
- current year	**164**	205
- adjustment for prior years	**(69)**	6
	95	211
Deferred taxation		
- origination and reversal of temporary differences (Note 8)	**-**	(14)
	-	(14)
Total taxation	**95**	197

Reconciliation of effective tax rate

The Group	**2018 $'000**	2017 $'000
Loss before taxation	**(5,467)**	(6,215)
Tax at statutory rate of 17% (2017 - 17%)	**(929)**	(1,057)
Effect of different tax rates in another country	**(22)**	172
Tax effect on non-deductible expenses	**188**	53
Tax effect on non-taxable income	**(45)**	(52)
Tax exemption and rebate	**(36)**	(36)
Deferred tax assets on losses not recognised	**1,008**	1,111
Adjustment for prior years	**(69)**	6
	95	197

23 Income tax expense (Cont'd)

As at the end of reporting period, the Group had estimated unutilised tax losses amounting to approximately $20,268,000 (2017 - $13,346,000) that are available for offset against future taxable profits of the Group. The unutilised tax losses have no expiry dates. The use of these unutilised tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation. The deferred tax assets arising from these unutilised tax losses of approximately $3,578,000 (2017 - $2,570,000) 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.

24 Loss per share

The Group	**2018**	2017
Loss attributable to equity holders of the Company ($'000)	**(5,850)**	(6,128)
Weighted average number of ordinary shares in issue for basic earnings per share	**163,495,140**	163,495,140
Basic and diluted loss per share (cents)	**(3.58)**	(3.75)

25 Significant related party transactions

Related party transactions

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

Key management personnel compensations

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

The Group	**2018 $'000**	2017 $'000
Directors' fees	**117**	105
Salaries and other short-term employee benefits	**318**	720
Contributions to defined contribution plans	**13**	18
	331	738

26 Financial instruments

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

The Group	Loans and receivables	Financial liabilities (at amortised cost)	Total
	$'000	$'000	$'000
2018			
Financial assets			
Trade and other receivables#	**169**	**-**	**169**
Other assets#	**946**	**-**	**946**
Cash and cash equivalents	**740**	**-**	**740**
	1,855	**-**	**1,855**
Financial liabilities			
Loans from financial institutions	**-**	**28,944**	**28,944**
Obligations under finance leases	**-**	**207**	**207**
Bank overdraft	**-**	**51**	**51**
Trade and other payables##	**-**	**32,277**	**32,277**
	-	**61,479**	**61,479**
2017			
Financial assets			
Trade and other receivables#	370	-	370
Other assets#	1,253	-	1,253
Cash and cash equivalents	767	-	767
	2,390	-	2,390
Financial liabilities			
Loans from financial institutions	-	28,887	28,887
Obligations under finance leases	-	280	280
Bank overdraft	-	100	100
Trade and other payables##	-	8,209	8,209
	-	37,476	37,476

Exclude goods and services tax and prepayments

Exclude deferred revenue, goods and services tax and deposit for sale of property

26 Financial instruments (Cont'd)

The Company	Loans and receivables	Financial liabilities (at amortised cost)	Total
	$'000	$'000	$'000
2018			
Financial assets			
Trade and other receivables#	**25,221**	**-**	**25,221**
Cash and cash equivalents	**3**	**-**	**3**
	25,224	**-**	**25,224**
Financial liabilities			
Borrowings	**-**	**31**	**31**
Trade and other payables	**-**	**10,952**	**10,952**
	-	**10,983**	**10,983**
2017			
Financial assets			
Trade and other receivables#	930	-	930
Cash and cash equivalents	*	-	*
	930	-	930
Financial liabilities			
Borrowings	-	230	230
Trade and other payables	-	7,141	7,141
	-	7,371	7,371

Exclude goods and services tax and prepayments

* *Denote amount less than $1,000*

27 Commitments

Operating lease commitments

Where the Group is a lessee

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

27 Commitments (Cont'd)

Operating lease commitments (Cont'd)

Where the Group is a lessee (Cont'd)

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

The Group	**2018** **$'000**	2017 $'000
Not later than one year	**2,502**	2,718
Later than one year and not later than five years	**1,956**	1,950
Later than five years	**-**	-

These operating leases expire between 2018 and 2020.

Where the Group is a lessor

The Group has entered into an operating lease on its investment property. The Group receives an absolute fixed annual lease receipts and variable rent component computed based on the sales achieved by the lessee during the lease period. The lease includes a clause to enable upward revision of the rental charge on an annual basis based on the prevailing market conditions.

Contingent rent recognised as an income in profit or loss during the financial year amounted to $59,000 (2017 - $60,000).

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

The Group	**2018** **$'000**	2017 $'000
Not later than one year	**-**	1,500
Later than one year and not later than five years	**-**	2,938
Later than five years	**-**	-

28 Corporate guarantees

The Company

As at 31 March 2018, the Company has provided corporate guarantees amounting to $15,039,000 (2017 - $15,226,000) in respect of financial lease arrangements, loans from financial institutions and corporate credit card facilities.

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

29 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

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

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

Segment liabilities comprise primarily trade and other payables, specific borrowings and provisions 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.

29 Segments information (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 2018 and 2017:

	Beauty, slimming and spa treatment for women		**Beauty, slimming and spa treatment for men**		**Direct Selling**		**Investment holding**		**Total**	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Revenue	**6,607**	6,674	**690**	1,111	**495**	80	**1,780**	1,793	**9,572**	9,658
Inter-segment revenue	**(239)**	(248)	**-**	-	**-**	-	**(229)**	(233)	**(468)**	(481)
External revenue	**6,368**	6,426	**690**	1,111	**495**	80	**1,551**	1,560	**9,104**	9,177
Other information:										
Other income	**391**	385	**23**	50	**31**	117	**-**	-	**445**	552
Interest income	**-**	1	**-**	-	**-**	-	**-**	-	**-**	1
Purchases and related costs	**(384)**	(452)	**(7)**	-	**(5)**	-	**-**	-	**(396)**	(452)
Staff costs	**(4,707)**	(5,054)	**(669)**	(763)	**(437)**	(217)	**-**	-	**(5,813)**	(6,034)
Changes in inventories	**43**	(215)	**(3)**	(50)	**(5)**	15	**-**	-	**35**	(250)
Depreciation of property, plant and equipment	**(361)**	(410)	**-**	(32)	**(85)**	(54)	**-**	(44)	**(446)**	(540)
Operating leases expenses	**(2,584)**	(3,039)	**(804)**	(1,340)	**(150)**	(78)	**-**	-	**(3,538)**	(4,457)
Other operating expenses	**(1,009)**	(2,659)	**(357)**	(445)	**(2,355)**	(75)	**(98)**	(142)	**(3,819)**	(3,321)
Finance costs	**(446)**	(301)	**-**	(75)	**-**	(2)	**(593)**	(513)	**(1,039)**	(891)
Loss before taxation									**(5,467)**	(6,215)
Income tax expense									**(95)**	(197)
Loss for the year									**(5,562)**	(6,412)

29 Segments information (Cont'd)

(a) Business segments (Cont'd)

(ii) The following table presents assets, liabilities and other segment information regarding the Group's business segments for the years ended 31 March 2018 and 2017:

	Beauty, slimming and spa treatment for women		Beauty, slimming and spa treatment for men		Direct Selling		Investment holding		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Assets and liabilities:										
Segment assets	**616**	1,321	**368**	462	**153**	294	**61,964**	61,913	**63,101**	63,990
Total assets									**63,101**	63,990
Segment liabilities	**12,493**	9,739	**1,369**	1,153	**350**	55	**50,904**	29,083	**65,116**	40,030
Unallocated liabilities										
- Income tax payables									**196**	268
Total liabilities									**65,312**	40,298
Other segment information:										
Capital expenditure	**208**	459	**-**	49	**52**	57	**-**	-	**260**	565
Depreciation of property, plant and equipment	**321**	410	**-**	32	**85**	55	**40**	43	**446**	540
Fair value loss on investment property	**-**	-	**-**	-	**-**	-	**-**	176	**-**	176
Impairment loss on property, plant and equipment	**146**	253	**-**	120	**88**	-	**-**	-	**234**	373
Loss on disposal of property, plant and equipment	**-**	-	**-**	-	**26**	-	**-**	-	**26**	-
Property, plant and equipment written off	**-**	436	**-**	-	**31**	-	**-**	-	**31**	436
Trade and other receivables written off	**171**	-	-	-	-	-	**-**	-	**171**	-
Impairment loss on trade and other receivables	**195**	-	-	-	-	-	**-**	-	**195**	-
Fair value adjustment to interest-free loans from former director	**(246)**	-	-	-	-	-	**-**	-	**(246)**	-

29 Segments information (Cont'd)

(b) Geographical information

	Singapore		Malaysia		Total	
	2018	2017	**2018**	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Revenue - Sales to external customers	**7,752**	8,102	**1,352**	1,075	**9,104**	9,177
Non-current assets#	**611**	60,812	**47**	235	**658**	61,047

Note # - exclude deferred tax assets and deposits

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

Information about major customer

Rental income of $1,551,000 (2017 - $1,560,000) in respect of the investment holding segment was generated from one customer.

30 Financial risk management

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

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

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's exposure to interest rate risk relates to variable rate bank loans.

30 Financial risk management (Cont'd)

Interest rate risk (Cont'd)

Cash flow sensitivity analysis for variable rate instruments

For the variable rate financial assets and liabilities, a 50 basis points ("bp") change in interest rates at the reporting date would have increased/decreased profit before tax and equity by amounts as shown below. This analysis has not taken into account the associated tax effects and assumes that all other variables remain constant.

	Increase/(Decrease) in loss before tax		Increase/(Decrease) in equity	
The Group	50 bp increase $'000	50 bp decrease $'000	50 bp increase $'000	50 bp decrease $'000
At 31 March 2018				
Loans from financial institutions	**145**	**(145)**	**(145)**	**145**
At 31 March 2017				
Loans from financial institutions	144	(144)	(144)	144

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's exposure to credit risk arises primarily from trade and other receivables.

Exposure to credit risk is monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

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

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

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

Corporate guarantees

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries. The maximum exposure of the Company in respect of the intra-group financial guarantees (see Note 28) at the reporting date is if the facility is drawn down by the subsidiary in the amount of $15,039,000 (2017 - $15,226,000). At the reporting date, the Company has considered it is not probable that a claim will be made against the Company under the intra-group financial guarantees

30 Financial risk management (Cont'd)

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.

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 $'000	Contractual cash flows $'000	Less than 1 year $'000	Between 1 and 5 years $'000	More than 5 years $'000
2018					
Trade and other payables[#]	**11,697**	**11,697**	**8,327**	**3,370**	**-**
Obligations under finance leases	**207**	**227**	**61**	**156**	**10**
Loans from financial institutions	**28,944**	**29,011**	**29,011**	**-**	**-**
Bank overdraft	**51**	**51**	**51**	**-**	**-**
Dividend payable	**20,580**	**20,580**	**20,580**	**-**	**-**
	61,479	**61,566**	**58,030**	**3,526**	**10**
2017					
Trade and other payables[#]	8,209	8,209	4,748	3,461	-
Obligations under finance leases	280	311	85	200	26
Loans from financial institutions	28,887	35,023	7,446	8,575	19,002
Bank overdraft	100	100	100	-	-
	37,476	43,643	12,379	12,236	19,028

The Company	Carrying amount $'000	Contractual cash flows $'000	Less than 1 year $'000	Between 1 and 5 years $'000	More than 5 years $'000
2018					
Trade and other payables	**10,952**	**10,952**	**10,952**	**-**	**-**
Financial corporate guarantees	**15,039**	**15,039**	**15,039**	**-**	**-**
Loans from financial institutions	**31**	**31**	**31**	**-**	**-**
	26,022	**26,022**	**26,022**	**-**	**-**
2017					
Trade and other payables	7,141	7,141	7,141	-	-
Financial corporate guarantees	15,226	15,226	15,226	-	-
Loans from financial institutions	230	236	236	-	-
	22,597	22,603	22,603	-	-

[#] *Exclude deferred revenue, goods and services tax, deposit for sale of property and dividend payable*

30 Financial risk management (Cont'd)

Foreign currency risk

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

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

31 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 2018 and 2017.

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, and trade and other payables and less cash and cash equivalents. Total equity is calculated as share capital plus reserves and non-controlling interest. Total capital is calculated as total equity plus net debt.

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

The Group	**2018** **$'000**	2017 $'000
Borrowings	**29,202**	29,267
Trade and other payables	**35,490**	10,306
Less: Cash and cash equivalents	**(740)**	(767)
Net debt	**63,952**	38,806
Total equity	**(2,211)**	23,692
Total capital	**61,741**	62,498
Net debt to total capital ratio	*****	62%

* Not meaningful as the Company has a deficit in shareholder's funds as at balance sheet date.

Except as disclosed in Note 16.2, the Group has satisfactorily complied with all covenants under its borrowing agreements.

32 Fair value measurement

Definition of fair value

FRSs define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy

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

(a) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
(b) Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
(c) Level 3 - Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Fair value measurement of non-financial assets

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

The Group	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 March 2018				
Investment property classified as held for sale (Note 13)	**-**	**-**	**57,000**	**57,000**
31 March 2017				
Investment property (Note 6)	-	-	57,000	57,000

The reconciliation of the carrying amount of investment property which are classified within Level 3 is set out in Notes 6 & 13.

32 Fair value measurement (Cont'd)

Valuation technique and significant unobservable inputs

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

Valuation technique	**Inter-relationship between key unobservable inputs and fair value measurement**
Direct comparison method	The estimated fair value would increase/(decrease) if: - Price per square meter was higher/(lower); - Occupancy rate was higher/(lower); - Room rate was higher/(lower); - Operating expenses and property tax were lower/(higher); - Capitalisation rate was lower/(higher).

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.

Non-current financial assets and financial liabilities

The carrying amounts of variable rate non-current loans from financial approximate their fair values. The carrying amounts of finance leases approximate their fair values as they bear interest at rates which approximate market rates for similar arrangements. The fair values of interest-free loans from an executive director and a former director at inception are based on discounted cash flows using incremental rate of borrowing after due consideration of the risk-free rate and credit spread.

Other financial assets and financial liabilities

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

33 Events after the reporting period

(a) Sale of properties to a related party

On 1 March 2018, Hotel Culture Pte. Ltd., a 51% owned subsidiary of the Company, entered into an agreement to dispose of its property to an entity controlled by the non-controlling interest of that subsidiary for a consideration of $64,800,000. The sale of the properties was completed on 7 May 2018.

(b) Winding-up application of MSB Beauty Pte Ltd ("MSB")

Slimming Beauty House Pte Ltd ("SBH") and Mary Chia Beauty & Slimming Specialist Pte Ltd ("MCBSS") are both shareholders of MSB. On 20 August 2018, the Court order a winding-up of MSB following an application filed against MCBSS by SBH.

STATISTICS OF SHAREHOLDINGS

AS AT 31 AUGUST 2018

ISSUED AND PAID-UP CAPITAL (S$000)	:	4,818
NO. OF ISSUED AND FULLY PAID-UP SHARES	:	163,495,140
NO. OF TREASURY SHARES AND SUBSIDIARY HOLDINGS	:	NIL
CLASS OF SHARES	:	Ordinary Shares
VOTING RIGHTS	:	1 Vote Per Share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	1	0.26	1	0.00
100 - 1,000	141	37.40	135,500	0.08
1,001 - 10,000	101	26.79	661,600	0.40
10,001 - 1,000,000	127	33.69	7,172,200	4.39
1,000,001 & ABOVE	7	1.86	155,525,839	95.13
TOTAL	377	100.00	163,495,140	100.00

LIST OF TOP TWENTY SHAREHOLDERS

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	%
1	DBS NOMINEES PTE LTD	111,985,839	68.49
2	HO YOW PING (HE YOUPING)	32,680,000	19.99
3	HAN SENG JUAN	2,300,000	1.41
4	ONG PANG AIK	2,300,000	1.41
5	SONG WEI MING	2,300,000	1.41
6	TEO KEE BOCK	2,300,000	1.41
7	SEAH BOON LOCK	1,660,000	1.01
8	LEE LAY TING JANE	810,300	0.49
9	UOB KAY HIAN PTE LTD	502,000	0.31
10	CITY LIFE ADVERTISING PTE LTD	297,000	0.18
11	WAI LEE CHIEN	242,000	0.15
12	OCBC SECURITIES PRIVATE LTD	200,000	0.12
13	WONG WEN MING	130,000	0.08
14	RACHAEL ONG CHUAN CHUAN	128,000	0.08
15	GAN CHIN POH (YAN QINGBO) @ GAN AH LAM	125,000	0.08
16	WONG BIG WAH	121,000	0.07
17	RAFFLES NOMINEES (PTE) LTD	116,000	0.07
18	ONG MENG HWEE	103,000	0.06
19	CHUA SOK KHENG	100,000	0.06
20	KOH CHENG HAU	100,000	0.06
		158,500,139	**96.94**

SUBSTANTIAL SHAREHOLDERS

	NAME OF SHAREHOLDERS	DIRECT INTEREST NO. OF SHARES	%	DEEMED INTEREST NO. OF SHARES	%
1	SUKI SUSHI PTE. LTD.	-	-	110,466,839[1]	67.57
2	HO YOW PING (HE YOUPING)	32,680,000	19.99	110,466,839[2]	67.57
3	LEE BOON LENG	-	-	110,466,839[2]	67.57

Notes:

(1) Suki Sushi Pte. Ltd. holds 110,466,839 of shares in the Company through DBS Nominess Pte Ltd. The shareholders of Suki Sushi Pte. Ltd. are Mr Lee Boon Leng (73.75%), Ms Ho Yow Ping (He YouPing) (21.70%), Ms Low Xiu Li Elvelyn (2.84%), Mr Khoo Chee Beeng (1.14%) and Mr Seow Bao Shuen (0.57%).

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

PUBLIC FLOAT

Based on the information available to the Company as at 31 August 2018, approximately 12.45% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist is Complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Mary Chia Holdings Limited (the "**Company**") will be held at 26 Tai Seng Street, #07-02, Singapore 534057 on Friday, 28 September 2018 at 9.00 a.m. to transact the following businesses:

AS ORDINARY BUSINESS:

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 March 2018 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 2019 (FY2018: S$105,000). **Resolution 2**

3. To re-elect Mr Pao Kiew Tee who is retiring by rotation pursuant to Regulation 98 of the Company's Constitution. Mr Pao Kiew Tee, will upon re-election as Director of the Company, remain as Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee. The Board considers Mr Pao Kiew Tee to be independent pursuant to Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited. **Resolution 3**

4. To re-elect Mr Yeung Koon Song @ David Yeung who is retiring by rotation pursuant to Regulation 98 of the Company's Constitution. Mr David Yeung, will upon re-election as Director of the Company, remain as Non-Executive Chairman of the Board, Chairman of the Audit Committee, Chairman of the Remuneration Committee and a member of the Nominating Committee. The Board considers Mr David Yeung to be independent pursuant to Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited. **Resolution 4**

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

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

AS SPECIAL BUSINESS:

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

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

   That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Catalist Rules**"), the Directors of the Company be authorised and empowered to:

   (a) (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

   (b) notwithstanding that the authority conferred by this Resolution may have ceased to be in force, issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution is in force, provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) shall not exceed one hundred per cent. (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below) of which the aggregate number of Shares to be issued other than on a pro-rata basis to shareholders of the Company (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below) or such other limit as may be prescribed by the Catalist Rules as at the date this Resolution is passed;

(2) subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for: -

(i) new Shares arising from the conversion or exercise of the convertible securities;

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

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

(3) in exercising the authority conferred by this Ordinary Resolution 6, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Catalist Rules for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Constitution for the time being of the Company; and

(4) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law and the Catalist Rules to be held, whichever is the earlier.
[See Explanatory Note] **Resolution 6**

BY ORDER OF THE BOARD

Shirley Lim Guat Hua
Company Secretary

Date: 13 September 2018

Explanatory Note:

The Ordinary Resolution 6 proposed in item 7, if passed, will empower the Directors of the Company, effective until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to allot and issue Shares and convertible securities in the Company, without seeking any further approval from shareholders in general meeting but within the limitation imposed by this Resolution, for such purposes as the Directors may consider what would be in the best interests of the Company. The number of Shares and convertible securities that the Directors may allot and issue under this Resolution would not exceed one hundred per cent. (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this Resolution. For issue of Shares and convertible securities other than on a pro-rata basis to all shareholders, the aggregate number of Shares and convertible securities to be issued shall not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this Resolution.

Notes:

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

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

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

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

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

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

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

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

6. The instrument appointing a proxy or proxies, duly executed, must be deposited at the administration office of the Company at 26 Tai Seng Street, #07-02, Singapore 534057 not less than 48 hours before the time set for the Annual General Meeting.

PERSONAL DATA PRIVACY:

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

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

IMPORTANT
1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than 2 proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF monies to buy shares in Mary Chia Holdings Limited, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their CPF Approved Nominees if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notes to this Proxy Form.

PROXY FORM
ANNUAL GENERAL MEETING

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

of ____ (Address)

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

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting ("**AGM**") as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the AGM of the Company to be held at 26 Tai Seng Street, #07-02, Singapore 534057 on Friday, 28 September 2018 at 9.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

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

No.	**Resolutions relating to:**	**Number of Votes For**	**Number of Votes Against**
	Ordinary Business		
1	Adoption of Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 March 2018 together with the Auditors' Report thereon		
2	Approval of Directors' fees of S$105,000 for the financial year ending 31 March 2019 (FY2018: S$105,000)		
3	Re-election of Mr Pao Kiew Tee as a Director of the Company		
4	Re-election of Mr Yeung Koon Sang @ David Yeung as a Director of the Company		
5	Re-appointment of Messrs Foo Kon Tan LLP as Auditors of the Company and to authorise the Directors of the Company to fix their remuneration		
	Special Business		
6	Authority to allot and issue shares pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore		

Dated this __________ day of ____________ 2018

Total number of Shares held

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

Notes:

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

2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholdings concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" means:

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

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

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

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

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

5. The instrument appointing a proxy or proxies must be deposited at the administration office of the Company at 26 Tai Seng Street, #07-02, Singapore 534057 not less than 48 hours before the time appointed for holding the Annual General Meeting.

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

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

8. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

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

PERSONAL DATA PRIVACY:

By submitting an instrument appointing proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 September 2018.

COMPANY INFORMATION
(as at 13 September 2018)

COMPANY REGISTRATION NUMBER

200907634N

REGISTERED OFFICE

26 Tai Seng Street
#01-03A
Singapore 534057
Tel: 6252 9651
Fax: 6255 6862

BOARD OF DIRECTORS

Yeung Koon Sang @ David Yeung
(Lead Independent Director / Non-Executive Chairman)

Ho Yow Ping (He YouPing) (Chief Executive Officer)

Pao Kiew Tee (Independent Director)

Periowsamy Otharam (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

PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

AUDIT COMMITTEE

Yeung Koon Sang @ David Yeung (Chairman)
Pao Kiew Tee
Periowsamy Otharam

NOMINATING COMMITTEE

Pao Kiew Tee (Chairman)
Yeung Koon Sang @ David Yeung
Periowsamy Otharam

REMUNERATION COMMITTEE

Yeung Koon Sang @ David Yeung (Chairman)
Pao Kiew Tee
Periowsamy Otharam

BANKERS

DBS Bank Ltd
Hong Leong Finance Limited
UOB 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: Mr Toh Kim Teck
(since financial year ended 31 March 2016)

MARY CHIA HOLDINGS LIMITED

ANNUAL REPORT 2018

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