

CIRCULAR DATED 22 SEPTEMBER 2017

**THIS CIRCULAR IS ISSUED BY MARY CHIA HOLDINGS LIMITED (THE “COMPANY”). THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATIONS OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF XANDAR CAPITAL (AS DEFINED HEREIN) TO THE INDEPENDENT DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION AND YOU SHOULD READ IT CAREFULLY.**

**If you are in any doubt in relation to the contents of this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.**

If you have sold or transferred all your issued and paid-up ordinary shares in the capital of the Company (“Shares”) held through The Central Depository (Pte) Limited (“CDP”), you need not forward this Circular to the purchaser or the transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are not deposited with CDP, you should immediately forward this Circular to the purchaser or transferee, or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted to any jurisdiction outside of Singapore.

This Circular has been prepared by 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 Catalyst. The Sponsor has not verified the contents of this Circular.

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

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

# MARY CHIA HOLDINGS LIMITED

(Company Registration No.: 200907634N)  
(Incorporated in Republic of Singapore)

## CIRCULAR TO SHAREHOLDERS

in relation to the

## MANDATORY UNCONDITIONAL CASH OFFER

by

### CIMB BANK BERHAD (13491-P)

Singapore Branch  
(Incorporated in Malaysia)

for and on behalf of

### SUKI SUSHI PTE. LTD.

(Company Registration No.: 200204495W)  
(Incorporated in Republic of Singapore)

to acquire all the Shares other than those already owned, controlled or agreed to be acquired by Suki Sushi Pte. Ltd. (the “Offeror”)

**Independent Financial Adviser to the Independent Directors in respect of the Offer**



### XANDAR CAPITAL PTE. LTD.

(Company Registration Number: 200002789M)  
(Incorporated in the Republic of Singapore)

**SHAREHOLDERS (AS DEFINED HEREIN) SHOULD NOTE THAT THE OFFER DOCUMENT (AS DEFINED HEREIN) STATES THAT ACCEPTANCES OF THE OFFER (AS DEFINED HEREIN) SHOULD BE RECEIVED BY THE CLOSE OF THE OFFER AT 5.30 P.M. (SINGAPORE TIME) ON 6 OCTOBER 2017 (THE “CLOSING DATE”). THE OFFEROR HAS NO INTENTION OF EXTENDING THE OFFER BEYOND THE CLOSING DATE. ACCORDINGLY, SHAREHOLDERS WHO WISH TO ACCEPT THE OFFER MUST DO SO BY SUCH TIME AND DATE.**

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## DEFINITIONS

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Except where the context otherwise requires, the following definitions apply throughout this Circular:

<b>“1 February Announcement”</b>	:	Has the meaning ascribed to it in paragraph 12.3 of <b>Appendix II</b> to this Circular
<b>“8 September Announcement”</b>	:	Has the meaning ascribed to it in paragraph 12.2 of <b>Appendix II</b> to this Circular
<b>“Acquisition”</b>	:	Shall have the meaning ascribed to it in Section 1.1 of this Circular
<b>“Affected Subsidiaries”</b>	:	Has the meaning ascribed to it in paragraph 12.3 of <b>Appendix II</b> to this Circular
<b>“Application”</b>	:	Has the meaning ascribed to it in paragraph 12.2 of <b>Appendix II</b> to this Circular
<b>“Arbitration Proceedings”</b>	:	Has the meaning ascribed to it in paragraph 12.2 of <b>Appendix II</b> to this Circular
<b>“Board”</b>	:	The board of directors of the Company as at the Latest Practicable Date
<b>“Business Day”</b>	:	A day (other than a Saturday, a Sunday or a gazetted public holiday in Singapore) on which commercial banks are open for business in Singapore
<b>“Catalist”</b>	:	The sponsor-supervised listing platform of the SGX-ST
<b>“Catalist Rules”</b>	:	The SGX-ST Listing Manual Section B: Rules of Catalist, as may be amended, supplemented or modified from time to time
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“CIMB”</b>	:	CIMB Bank Berhad, Singapore Branch
<b>“Circular”</b>	:	This circular to Shareholders dated 22 September 2017 issued by the Company in relation to the Offer
<b>“CKS”</b>	:	CKS Property Consultants Pte Ltd, the independent property valuer appointed by the Company to conduct an independent valuation on the Properties
<b>“Closing Date”</b>	:	<b>5.30 p.m. (Singapore time) on 6 October 2017</b> , being the last day for the lodgement of acceptances for the Offer
<b>“Code”</b>	:	The Singapore Code on Take-overs and Mergers, as amended, supplemented or modified from time to time
<b>“Companies Act”</b>	:	The Companies Act, Chapter 50 of Singapore, as amended, supplemented or modified from time to time
<b>“Company”</b>	:	Mary Chia Holdings Limited

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## DEFINITIONS

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<b>“Company Securities”</b>	:	(i) Shares; (ii) securities which carry voting rights in the Company; or (iii) convertible securities, warrants, options or derivatives in respect of (i) or (ii)
<b>“Constitution”</b>	:	The Constitution of the Company, as amended, supplemented or modified from time to time
<b>“Court”</b>	:	Has the meaning ascribed to it in paragraph 12.2 of <b>Appendix II</b> to this Circular
<b>“CPF”</b>	:	The Central Provident Fund
<b>“CPF Agent Banks”</b>	:	Agent banks included under the CPFIS
<b>“CPFIS”</b>	:	Central Provident Fund Investment Scheme
<b>“CPFIS Investors”</b>	:	Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS
<b>“Directors”</b>	:	The directors of the Company (including the Independent Directors) as at the Latest Practicable Date
<b>“Distribution”</b>	:	Has the meaning ascribed to it in Section 2.3 of this Circular
<b>“EFMA”</b>	:	Has the meaning ascribed to it in paragraph 12.3 of <b>Appendix II</b> to this Circular
<b>“Encumbrances”</b>	:	Has the meaning ascribed to it in Section 2.3 of this Circular
<b>“FAA”</b>	:	Form of Acceptance and Authorisation for Offer Shares, which forms part of the Offer Document and which is issued to Shareholders whose Shares are deposited with CDP
<b>“FAT”</b>	:	Form of Acceptance and Transfer for Offer Shares, which forms part of the Offer Document and which is issued to Shareholders whose Shares are not deposited with CDP
<b>“Final Award”</b>	:	Has the meaning ascribed to it in paragraph 12.2 of <b>Appendix II</b> to this Circular
<b>“Further Renewed Lease Agreement”</b>	:	Has the meaning ascribed to it in paragraph 11.4 of <b>Appendix II</b> to this Circular
<b>“FY”</b>	:	Financial year ended or ending (as the case may be) 31 March of a particular year as stated
<b>“Group”</b>	:	The Company and its subsidiaries
<b>“Hotel”</b>	:	Has the meaning ascribed to it in paragraph 11.4 of <b>Appendix II</b> to this Circular
<b>“Hotel Culture”</b>	:	Has the meaning ascribed to it in paragraph 11.2 of <b>Appendix II</b> to this Circular

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## DEFINITIONS

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<b>“HYP Charges”</b>	:	Has the meaning ascribed to it in paragraph 12.3 of <b>Appendix II</b> to this Circular
<b>“IFA” or “Xandar Capital”</b>	:	Xandar Capital Pte. Ltd., the independent financial adviser to the Independent Directors in respect of the Offer
<b>“IFA Letter”</b>	:	The letter dated 22 September 2017 issued by the IFA to the Independent Directors containing, <i>inter alia</i> , the advice of the IFA to the Independent Directors in respect of the Offer, as set out in <b>Appendix I</b> to this Circular
<b>“Independent Auditor”</b>	:	Foo Kon Tan LLP
<b>“Independent Directors”</b>	:	The Directors who are considered independent for the purpose of making recommendations to the Shareholders in respect of the Offer, namely, Yeung Koon Sang @ David Yeung, Pao Kiew Tee and Periowsamy Otharam
<b>“Interested Person”</b>	:	As defined in the note on Rule 23.12 of the Code to mean: <ul style="list-style-type: none"><li>(i) a director, chief executive officer or substantial shareholder of the Company;</li><li>(ii) the immediate family of a director, the chief executive officer or a substantial shareholder (being an individual) of the Company;</li><li>(iii) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family is a beneficiary;</li><li>(iv) any company in which a director, the chief executive officer or a substantial shareholder (being an individual) together and his immediate family together (directly or indirectly) have an interest of 30% or more;</li><li>(v) any company that is the subsidiary, holding company or fellow subsidiary of the substantial shareholder (being a company); or</li><li>(vi) any company in which a substantial shareholder (being a company) and any of the companies listed in (v) above together (directly or indirectly) have an interest of 30% or more.</li></ul>
<b>“Irrevocable Undertaking”</b>	:	The irrevocable undertaking dated 24 August 2017 given by Ho Yow Ping (He YouPing) to the Offeror in connection with the Offer
<b>“JL Asia”</b>	:	Has the meaning ascribed to it in paragraph 11.4 of <b>Appendix II</b> to this Circular
<b>“Joint Venture”</b>	:	Has the meaning ascribed to it in paragraph 12.2 of <b>Appendix II</b> to this Circular
<b>“Latest Practicable Date”</b>	:	12 September 2017, being the latest practicable date prior to the printing of this Circular

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## DEFINITIONS

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“ <b>Loan Agreement</b> ”	:	Has the meaning ascribed to it in paragraph 11.2 of <b>Appendix II</b> to this Circular
“ <b>Market Day</b> ”	:	A day on which the SGX-ST is open for trading of securities
“ <b>MCBSS</b> ”	:	Has the meaning ascribed to it in paragraph 12.2 of <b>Appendix II</b> to this Circular
“ <b>New HYP Charges</b> ”	:	Has the meaning ascribed to it in paragraph 12.3 of <b>Appendix II</b> to this Circular
“ <b>New Subsidiary</b> ”	:	Has the meaning ascribed to it in paragraph 11.5 of <b>Appendix II</b> to this Circular
“ <b>New Subsidiary Shares</b> ”	:	Has the meaning ascribed to it in paragraph 11.5 of <b>Appendix II</b> to this Circular
“ <b>Offer</b> ”	:	The mandatory unconditional cash offer by CIMB, for and on behalf of the Offeror, to acquire all the Offer Shares on the terms and subject to the conditions set out in the Offer Document, the FAA and the FAT, as such offer may be amended
“ <b>Offer Announcement</b> ”	:	The announcement issued by CIMB, for and on behalf of the Offeror, on the Offer Announcement Date in relation to the Offer
“ <b>Offer Announcement Date</b> ”	:	24 August 2017, being the date of the Offer Announcement
“ <b>Offer Document</b> ”	:	The offer document dated 8 September 2017 issued by CIMB, for and on behalf of the Offeror, in respect of the Offer, and any other document(s) which may be issued by or on behalf of the Offeror to amend, revise, supplement or update such offer document from time to time
“ <b>Offer Price</b> ”	:	S\$0.111 in cash for each Offer Share
“ <b>Offer Shares</b> ”	:	All Shares to which the Offer relates
“ <b>Offeror</b> ”	:	Suki Sushi Pte. Ltd.
“ <b>Offeror Securities</b> ”	:	(i) issued and paid-up ordinary shares in the share capital of the Offeror; or (ii) securities which carry voting rights in the Offeror; or (iii) convertible securities, warrants, options or derivatives in respect of (i) or (ii)
“ <b>Offeror Undertaking</b> ”	:	Has the meaning ascribed to it in paragraph 6.4 of <b>Appendix II</b> to this Circular
“ <b>Organica Acquisition</b> ”	:	Has the meaning ascribed to it in paragraph 11.5 of <b>Appendix II</b> to this Circular
“ <b>Overseas Shareholders</b> ”	:	Shareholders whose addresses are outside Singapore as shown in the Register or, as the case may be, in the records of CDP

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## DEFINITIONS

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“ <b>Properties</b> ”	:	The 99-year leasehold property held by the Group, with the lease commencing on 28 August 2002 and located at 48, 49 and 50 Mosque Street, Singapore 059526, 059527 and 059528
“ <b>Reference Period</b> ”	:	The period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date
“ <b>Register</b> ”	:	The register of Shareholders, as maintained by the Registrar
“ <b>Registrar</b> ”	:	B.A.C.S Private Limited, in its capacity as the share registrar of the Company
“ <b>Rental Agreement</b> ”	:	Has the meaning ascribed to it in paragraph 11.3 of <b>Appendix II</b> to this Circular
“ <b>Sale and Purchase Agreement</b> ”	:	The sale and purchase agreement entered into between the Offeror and Chia Ah Tow Mary dated 24 August 2017 in relation to the Acquisition
“ <b>SBH</b> ”	:	Has the meaning ascribed to it in paragraph 12.2 of <b>Appendix II</b> to this Circular
“ <b>Securities Account</b> ”	:	A securities account maintained by a depositor with CDP but does not include a securities sub-account
“ <b>SFA</b> ”	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended, modified and supplemented from time to time
“ <b>SGX-ST</b> ”	:	Singapore Exchange Securities Trading Limited
“ <b>Shareholders</b> ”	:	Registered holders of the Shares, including Depositors whose Shares are deposited with CDP or who have purchased Shares on the SGX-ST, and “Shareholder” shall be construed accordingly
“ <b>Shares</b> ”	:	Ordinary shares in the capital of the Company
“ <b>SIC</b> ”	:	Securities Industry Council of Singapore
“ <b>Spa Menu</b> ”	:	Spa Menu Pte. Ltd.
“ <b>Spa Menu Charge</b> ”	:	Has the meaning ascribed to it in paragraph 12.3 of <b>Appendix II</b> to this Circular
“ <b>SRS</b> ”	:	Supplementary Retirement Scheme
“ <b>SRS Agent Banks</b> ”	:	Agent banks included under the SRS
“ <b>SRS Investors</b> ”	:	Investors who have purchased Shares using their SRS contributions pursuant to the SRS
“ <b>Sum</b> ”	:	Has the meaning ascribed to it in paragraph 12.2 of <b>Appendix II</b> to this Circular

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## DEFINITIONS

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**“Undertaking Shares”** : 32,680,000 Shares, representing approximately 19.99% of the total number of Shares, beneficially owned by Ho Yow Ping (He YouPing) and which are the subject of the Irrevocable Undertaking

**“Valuation Report”** : The valuation report dated 31 August 2017 prepared by CKS in respect of the Properties, as set out in **Appendix V** to this Circular

### Currencies and Units of Measurement

**“S\$” and “cents”** : Singapore dollars and cents, respectively, being the lawful currency of Singapore

**“per cent.” or “%”** : Per centum or percentage

**Acting in Concert.** The expression “acting in concert” shall have the meaning ascribed to it in the Code.

**Depositors and Depository Agents.** The terms “depositor” and “depository agent” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

**Extracts from the Offer Document.** All terms and expressions used in the information extracted from the Offer Document shall have the same meanings as those defined in the Offer Document, unless otherwise stated.

**Gender.** Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter gender and *vice versa*. References to persons shall, where applicable, include corporations.

**Headings.** The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

**Rounding.** Any discrepancies in figures included in this Circular between amounts shown and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be arithmetic aggregations of the figures that precede them.

**Shareholders.** References to “you”, “your” and “yours” in this Circular are, as the context so determines, to Shareholders (including persons whose Offer Shares are deposited with CDP or who have purchased Offer Shares on the SGX-ST).

**Statutes.** Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined in the Companies Act, the Catalist Rules or the Code or any modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the Catalist Rules or the Code, or any modification thereof, as the case may be, unless the context otherwise requires.

**Time and Date.** Any reference to a time of the day and date in this Circular shall be a reference to Singapore time and date, respectively, unless otherwise stated.

**Total Number of issued Shares.** Any reference in this Circular to the total number of issued Shares is a reference to a total of 163,495,140 Shares as at the Latest Practicable Date.

**Certain statements which are reproduced in their entirety from the Offer Document, the IFA Letter and/or the Constitution are set out in this Circular, and capitalised terms used within these reproduced statements shall bear the meanings ascribed to them in the Offer Document, the IFA Letter and the Constitution respectively.**



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## **CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS**

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All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results or outcomes may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and neither the Company nor the IFA undertakes any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

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## INDICATIVE TIMETABLE

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Date of despatch of the Offer Document	:	8 September 2017
Date of despatch of this Circular	:	22 September 2017
Closing Date and time	:	5.30 p.m. (Singapore time) on 6 October 2017, such date being the last day for the lodgement of acceptances for the Offer
Date of settlement of consideration for valid acceptances of the Offer <sup>(1)</sup>	:	Within seven (7) Business Days of the date of receipt of acceptances of the Offer which are complete and valid in all respects and received before the Closing Date

**Note:**

(1) Please refer to Appendix 1 to the Offer Document for further details.

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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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### MARY CHIA HOLDINGS LIMITED

(Company Registration No.: 200907634N)  
(Incorporated in Republic of Singapore)

#### Directors:

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

#### Registered Office:

26 Tai Seng Street  
#01-03A  
J'Forte  
Singapore 534057

22 September 2017

To: The Shareholders of Mary Chia Holdings Limited

Dear Sir / Madam

### MANDATORY UNCONDITIONAL CASH OFFER BY CIMB, FOR AND ON BEHALF OF THE OFFEROR, FOR THE OFFER SHARES

#### 1. INTRODUCTION

##### 1.1 Offer Announcement

On 24 August 2017, CIMB announced, for and on behalf of the Offeror, *inter alia*, that:

- (a) the Offeror had, on 24 August 2017, acquired an aggregate 99,707,046 Shares from Chia Ah Tow Mary, representing approximately 60.98% of the total number of Shares, for an aggregate cash consideration of S\$11,000,000 (the “**Acquisition**”) pursuant to the Sale and Purchase Agreement; and
- (b) as a result of the Acquisition, the Offeror is required to make a mandatory unconditional cash offer for all the Shares, other than those already owned, controlled or agreed to be acquired by the Offeror, pursuant to Rule 14 of the Code.

A copy of the Offer Announcement is available on the website of the SGX-ST at <http://www.sgx.com>.

##### 1.2 Offer Document

Shareholders would have, as at the date of this Circular, received a copy of the Offer Document, as announced by CIMB, for and on behalf of the Offeror, to have been despatched on 8 September 2017, setting out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out in Section 2 of the Offer Document and Appendix 1 to the Offer Document.

**Shareholders are advised to read the terms and conditions of the Offer set out in the Offer Document carefully.**

A copy of the Offer Document is available on the website of the SGX-ST at <http://www.sgx.com>.

##### 1.3 Independent Financial Adviser

Xandar Capital has been appointed as the IFA to the Independent Directors in respect of the Offer. The advice of the IFA is set out in the IFA Letter in **Appendix I** to this Circular.

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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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### 1.4 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with relevant information pertaining to the Offer and to set out the recommendations of the Independent Directors and the advice of the IFA to the Independent Directors in respect of the Offer.

**Shareholders should read the Offer Document, this Circular and the IFA Letter carefully and consider the advice of the IFA to the Independent Directors and the recommendations of the Independent Directors set out in this Circular before deciding whether or not to accept the Offer.**

**If you are in any doubt about the Offer, you should consult your stockbroker, bank manager, accountant, solicitor, tax adviser or other professional adviser immediately.**

## 2. THE OFFER

Based on the information set out in the Offer Document, CIMB has, for and on behalf of the Offeror, made the Offer to acquire all of the Offer Shares on the terms and subject to the conditions set out in the Offer Document, the FAA and the FAT. The principal terms and conditions of the Offer as extracted from Section 2 of the Offer Document are set out below.

### 2.1 Offer Price

**For each Offer Share: S\$0.111 in cash**

**The Offeror does not intend to revise the Offer Price.**

### 2.2 Offer Shares

The Offer is for all the Shares not already owned, controlled or agreed to be acquired by the Offeror in accordance with Section 139 of the SFA and the Code.

For the avoidance of doubt, other than Ho Yow Ping (He YouPing) who has provided the Irrevocable Undertaking, the Offer will be extended, on the same terms and conditions, to all the Shares (if any) owned, controlled or agreed to be acquired by parties acting or presumed to be acting in concert with the Offeror. For the purpose of the Offer, the expression "Offer Shares" shall include such Shares.

### 2.3 No Encumbrances

The Offer Shares will be acquired:

- (a) fully-paid;
- (b) free from all liens, equities, mortgages, charges, pledges, claims, encumbrances, rights of pre-emption and any other third party rights or interests of any nature whatsoever ("**Encumbrances**"); and
- (c) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including but not limited to all voting rights, the right to receive and retain all dividends, rights, other distributions and return of capital ("**Distribution**") (if any) announced, declared, paid or made by the Company on or after the Offer Announcement Date.

If any Distribution is announced, declared, paid or made by the Company on or after the Offer Announcement Date to a Shareholder who accepts or has accepted the Offer, the Offeror reserves the right to reduce the Offer Price payable to such accepting Shareholder by the amount of such Distribution.

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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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### 2.4 Unconditional Offer

**The Offer is unconditional in all respects.**

### 2.5 Irrevocable Undertaking

The Offeror has received the Irrevocable Undertaking from Ho Yow Ping (He YouPing), in respect of 32,680,000 Undertaking Shares, representing approximately 19.99% of the total number of Shares, beneficially owned by her, *inter alia*:

- (a) not to tender or procure the tendering for acceptance under the Offer of all or any of the Undertaking Shares and any Shares derived from the Undertaking Shares (whether pursuant to any bonus issue, rights issue or distribution of Shares or otherwise by the Company) as well as any Shares which may be acquired by her or which may be conditionally or unconditionally issued to her subsequent to the date of the Irrevocable Undertaking and accordingly, waive all rights and entitlements to the Offer; and
- (b) not to, from the date of the Irrevocable Undertaking and until such time that the Offer closes, directly or indirectly, (i) offer, (ii) sell, transfer, give or otherwise dispose of, (iii) grant any option, right or warrant to purchase in respect of, (iv) charge, mortgage, pledge or otherwise encumber, or (v) enter into any swap or other arrangement that transfers to another in whole or in part, any of the legal, beneficial or economic consequences of ownership of, all or any of the Undertaking Shares or any interest therein (or enter into any agreement with a view to effecting any of the foregoing).

The Irrevocable Undertaking shall terminate and cease to have any effect upon the close of the Offer.

### 2.6 Warranty

Acceptance of the Offer is deemed to constitute an unconditional and irrevocable warranty by the accepting Shareholder that each Offer Share tendered in acceptance of the Offer is sold by the accepting Shareholder as, or on behalf of, the beneficial owner(s) thereof and is:

- (a) fully-paid;
- (b) free from all Encumbrances; and
- (c) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including but not limited to all voting rights, the right to receive and retain all Distribution (if any) announced, declared, paid or made by the Company, on or after the Offer Announcement Date.

### 2.7 Duration of the Offer

The Offer is open for acceptance by Shareholders for at least 28 days from the date of posting of the Offer Document, unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder.

**Shareholders should note that the Offer Document states that the Offer will close at 5.30 p.m. (Singapore time) on 6 October 2017, being the Closing Date. The Offeror does not intend to extend the Offer beyond 5.30 p.m. (Singapore time) on 6 October 2017. Accordingly, notice has been given by the Offeror that the Offer will not be open for acceptance beyond 5.30 p.m. (Singapore time) on the Closing Date. Acceptances received after 5.30 p.m. (Singapore time) on the Closing Date will be rejected.**

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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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### 2.8 Details of the Offer

Appendix 1 to the Offer Document sets out further details on: (a) the settlement of the consideration for the Offer; (b) the requirements relating to the announcement of the level of acceptances of the Offer; and (c) the right of withdrawal of acceptances of the Offer.

### 2.9 Procedures for Acceptance of the Offer

Appendix 2 to the Offer Document sets out the procedures for acceptance of the Offer.

## 3. DESCRIPTION OF THE OFFEROR

The full text of the description of the Offeror as set out in Section 3 of the Offer Document has been extracted from the Offer Document and reproduced in italics below.

### ***“3. DESCRIPTION OF THE OFFEROR***

*The Offeror is an investment holding company and was incorporated in Singapore on 24 May 2002.*

*The Offeror and its subsidiaries are principally engaged in (i) the operation of Japanese restaurants in Singapore under various brands such as the “Momiji”, “Nihon Mura Kaiten”, “Nihon Mura Express” and “Sakura” brands; (ii) the operation of a fusion concept cuisine restaurant in Singapore under the “LoveFresh” brand; (iii) the provision of food catering services under the “Sakura Forte” brand; (iv) the sale of frozen and dry food products via e-commerce platform “iChef”; and (v) the import and export of food and beverage products. The Offeror runs its consolidated operations which includes a central kitchen and logistics support from its headquarters within Paya Lebar iPark located at 26 Tai Seng Street, Singapore 534057 which is leased from JTC Corporation. The registered address of the Offeror is at 26 Tai Seng Street, #03-01 J’Forte, Singapore 534057.*

*As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of S\$500,000 divided into 500,000 ordinary shares and the shareholders of the Offeror are Mr Lee Boon Leng (73.75%), Ms Ho Yow Ping (He YouPing) (21.70%), Ms Low Xiu Li Elvelyn (2.84%), Mr Khoo Chee Been (1.14%) and Mr Seow Bao Shuen (0.57%). As at the Latest Practicable Date, the directors of the Offeror are Mr Lee Boon Leng and Mr Chua Teck Leong.*

*Mr Lee Boon Leng is the husband of Ms Ho Yow Ping (He YouPing) who is the Chief Executive Officer of the Company, and the son-in-law of Mdm Chia Ah Tow Mary who is the founder of the Group and the vendor in relation to the Acquisition. Mr Chua Teck Leong is a director of Hotel Culture Pte Ltd which is a joint venture between Mr Lee Boon Leng (49%) and the Company (51%). Mr Lee Boon Leng is also the sole shareholder of JL Asia Resources Pte. Ltd., a company incorporated in Singapore, which is principally engaged in the business of real estate project management and hotel management.*

*Appendix 3 to this Offer Document sets out additional information on the Offeror.”*

## 4. DESCRIPTION OF THE COMPANY

Please refer to **Appendix II** of this Circular for information on the Company.

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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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### 5. RATIONALE FOR THE ACQUISITION AND THE OFFER

The full text of the rationale for the Acquisition and the Offer as set out in Section 5 of the Offer Document has been extracted from the Offer Document and reproduced in italics below.

#### **“5. RATIONALE FOR THE ACQUISITION AND THE OFFER**

*The Group has been operating within a challenging environment and based on the FY2017 Results, the Group incurred net losses amounting to approximately S\$5.7 million and as at 31 March 2017, the Group was in a negative working capital position of approximately S\$10.3 million.*

*Following the Acquisition, Mr Lee Boon Leng (through the Offeror), together with his spouse, Ms Ho Yow Ping (He YouPing), will become the Company's major shareholder. Mr Lee Boon Leng brings with him more than 15 years of experience in the retail and consumer and the hotel industries. The Offeror believes that the Company will be able to leverage on the industry network, experience, expertise and resources of Mr Lee Boon Leng to seek new opportunities and to pursue a diversification strategy for the Group. The Offeror is making the Offer as a result of the Acquisition, in compliance with the requirements of the Code.*

*Following the Acquisition and the close of the Offer, the Offeror intends to undertake a strategic and operational review of the Group's business with a view to strengthening the Group's financial position and identifying areas in which potential may be optimised (including, amongst others, exploring the diversification of the Group's business into other complementary sectors).*

*Following completion of the Acquisition, Mdm Chia Ah Tow Mary has resigned from her position as the Executive Chairman of the Company and from all executive positions within the Group with effect from the Offer Announcement Date. Mdm Chia Ah Tow Mary shall also resign as a director of the Company with effect from the day immediately after the close of the Offer.*

*Under the terms of the SPA, the Offeror has undertaken (i) to use its best efforts to procure the release of all the personal guarantees that Mdm Chia Ah Tow Mary has provided in favour of financial institution(s) and other relevant third parties to secure facilities taken up by the Group; and (ii) to procure that the Company obtain consents or approvals required from financial institution(s) and other relevant third parties for the change in shareholding structure arising from the Acquisition and the Offer. The Offeror has also undertaken to fully indemnify Mdm Chia Ah Tow Mary promptly upon demand from and against any and all losses, claims, actions, proceedings, damages, demands, judgments, sums payable, liabilities, costs, charges and expenses to which Mdm Chia Ah Tow Mary may become subject as a result of the aforementioned personal guarantees or the failure to obtain the aforementioned consents. Further, Mdm Chia Ah Tow Mary has informed the Offeror that the Group has an aggregate sum of approximately S\$2.1 million owed to her (being unpaid salaries, loans, advances and payments made on behalf of the Group) (the “**Aggregate Debt**”) and that the Company has undertaken to (or procure its subsidiaries to), inter alia, repay Mdm Chia Ah Tow Mary the entirety of the Aggregate Debt within three (3) years from 24 August 2017 by way of cash and/or the issuance of Shares<sup>1</sup>.*

*With regard to the above, the Offeror is committed to work towards stabilising the financial position of the Group and has provided a letter to the Company confirming that the Offeror will provide continuous and sufficient financial support to the Group so as to enable both the Company and the Group to meet their obligations and liabilities as and when they fall due and to carry on their business without any curtailment of operations. After the close of the*

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<sup>1</sup> For the avoidance of doubt, with regard to Rule 5 of the Code, the Offeror has not given its consent and will not grant consent for any issuance of new Shares or creation of any securities convertible into Shares by the Company from the Offer Announcement Date until the close of the Offer.

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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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*Offer, subject to market conditions and other relevant considerations, the Offeror may explore various fund-raising options including debt financing, placement, rights issue and/or disposal of assets to improve the Group's financial circumstances."*

### 6. THE OFFEROR'S INTENTIONS IN RELATION TO THE COMPANY

The full text of the Offeror's intention for the Company as set out in Section 6 of the Offer Document has been extracted from the Offer Document and reproduced in italics below.

#### **6. THE OFFEROR'S INTENTIONS IN RELATION TO THE COMPANY**

##### **6.1 Intention for the Company**

*As stated in Section 5 of this Offer Document, following the completion of the Acquisition and the close of the Offer, the Offeror intends to undertake a strategic and operational review of the Group's business with a view to strengthening the Group's financial position and identifying areas in which potential may be optimised (including, amongst others, exploring the diversification of the Group's business into other complementary sectors).*

*Depending on the outcome of such review, the Offeror may make changes to the operations and business of the Group. Accordingly, the Offeror retains the flexibility at any time to consider any options with respect to making any major changes to the business of the Group (including any redeployment of the fixed assets of the Group) and with respect to the continued employment of the employees of the Group, in addition to any changes which may be made in the ordinary course of business.*

*As stated in Section 5 of this Offer Document, Mdm Chia Ah Tow Mary has resigned from her position as Executive Chairman of the Company and from all executive positions within the Group with effect from the Offer Announcement Date. Mdm Chia Ah Tow Mary shall also resign as a director of the Company with effect from the day immediately after the close of the Offer.*

##### **6.2 Compulsory Acquisition**

**(a) Compulsory Acquisition Rights.** *Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances of the Offer or acquires the Offer Shares during the offer period otherwise than through valid acceptances of the Offer in respect of not less than 90 per cent. of the total number of Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the Despatch Date) (the "Section 215(1) Threshold"), the Offeror will have the right to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer (the "Dissenting Shareholders") on the same terms as those offered under the Offer.*

**(b) Dissenting Shareholders' Rights.** *In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with Shares held by it, its related corporations or their respective nominees, comprise 90 per cent. or more of the total number of Shares, the Dissenting Shareholders have a right to require the Offeror to acquire their Shares. Dissenting Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.*

*As Ms Ho Yow Ping (He YouPing), who holds 32,680,000 Undertaking Shares representing approximately 19.99 per cent. of the total number of Shares, has provided the Irrevocable Undertaking and is not entitled to participate in the Offer, the Offeror will not be able to receive sufficient valid acceptances of the Offer in order to meet the Section 215(1) Threshold. Accordingly, the Offeror will not be entitled to exercise its right under Section 215(1) of the Companies Act to compulsorily acquire all the Shares of the Dissenting Shareholders.*



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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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### 6.3 Listing Status

- (a) **Listing Status of the Company.** Under Rule 1104 of the Catalist Rules, in the event that the Offeror and parties acting in concert with the Offeror should, as a result of the Offer or otherwise, own or control more than 90 per cent. of the Shares (excluding treasury shares), the SGX-ST may suspend the trading of the Shares on the SGX-ST until such time when the SGX-ST is satisfied that at least 10 per cent. of the Shares (excluding treasury shares) are held by at least 200 Shareholders who are members of the public.

In addition, under Rule 724(1) of the Catalist Rules, if the percentage of the Shares (excluding treasury shares) held in public hands falls below 10 per cent., the Company must, as soon as practicable, notify its sponsor and announce that fact and the SGX-ST may suspend trading of all the Shares on the SGX-ST. Under Rule 1303(1) of the Catalist Rules, where the Offeror succeeds in garnering acceptances exceeding 90 per cent. of the Shares (excluding treasury shares), thus causing the percentage of the Company's total number of Shares (excluding treasury shares) held in public hands to fall below 10 per cent., the SGX-ST will suspend trading of the Shares at the close of the Offer.

Rule 724(2) of the Catalist Rules states that the SGX-ST may allow the Company a period of three months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares in public hands to at least 10 per cent. (the "Shareholding Requirement"), failing which the Company may be delisted.

- (b) **Intention of the Offeror.** It is the current intention of the Offeror to maintain the present listing status of the Company on the Catalist. As stated in Section 6.2 of this Offer Document, the Offeror will not be entitled to exercise its right under Section 215(1) of the Companies Act to compulsorily acquire all the Shares of the Dissenting Shareholders. Accordingly, in the event that the percentage of Shares (excluding treasury shares) held in public hands falls below 10 per cent. and the SGX-ST suspends trading of the Shares, the Offeror intends to take such steps which are necessary to restore the Company's public float in order to maintain the listing status of the Company. However, there is no assurance that timely and appropriate actions can be taken as these are dependent on inter alia prevailing market conditions at the relevant time. In the event that the Shareholding Requirement cannot be met, trading in the Shares may be suspended and/or the Company may be delisted."

## 7. EXEMPTION RELATING TO DIRECTORS' RECOMMENDATION

On 25 May 2017 and 2 August 2017, the SIC exempted Chia Ah Tow Mary and Ho Yow Ping (He YouPing), respectively, from the requirement to make a recommendation to Shareholders on the Offer. Chia Ah Tow Mary, being the mother of Ho Yow Ping (He YouPing) and the mother-in-law of Lee Boon Leng, and Ho Yow Ping (He YouPing), being a shareholder of the Offeror and also the wife of Lee Boon Leng, would be presumed to be acting in concert with the Offeror under the Code. As such, each of Chia Ah Tow Mary and Ho Yow Ping (He YouPing) would face an irreconcilable conflict of interest which would render them inappropriate to join the remaining Directors in making a recommendation to Shareholders on the Offer.

Nonetheless, Chia Ah Tow Mary and Ho Yow Ping (He YouPing) must still assume responsibility for the accuracy of facts stated and opinions expressed in documents or advertisements issued by, or on behalf of, the Company to its Shareholders in connection with the Offer.

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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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### 8. ADVICE OF THE IFA

#### 8.1 Appointment of the IFA

Xandar Capital has been appointed as the independent financial adviser to advise the Independent Directors in respect of the Offer.

Shareholders should read and consider carefully the advice of the IFA to the Independent Directors and the recommendations of the Independent Directors in their entirety before deciding whether or not to accept the Offer. The advice of the IFA to the Independent Directors is set out in the IFA Letter, which is set out in **Appendix I** to this Circular.

#### 8.2 Advice of the IFA to the Independent Directors on the Offer

The following text that is reproduced in italics below is an extract from Section 6 of the IFA Letter and should be read in conjunction with, and interpreted in, the full context of the IFA Letter. All terms and expression used in the extract below shall have the same meanings as those defined in the IFA Letter, unless otherwise stated. Shareholders should read and consider carefully the key considerations relied upon by the IFA, in arriving at its advice to the Independent Directors.

#### **“6. OUR OPINION**

*Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Offer. We have carefully considered as many factors as we deem essential and balanced them before reaching our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.*

*We set out below a summary of the key factors we have taken into our consideration:*

- a) the deteriorating financial performance of the Group whereby the Group reported (i) declining revenues in the past three financial years, decreasing from S\$15.1 million in FY2015 to S\$9.2 million in FY2017, mainly due to the closure of outlets and shortage of operation manpower; and (ii) widening losses attributable to equity holders of the Company in the past three financial years, from losses of S\$3.3 million in FY2015 to losses of S\$6.1 million in FY2017;*
- b) the “material uncertainty related to going concern” highlighted by the auditors of the Company whereby the auditors also noted (i) the Group’s net cash outflows from operating activities of S\$3.38 million for the financial year ended 31 March 2017, (ii) the Company’s deficit in equity of S\$5.17 million and the Group’s net current liabilities of S\$11.6 million as at 31 March 2017;*
- c) the Offer Price represents a premium of approximately 68.2% to the last transacted price of the Shares of S\$0.066 on the Last Trading Day;*
- d) the Offer Price represents premiums of approximately 69.2%, 93.0%, 96.1%, 99.6% and 72.4% to the VWAP of the Shares on the Last Trading Day and the VWAP of the Shares for the 1-month, 3-month, 6-month and 12-month periods prior to the Offer Announcement Date respectively;*
- e) the Offer Price is higher than the daily closing price of the Shares in the six years prior to the Offer Announcement Date;*
- f) the Shares have outperformed the FTSE ST Catalist Index for the 1-year period up to the Offer Announcement Date;*

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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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- g) *the Offer Price is at a 304.8% premium to the NAV (excluding NCI) per Share and NTA (excluding NCI) per Share of S\$0.0274 as at 31 March 2017;*
- h) *the Offer Price is at a 184.9% premium to the RNAV (excluding NCI) per Share of S\$0.0390 as at 31 March 2017;*
- i) *the P/NAV and P/NTA ratios of the Group, as implied by the Offer Price and the RNAV (excluding NCI) per Share, are within the range, and above the mean and the median P/NAV and P/NTA ratios of the Comparable Companies respectively;*
- j) *the premium implied by the Offer Price over the last transacted price, VWAP for the 1-month, 3-month and 6-month prior to the Offer Announcement Date of the Shares is within the range, and above the mean and median premiums of Recent Non-Privatisation Takeover Transactions;*
- k) *the Offer Price over NAV ratio of the Group, as implied by the Offer Price and the RNAV (excluding NCI) per Share, is within the range, and above the mean and median offer price over NAV ratios of Recent Non-Privatisation Takeover Transactions;*
- l) *the Company did not declare any dividends in respect of the last three financial years; and*
- m) *other considerations set out in paragraph 5.8 of this IFA Letter.*

***Accordingly, after taking into account the above factors, we are of the opinion that, as of the date hereof, the financial terms of the Offer are fair and reasonable.***

***Accordingly, we advise the Independent Directors to recommend the Shareholders to ACCEPT the Offer unless the Shareholders are able to obtain a price higher than the Offer Price on the open market, after taking into account all brokerage commissions or transaction costs in connection with open market transactions."***

### 9. RECOMMENDATIONS OF THE INDEPENDENT DIRECTORS

The Independent Directors, having reviewed and carefully considered the terms of the Offer, and the advice given by the IFA to the Independent Directors as set out in the IFA Letter, **CONCUR** with the advice of the IFA in respect of the Offer.

Accordingly, the Independent Directors recommend the Shareholders to **ACCEPT** the Offer unless the Shareholders are able to obtain a price higher than the Offer Price on the open market, after taking into account all brokerage commissions or transaction costs in connection with open market transactions.

**In rendering the above advice and making the above recommendations, the IFA and the Independent Directors have not taken into consideration any specific investment objectives, financial situation, risk profiles, tax position, or particular needs and constraints of any individual Shareholder. As each individual Shareholder would have different investment objectives and profiles, the Independent Directors, as advised by the IFA, recommend that any individual Shareholder who may require specific advice in relation to his investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser, or other professional adviser immediately.**

**Shareholders are advised to read the terms and conditions of the Offer set out in the Offer Document carefully. Shareholders are also advised to read the IFA Letter set out in Appendix I to this Circular carefully and in its entirety before deciding whether or not to accept the Offer. Shareholders are advised that the opinion and advice of the IFA and the Independent Directors should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept the Offer.**

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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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### 10. OVERSEAS SHAREHOLDERS

#### 10.1 Availability of the Offer to Overseas Shareholders

The availability of the Offer to Overseas Shareholders may be affected by the laws of the relevant jurisdictions in which they are located. Overseas Shareholders should refer to Section 10 of the Offer Document which has been extracted from the Offer Document and reproduced in italics below.

#### **“10. OVERSEAS SHAREHOLDERS**

##### **10.1 Overseas Jurisdictions**

*This Offer Document does not constitute an offer to sell or a solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Offer Document in any overseas jurisdiction in contravention of any applicable law.*

*The release, publication or distribution of this Offer Document in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this Offer Document is released, published or distributed should inform themselves about and observe such restrictions.*

*Copies of this Offer Document and any other formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer would violate the law of that jurisdiction (a “**Restricted Jurisdiction**”) and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.*

*The Offer (unless otherwise determined by the Offeror and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any jurisdiction outside Singapore, and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities.*

*The availability of the Offer to Shareholders whose addresses are outside Singapore as shown in the Register or, as the case may be, in the records of the CDP (each, an “**Overseas Shareholders**”) may be affected by the laws of the relevant overseas jurisdictions in which they are located. Accordingly, Overseas Shareholders should inform themselves about and observe any applicable requirements in the relevant overseas jurisdiction.*

***For the avoidance of doubt, the Offer will be open to all Shareholders including those to whom this Offer Document and the FAAs and the FATs may not be sent.***

#### **10.2 Responsibilities of Overseas Shareholders**

*It is the responsibility of any Overseas Shareholder who wish to (a) request for this Offer Document, the FAA and/or the FAT and/or any related documents, and/or (b) accept the Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholder shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Offeror, its related corporations, CIMB, CDP, the Registrar and any person acting on their behalf shall be fully indemnified and held harmless by such*

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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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*Overseas Shareholder for any such taxes, imposts, duties or other requisite payments as the Offeror, its related corporations, CIMB, CDP, the Registrar and/or any person acting on their behalf may be required to pay. In (i) requesting for this Offer Document, the FAA and/or the FAT and any related documents; and/or (ii) accepting the Offer, each Overseas Shareholder represents and warrants to the Offeror and CIMB that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements.*

***Any Overseas Shareholder who is in any doubt about his position should consult his professional adviser in the relevant jurisdiction.***

### **10.3 Documents Available in Singapore**

*The Offeror and CIMB each reserves the right not to send this Offer Document and the FAA and/or FAT to Overseas Shareholders in any overseas jurisdiction. Subject to compliance with applicable laws, any affected Overseas Shareholder may, nonetheless, attend in person and obtain copies of this Offer Document, the FAAs and/or the FATs and any related documents from the office of the Registrar, B.A.C.S Private Limited at 8 Robinson Road, #03-00 ASO Building, Singapore 048544.*

*Alternatively, an Overseas Shareholder may, subject to compliance with applicable laws, write to the Offeror c/o the Registrar at the above-stated address to request for this Offer Document, the FAA and/or the FAT and any related documents to be sent to an address in Singapore by ordinary post at the Overseas Shareholder's own risk, no later than five (5) business days prior to the Closing Date.*

### **10.4 Others**

*The Offeror and CIMB each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders (including Overseas Shareholders) by announcement to the SGX-ST or notice and if necessary, by paid advertisement in a daily newspaper published and circulated in Singapore, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder to receive or see such announcement, notice or advertisement."*

### **10.2 Copies of Circular**

This Circular and any related documents may not be sent to Overseas Shareholders due to potential restrictions on sending such documents to the relevant overseas jurisdictions. Any affected Overseas Shareholder may, nevertheless, obtain copies of this Circular during normal business hours and up to the Closing Date, from the office of the Registrar at 8 Robinson Road, #03-00 ASO Building, Singapore 048544. Alternatively, an Overseas Shareholder may write to the Registrar at the aforementioned address to request for this Circular and any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to five (5) Market Days prior to the Closing Date.

In requesting for this Circular and any related documents, each of the Overseas Shareholders represents and warrants to the Company that each of them is in full observance of the laws of the relevant jurisdiction in that connection, and that each of them is in full compliance with all necessary formalities or legal requirements.

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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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### 11. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS

The Offer Document refers to CPFIS Investors and SRS Investors at Section 11.2, which has been extracted from the Offer Document and reproduced in italics below.

***“11.2 Information Pertaining to CPFIS Investors and SRS Investors***

*CPFIS Investors and SRS Investors will receive further information on how to accept the Offer from their respective CPF Agent Banks and SRS Agent Banks directly. CPFIS Investors and SRS Investors are advised to consult their respective CPF Agent Banks and SRS Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice. CPFIS Investors and SRS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks and SRS Agent Banks by the deadline stated in the letters from their respective CPF Agent Banks and SRS Agent Banks.*

*CPFIS Investors and SRS Investors who accept the Offer will receive the Offer Price payable in respect of their Offer Shares in their CPF investment accounts and SRS accounts (as the case may be).”*

### 12. ACTION TO BE TAKEN BY SHAREHOLDERS

#### 12.1 Shareholders who wish to accept the Offer

Shareholders who wish to accept the Offer must do so not later than **5.30 p.m. (Singapore time) on 6 October 2017**, such date being the last day for the lodgement of acceptances for the Offer, abiding by the procedures for the acceptance of the Offer as set out in Appendix 2 to the Offer Document, the FAA and/or the FAT.

#### 12.2 Shareholders who do not wish to accept the Offer

Shareholders who do not wish to accept the Offer need not take any further action in respect of the Offer Document, the FAA and/or the FAT which have been sent to them.

### 13. DIRECTORS' RESPONSIBILITY STATEMENT

Save for (a) the recommendations of the Independent Directors to Shareholders set out in Section 9 of this Circular which is the sole responsibility of the Independent Directors, (b) the IFA Letter, (c) the Valuation Report, (d) the information extracted from the Offer Document, and (e) the information relating to the Offeror, the Directors (including those who may have delegated detailed supervision of this Circular) collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Group in the context of the Offer and the Directors are not aware of any material facts the omission of which would make any statement in this Circular misleading in any material respect.

In respect of the IFA Letter and the Valuation Report, the sole responsibility of the Directors has been to ensure that the facts stated with respect to the Group are fair and accurate in all material aspects.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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### 14. ADDITIONAL INFORMATION

The attention of the Shareholders is also drawn to the Appendices which form part of this Circular.

Yours faithfully

For and on behalf of the Board of Directors of  
**MARY CHIA HOLDINGS LIMITED**

**Yeung Koon Sang @ David Yeung**  
Lead Independent Director

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## APPENDIX I – IFA LETTER

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22 September 2017

**Mary Chia Holdings Limited**  
26 Tai Seng Street  
J'Forte Building  
#01-03A  
Singapore 534057

Attention: The Independent Directors

Dear Sirs

**MANDATORY UNCONDITIONAL CASH OFFER BY CIMB BANK BERHAD, SINGAPORE BRANCH FOR AND ON BEHALF OF SUKI SUSHI PTE. LTD. TO ACQUIRE ALL OF THE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF MARY CHIA HOLDINGS LIMITED OTHER THAN THOSE ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY SUKI SUSHI PTE. LTD.**

*Unless otherwise defined or the context otherwise requires, all terms used in this IFA Letter shall have the same meanings as defined in the Circular and/or the Offer Document, as the case may be.*

### 1. INTRODUCTION

On 24 August 2017 (the “**Offer Announcement Date**”), CIMB Bank Berhad, Singapore Branch (“**CIMB**”) announced, for and on behalf of Suki Sushi Pte. Ltd. (the “**Offeror**”), that:

- (a) the Offeror had, on 24 August 2017, acquired an aggregate 99,707,046 Shares from Chia Ah Tow Mary, representing approximately 60.98% of the total number of issued and paid-up ordinary shares (the “**Shares**”) in the capital of Mary Chia Holdings Limited (the “**Company**”), for an aggregate cash consideration of S\$11,000,000 (the “**Acquisition**”) pursuant to the Sale and Purchase Agreement; and
- (b) as a result of the Acquisition, the Offeror was required to make a mandatory unconditional cash offer (the “**Offer**”) for all the Shares, other than those already owned, controlled or agreed to be acquired by the Offeror (the “**Offer Shares**”), pursuant to Rule 14 of the Code.

The formal offer document (the “**Offer Document**”) setting out the full terms and conditions of the Offer has been issued by CIMB, for and on behalf of the Offeror, on 8 September 2017. As at 31 August 2017, the Offeror held 99,707,046 Shares, or approximately 60.98% of the issued capital of the Company.

The Company has appointed Xandar Capital Pte. Ltd. (“**Xandar Capital**”) as the independent financial adviser (the “**IFA**”) to advise the directors who are considered independent in respect of the Offer (the “**Independent Directors**”). This letter sets out, *inter alia*, our evaluation and advice on the financial terms of the Offer (“**IFA Letter**”), and forms part of the Circular which provides,



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## APPENDIX I – IFA LETTER

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*inter alia*, the details of the Offer and the recommendation of the Independent Directors in respect thereof.

### 2. TERMS OF REFERENCE

Xandar Capital has been appointed as the IFA to advise the Independent Directors on whether the financial terms of the Offer are fair and reasonable.

Our evaluation is limited to the financial terms of the Offer and our terms of reference do not require us to evaluate or comment on the rationale for, legal, strategic or commercial and/or risks or merits (if any) of the Offer. We have not relied on any financial projections or forecasts in respect of the Company or the Group. We are not required to express and we do not express any view herein on the growth prospects, financial position and earnings potential of the Company or the Group after the close of the Offer. We are also not expressing any view herein as to the prices at which the Shares may trade upon the close of the Offer. Such evaluation shall remain the sole responsibility of the Directors, although we may draw upon their views (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this IFA Letter.

We are not and were not involved in any aspect of the negotiations pertaining to the Offer or any other offers, if any. We are not required nor authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Shares, and therefore are not able to, and will not compare the Offer to any other alternative transaction. We are also not addressing the relative merits of the Offer as compared to any alternative transaction, or other alternatives, or whether such alternatives can be achieved or are or will be available in future.

We have not made any independent evaluation or appraisal of the assets or liabilities (including without limitation, investment properties, property, plant and equipment) of the Group. The Company has appointed an independent valuer, CKS Property Consultants Pte Ltd (the “**Valuer**”), to value the property held by the Group in connection with the Offer and we have been furnished with a valuation report dated 31 August 2017 on the value of the 4-storey refurbished shophouse at 48, 49, 50 Mosque Street, Singapore 059526/27/28 (“**Mosque Street Property**”) as at 28 August 2017 (the “**Valuation Report**”).

We have placed sole reliance thereon for the valuation and/or information contained therein. We are not involved and assume no responsibility for the Valuation Report. We have also not made any independent verification of the matters or bases set out in the Valuation Report. Accordingly, no representation or warranty, express or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information.

In the course of our evaluation, we have held discussions with certain Directors and management of the Company and have examined publicly available information as well as information provided and representations made to us by the aforesaid parties, including information in the Circular. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not warrant, and do not accept any responsibility for the accuracy, completeness or adequacy of such information, representation and assurance. Nonetheless, we have made reasonable enquiries and used our judgement in assessing such information and have found no reason to doubt the accuracy and reliability of such information. The Directors have jointly and severally accepted full responsibility for the accuracy, completeness and adequacy of all such information and representations as provided and made by the aforesaid parties as contained herein.

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## APPENDIX I – IFA LETTER

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We have relied upon the assurance of the Directors that the Directors collectively and individually accept full responsibility for the accuracy of the information given in the Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the Offer, the Company and the Group as at the Latest Practicable Date. The Directors are not aware of any facts the omission of which would make any statement in the Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or the IFA Letter, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context. In relation to this IFA Letter, the Directors have confirmed that the facts stated, with respect to the Group and the Offer, are to the best of their knowledge and belief, fair and accurate in all material aspects.

Our opinion is based on prevailing market, economic, industry, monetary and other conditions (where applicable) and the information made available to us that is contained in the Circular and the Offer Document as of the Latest Practicable Date. We assume no responsibility to update, revise or reaffirm our view in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained therein. Shareholders should take note of any announcements relevant to their consideration of the Offer, which may be released by the Company and/or the Offeror after the Latest Practicable Date.

**In arriving at our opinion, we did not consider the specific investment objectives, financial situation, tax consequences, risk profile or unique needs and constraints of any Shareholder or any specific group of Shareholders. We recommend that any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment objectives or portfolios should consult his or their legal, financial, tax or other professional advisors immediately.**

**This IFA Letter is for the use and benefit of the Independent Directors in connection with and for the purpose of their consideration of the Offer and the recommendation made by the Independent Directors shall remain their responsibility.**

**The Company has been separately advised by its own advisers in the preparation of the Circular (other than the IFA Letter). We have no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than the IFA Letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than the IFA Letter).**

**Our opinion in relation to the Offer should be considered in the context of the entirety of this IFA Letter and the Circular.**

We recommend that the Independent Directors advise Shareholders to read these pages carefully.

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## APPENDIX I – IFA LETTER

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### 3. THE OFFER

The Offer is made in accordance with Rule 14 of the Code and subject to the terms and conditions set out in the Offer Document, a copy of which Shareholders ought to have received as at the date of this IFA Letter. Salient information on the Offer, found in Section 2 of the Offer Document, is set out as follows:

#### 3.1 TERMS OF THE OFFER

The consideration for each Offer Share: **S\$0.111 in cash (“Offer Price”)**

As set out in the Offer Document, **the Offeror does not intend to revise the Offer Price.**

The Offer Shares will be acquired (i) fully paid-up, (ii) free from all liens, equities, mortgages, charges, pledges, claims, encumbrances, rights of pre-emption and any other third party rights or interests of any nature whatsoever (“**Encumbrances**”), and (iii) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including but not limited to all voting rights, the right to receive and retain all dividends, rights, other distributions and return of capital (“**Distribution**”) (if any) announced, declared, paid or made by the Company on or after the Offer Announcement Date.

**If any Distribution is announced, declared, paid or made by the Company on or after the Offer Announcement Date to a Shareholder who accepts or has accepted the Offer, the Offeror reserves the right to reduce the Offer Price payable to such accepting Shareholder by the amount of such Distribution.**

#### 3.2 UNCONDITIONAL OFFER

The Offer is unconditional in all respects.

#### 3.3 IRREVOCABLE UNDERTAKING

Ho Yow Ping (He YouPing) has provided the Offeror with an irrevocable undertaking (the “**Irrevocable Undertaking**”) in respect of the 32,680,000 Shares (the “**Undertaking Shares**”), beneficially owned by Ho Yow Ping (He YouPing) representing approximately 19.99% of the total Shares, *inter alia*:

- (a) not to tender or procure the tendering for acceptance under the Offer of all or any of the Undertaking Shares and any Shares derived from the Undertaking Shares (whether pursuant to any bonus issue, rights issue or distribution of Shares or otherwise by the Company) as well as any Shares which may be acquired by her or which may be conditionally or unconditionally issued to her subsequent to the date of the Irrevocable Undertaking and accordingly, waive all rights and entitlements to the Offer; and
- (b) not to, from the date of the Irrevocable Undertaking and until such time that the Offer closes, directly or indirectly, (i) offer, (ii) sell, transfer, give or otherwise dispose of, (iii) grant any option, right or warrant to purchase in respect of, (iv) charge, mortgage, pledge or otherwise encumber, or (v) enter into any swap or other arrangement that transfers to another in whole or in part, any of the legal, beneficial or economic consequences of ownership of, all or any of the Undertaking Shares or any interest therein (or enter into any agreement with a view to effecting any of the foregoing).

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The Irrevocable Undertaking shall terminate and cease to have any effect upon the close of the Offer.

### 4 THE OFFEROR

#### 4.1 INFORMATION ON THE OFFEROR

Information on the Offeror is set out in Section 3 and Appendix 3 of the Offer Document. We have extracted certain sections in *italics* as follows:

*“The Offeror is an investment holding company and was incorporated in Singapore on 24 May 2002.*

*The Offeror and its subsidiaries are principally engaged in (i) the operation of Japanese restaurants in Singapore under various brands such as the “Momiji”, “Nihon Mura Kaiten”, “Nihon Mura Express” and “Sakura” brands; (ii) the operation of a fusion concept cuisine restaurant in Singapore under the “LoveFresh” brand; (iii) the provision of food catering services under the “Sakura Forte” brand; (iv) the sale of frozen and dry food products via e-commerce platform “iChef”; and (v) the import and export of food and beverage products. The Offeror runs its consolidated operations which includes a central kitchen and logistics support from its headquarters within Paya Lebar iPark located at 26 Tai Seng Street, Singapore 534057 which is leased from JTC Corporation. The registered address of the Offeror is at 26 Tai Seng Street, #03-01 J’Forte, Singapore 534057.*

*As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of S\$500,000 divided into 500,000 ordinary shares and the shareholders of the Offeror are Mr Lee Boon Leng (73.75%), Ms Ho Yow Ping (He YouPing) (21.70%), Ms Low Xiu Li Elvelyn (2.84%), Mr Khoo Chee Been (1.14%) and Mr Seow Bao Shuen (0.57%). As at the Latest Practicable Date, the directors of the Offeror are Mr Lee Boon Leng and Mr Chua Teck Leong.*

*Mr Lee Boon Leng is the husband of Ms Ho Yow Ping (He YouPing) who is the Chief Executive Officer of the Company, and the son-in-law of Mdm Chia Ah Tow Mary who is the founder of the Group and the vendor in relation to the Acquisition. Mr Chua Teck Leong is a director of Hotel Culture Pte Ltd which is a joint venture between Mr Lee Boon Leng (49%) and the Company (51%). Mr Lee Boon Leng is also the sole shareholder of JL Asia Resources Pte. Ltd., a company incorporated in Singapore, which is principally engaged in the business of real estate project management and hotel management.”*

#### 4.2 RATIONALE FOR ACQUISITION AND THE OFFER

Information on the rationale for the Acquisition and the Offer is set out in Section 5 of the Offer Document. We have extracted certain sections in *italics* as follows:

*“The Group has been operating within a challenging environment and based on the FY2017 Results, the Group incurred net losses amounting to approximately S\$5.7 million and as at 31 March 2017, the Group was in a negative working capital position of approximately S\$10.3 million.*

*Following the Acquisition, Mr Lee Boon Leng (through the Offeror), together with his spouse, Ms Ho Yow Ping (He YouPing), will become the Company’s major shareholder. Mr Lee Boon Leng brings with him more than 15 years of experience in the retail and consumer and the hotel industries. The Offeror believes that the Company will be able to leverage on the industry network,*

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*experience, expertise and resources of Mr Lee Boon Leng to seek new opportunities and to pursue a diversification strategy for the Group. The Offeror is making the Offer as a result of the Acquisition, in compliance with the requirements of the Code.”*

### 4.3 OFFEROR’S INTENTION FOR THE COMPANY

Information on the Offeror’s intention is set out in Section 6 of the Offer Document. We have extracted certain sections in *italics* as follows:

*“As stated in **Section 5** of this Offer Document, following the completion of the Acquisition and the close of the Offer, the Offeror intends to undertake a strategic and operational review of the Group’s business with a view to strengthening the Group’s financial position and identifying areas in which potential may be optimised (including, amongst others, exploring the diversification of the Group’s business into other complementary sectors).*

*Depending on the outcome of such review, the Offeror may make changes to the operations and business of the Group. Accordingly, the Offeror retains the flexibility at any time to consider any options with respect to making any major changes to the business of the Group (including any redeployment of the fixed assets of the Group) and with respect to the continued employment of the employees of the Group, in addition to any changes which may be made in the ordinary course of business.”*

*“**Intention of the Offeror.** It is the current intention of the Offeror to maintain the present listing status of the Company on the Catalist.”*

### 5. EVALUATION OF THE OFFER

In our evaluation of the Offer, we have taken into account the following factors which we consider to be pertinent and to have a significant bearing on our evaluation:

- (a) the market performance of the Shares;
- (b) the Valuation Report;
- (c) the net asset value and revalued net asset value of the Group;
- (d) the valuation of the Group implied by the Offer Price versus the valuation of companies comparable to the Group;
- (e) comparison with precedent non-privatisation takeover offers of companies listed on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”);
- (f) the financial performance of the Group;
- (g) the dividend track record of the Company; and
- (h) other considerations.

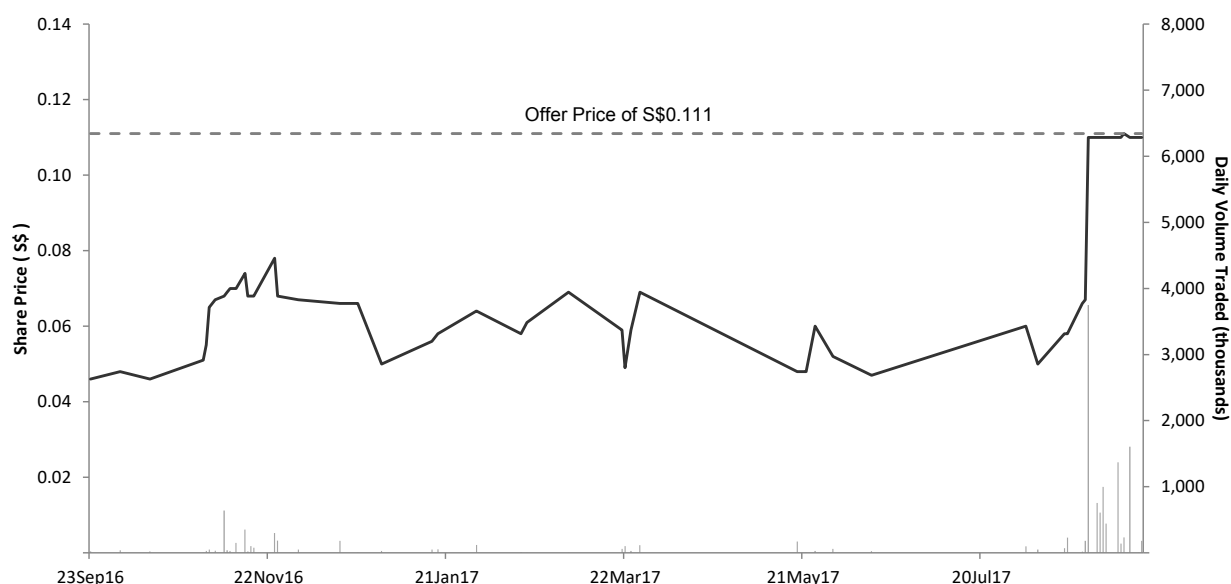
These factors are discussed in greater detail in the ensuing paragraphs.

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### 5.1 MARKET PERFORMANCE OF THE SHARES

#### 5.1.1 Historical performance of the Shares

The historical price chart (based on daily closing prices and the number of Shares traded on a daily basis) for the Shares during the period commencing 12 months prior to the Offer Announcement Date and ending on the Latest Practicable Date is set out below:



Source: Bloomberg Finance L.P.

A summary of the salient announcements and events relating to the Company during the aforesaid period is set out below:

No.	Date	Event
1.	24-Aug-16	The Company announced that Slim Beauty House Co., Ltd (“ <b>SBH</b> ”) had initiated arbitration proceedings against the Company’s wholly-owned subsidiary, Mary Chia Beauty Slimming Specialist Pte Ltd (“ <b>MCBSS</b> ”) on 19 August 2016 in respect of dispute(s) between SBH and MCBSS arising out of and/or in connection with the joint venture between MCBSS and SBH for the purposes of setting up a beauty and slimming service centre to provide and distribute wellness related services and consultations in Singapore (the “ <b>Joint Venture</b> ”).
2.	14-Nov-16	The Company announced its unaudited consolidated financial statements for the six months ended 30 September 2016. The Company reported revenues of S\$4.7 million and losses attributable to equity holders of the Company of S\$3.4 million.

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No.	Date	Event
3.	21-Nov-16	The Company announced that MCBSS had agreed to acquire the balance 30% shares in the capital of Scinn Pte. Ltd. held by Kaelin Private Limited on 1 December 2016 for a cash consideration of S\$180,000 payable over 12 months in equal sums, from 1 December 2016 to 1 November 2017.
4.	17-Jan-17	The Company announced the Chia Chor Leong had resigned as an independent director of the Company.
5.	01-Feb-17	<p>The Company announced that with reference to its earlier announcement dated 13 May 2016, the Ministry of Manpower (“<b>MOM</b>”) has withdrawn its charges against Ho Yow Ping (He YouPing), the Company’s Chief Executive Officer, and she was granted a discharge amounting to an acquittal.</p> <p>These charges were in relation to the receipt of financial guarantees from certain foreign employees by two wholly-owned subsidiaries of the Company, Spa Menu Pte Ltd and Urban Homme Face and Body Studio for Men Pte Ltd (“<b>Affected Subsidiaries</b>”). These charges were instead brought against the Affected Subsidiaries, which have pleaded guilty to the charges and have paid fines of S\$10,000 each.</p> <p>The Company also announced that with reference to its earlier announcement dated 8 June 2016, Ho Yow Ping (He YouPing) had been charged in her capacity as a license holder of the massage establishments of MCBSS and Spa Menu Pte Ltd, in relation to the employment of staff without prior approval of the licensing officer and failure to maintain proper employee’s record at these subsidiaries. She has since pleaded guilty to the aforementioned charges and paid a fine of S\$2,600.</p>
6.	06-Mar-17	The Company announced the cessation of Tan Lay Lee as the Financial Controller of the Company due to personal family reasons.
7.	17-Apr-17	The Company announced the appointment of Periowsamy Otharam as an Independent Director of the Company with effect from 17 April 2017. The Company also announced the reconstitution of the Board and respective Board Committees.
8.	26-Apr-17	The Company announced that it had on 24 April 2017, through its 51% owned subsidiary, Hotel Culture Pte Ltd, further renewed the lease agreement with JL Asia Resources Pte. Ltd..

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No.	Date	Event
9.	09-May-17	The Company announced that it had entered into a rental agreement with the Offeror, to lease an area of 51 square metres within the premises of 26 Tai Seng Street #01-03A, Singapore 534057 (the “ <b>Rental Agreement</b> ”). The Rental Agreement will be for a term of approximately one (1) year and ten (10) months commencing on 1 April 2017 and expiring on 23 January 2019.
10.	28-May-17	The Company announced that it had on 17 May 2017 through its wholly-owned subsidiary MCU Trading Pte Ltd, incorporated a 100% owned subsidiary MCU Trading (Shanghai) in Shanghai, China.
11.	30-May-17	The Company announced its unaudited consolidated financial statements for the financial year ended 31 March 2017. The Company reported revenues of S\$9.0 million and losses attributable to equity holders of the Company of S\$5.7 million.
12.	12-Jul-17	The Company announced that it had on 12 July 2017 received a letter from the SGX-ST setting out that the SGX-ST had no objection to granting the Company an extension of time to hold its annual general meeting (“ <b>AGM</b> ”) from 30 July 2017 to 15 September 2017.
13.	13-Jul-17	The Company announced that in relation to the arbitration proceedings against MCBSS in connection with the Joint Venture, the Singapore International Arbitration Centre had issued an award on 7 July 2017, ordering <i>inter alia</i> , that MCBSS shall pay SBH: (a) S\$315,419.95 as damages for expectation loss arising out of the MCBSS’s breach of the joint venture agreement; and (b) S\$238,552.29 and JPY2,479,409 (approximately S\$30,000) as costs. “JPY” refers to Japanese Yen.
14.	23-Aug-17	The Company announced the appointment of Siu Yeung Sau as the Chief Financial Officer of the Company.
15.	24-Aug-17	The Offer was announced.
16.	25-Aug-17	The Company announced that Chia Ah Tow Mary had resigned from her position as the Executive Chairman of the Company and from all executive positions within the Group with immediate effect. Consequently, Chia Ah Tow Mary would be re-designated as a non-executive Director and the non-executive Chairman of the Board.
17.	29-Aug-17	The Company announced the appointment of Xandar Capital Pte Ltd as the IFA to advise the Independent Directors.
18.	31-Aug-17	The Company announced that it had submitted an application to the SGX-ST to seek a further extension of time to hold its AGM from 15 September 2017 to 13 October 2017.



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No.	Date	Event
19.	07-Sep-17	<p>The Company announced that there were material variances between the unaudited full year results announcement for the financial year ended 31 March 2017 (“<b>Unaudited Results</b>”) released on 30 May 2017 and the audited financial statements for the same period (“<b>Audited Results</b>”).</p> <p>The Company also announced that the Company’s independent auditor, Foo Kon Tan LLP, had without modifying their opinion, included a “Material Uncertainty Related to Going Concern” section in their report on the audited financial statements of the Group for the financial year ended 31 March 2017.</p>
20.	08-Sep-17	<p>The Offeror announced the despatch of the Offer Document.</p> <p>The Company released the annual report for the financial year ended 31 March 2017 and announced that its annual general meeting would be held on 2 October 2017. The Company also provided an update on the proceedings related to the Joint Venture. Please refer to paragraph 5.3.5 (b) of this IFA Letter for further details on the update.</p>

*Source: Company announcements from SGXNET.*

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We have tabulated below selected statistical information on the share price performance and trading liquidity of the Shares from the 12-month period prior to the Offer Announcement Date up to the Latest Practicable Date:

	Highest Price S\$( <sup>1</sup> )	Lowest Price S\$( <sup>2</sup> )	VWAP S\$( <sup>3</sup> )	Premium of Offer Price over VWAP %	Average daily trading volume '000( <sup>4</sup> )	Average daily trading volume as a percentage of free float %( <sup>5</sup> )
<b><u>Prior to the Offer Announcement Date</u></b>						
Last 12 months	0.078	0.046	0.0644	72.4	14	0.05
Last 6 months	0.069	0.047	0.0556	99.6	9	0.03
Last 3 months	0.066	0.047	0.0566	96.1	9	0.03
Last 1 month	0.066	0.050	0.0575	93.0	21	0.07
Last Trading Day( <sup>6</sup> )	0.066	0.066	0.0656	69.2	18	0.06
<b><u>After the Offer Announcement Date to the Latest Practicable Date</u></b>						
24 August 2017 to the Latest Practicable Date	0.111	0.110	0.1107	0.3	840	2.70
Latest Practicable Date	0.110	0.110	0.1100	0.9	180	0.58

Source: Bloomberg Finance L.P.

**Notes:**

- (1) The highest price refers to the highest daily closing price during the relevant period.
- (2) The lowest price refers to the lowest daily closing price during the relevant period.
- (3) The volume weighted average price (“**VWAP**”) of the Shares over the relevant period.
- (4) The average daily trading volume of the Shares is computed based on the total volume of Shares traded during the relevant period, divided by the number of days on which the SGX-ST is open for the trading of securities during the relevant period.
- (5) Free float refers to the Shares other than those directly and deemed held by the Directors and the substantial shareholders of the Company. For the purpose of computing the average daily trading volume as a percentage of free float for the various periods, we have calculated the free float to be approximately 31.1 million Shares, being the Shares not held by Directors and substantial shareholders, representing approximately 19.0% of the 163,495,140 total issued Shares.
- (6) 23 August 2017, being the last full trading day prior to the Offer Announcement Date (“**Last Trading Day**”).

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Based on the above, we note that:

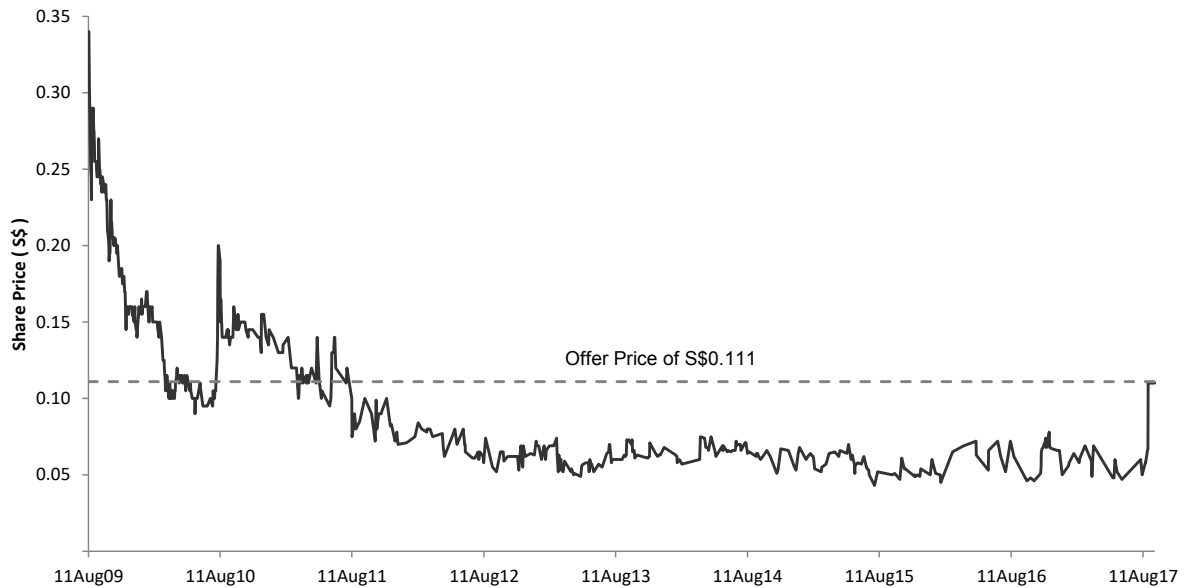
- (i) the closing prices of the Shares ranged between S\$0.046 and S\$0.078 in the 12 months prior to the Offer Announcement Date;
- (ii) VWAP of the Shares for the 6-month, 3-month and 1-month periods prior to the Offer Announcement Date remained stable, ranging between S\$0.0556 and S\$0.0575;
- (iii) the Offer Price represents a premium of approximately 68.2% to the last transacted price of the Shares of S\$0.066 on the Last Trading Day;
- (iv) the Offer Price represents a premium of approximately 69.2%, 93.0%, 96.1%, 99.6% and 72.4% to the VWAP of the Shares on the Last Trading Day and the VWAP of the Shares for the 1-month, 3-month, 6-month and 12-month periods prior to the Offer Announcement Date respectively;
- (v) following the Offer Announcement Date, the VWAP for the period after the Offer Announcement Date up to the Latest Practicable Date increased to S\$0.1107, which is very close to the Offer Price;
- (vi) the Offer Price is at a 0.9% premium to the last transacted price of S\$0.110 per Share on the Latest Practicable Date;
- (vii) in the 12 months leading up till the Offer Announcement Date, the Shares were traded on 41 days out of a possible 252 market days, or 16.3% of the market days during the corresponding period;
- (viii) the average daily trading volume of the Shares for the 1-month, 3-month, 6-month and 12-month period prior to the Offer Announcement Date was low, representing only 0.07%, 0.03%, 0.03% and 0.05% of the free float respectively; and
- (ix) the average daily trading volume of the Shares for the period after the Offer Announcement Date up till the Latest Practicable Date increased to 2.70% of the free float on the back of the Offer.

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The historical price chart (based on daily closing prices) for the Shares since the Company's initial public offering in August 2009 up till the Latest Practicable Date is set out below:



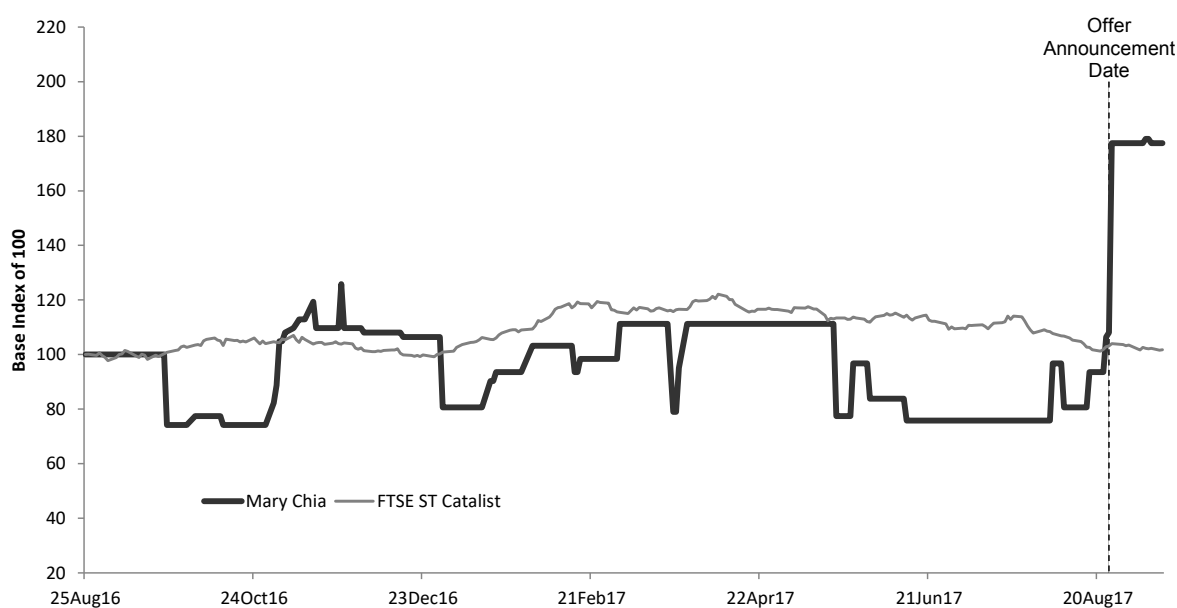
We note that the Offer Price is higher than the daily closing price of the Shares in the six years prior to the Offer Announcement Date. Prior to the Offer Announcement Date, the last time that the Shares closed above S\$0.111 was in July 2011.

### 5.1.2 Relative performance of the Shares

In addition, to assess the relative performance of the Shares versus the Singapore equity market, we have compared the price movements of the Shares against that of the FTSE ST Catalist Index, a free float adjusted market-capitalisation weighted index representing the performance of sponsored companies in the SGX-ST Catalist.

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The chart below sets out the market price performance of the Shares and the FTSE ST Catalyst Index for the 12 months prior to the Offer Announcement Date up to the Latest Practicable Date:



Source: Bloomberg Finance L.P.

**Note:**

- (1) All share prices and FTSE ST Catalyst Index values have been rebased to 100 as at 25 August 2016 for comparison purposes.

	The Shares	FTSE ST Catalyst Index
Rebased Index as at 25 August 2016	100	100
Rebased Index as at Offer Announcement Date	108.1	103.2
Change from 25 August 2016 (%)	8.1	3.2
Rebased Index as at Latest Practicable Date	177.4	101.8
Change from 25 August 2016 (%)	77.4	1.8
Change from Offer Announcement Date (%)	64.2	(1.3)

Based on the above, we note the following:

- (a) the Shares have outperformed the FTSE ST Catalyst Index for the 1-year period up to the Offer Announcement Date. The market prices of the Shares increased by 8.1% as compared to the 3.2% increase in the FTSE ST Catalyst Index over the same period;

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- (b) for the period from the Offer Announcement Date up till the Latest Practicable Date, as a result of the Offer, the market prices of the Shares increased by 64.2%, as compared to the 1.3% decline in the FTSE ST Catalyst Index; and
- (c) for the period commencing from the 1-year prior to the Offer Announcement Date up till the Latest Practicable Date, the market prices of the Shares increased by 77.4% as compared to the 1.8% increase in the FTSE ST Catalyst Index.

Based on the daily closing prices of the Share, we note that the Shares have traded very close to the Offer Price for the period commencing from the Offer Announcement Date up till the Latest Practicable Date.

Shareholders should, however, note that the historical trading performance of the Shares is not indicative of future price levels, which may be affected by factors beyond the scope of our evaluation.

### 5.2 THE VALUATION REPORT

As mentioned in paragraph 2 of this IFA Letter, the Company has commissioned the Valuer to value the sole property held by the Group in connection with the Offer. We provide brief highlights of the Valuation Report below:

Property	Valuation methodology	Tenure	Valuation (S\$'millions)
48, 49, 50 Mosque Street Singapore 059526/27/28 ("Mosque Street Property")	Direct comparison method and profits method	99-year leasehold commencing 28 August 2002	64.8

Further details on the Valuation Report can be found in Appendix V of the Circular.

### 5.3 THE NET ASSET VALUE AND REVALUED NET ASSET VALUE OF THE GROUP

We set out below the key information from the statement of financial position of the Group as at 31 March 2017:

S\$'millions	Audited 31-Mar-17
Current assets	2.6
Current liabilities	(14.2)
<b>Net current liabilities</b>	<b>(11.6)</b>
Non-current assets	61.4
Non-current liabilities	(26.1)
<b>Net assets</b>	<b>23.7</b>
Less: Non-controlling interest ("NCI")	(19.2)
<b>Net assets attributable to Shareholders</b>	<b>4.5</b>

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### 5.3.1 Composition of Assets and Liabilities

As at 31 March 2017, the Group had total assets of S\$64.0 million, mainly comprising investment property of S\$57.0 million, property, plant and equipment of S\$4.0 million, other assets (current) of S\$1.0 million, cash and bank balances of S\$0.8 million, inventories of S\$0.4 million, trade and other receivables of S\$0.4 million and other assets (non-current) of S\$0.4 million.

Total liabilities as at 31 March 2017 was S\$40.3 million, mainly comprising borrowings (non-current) of S\$22.5 million, trade and other payables of S\$6.8 million, borrowings (current) of S\$6.8 million, amount due to directors of S\$3.5 million, current tax liabilities of S\$0.3 million, provisions (current) of S\$0.3 million and provisions (non-current) of S\$0.2 million.

The Group had net current liabilities of S\$11.6 million as at 31 March 2017.

### 5.3.2 Mosque Street Property

The Mosque Street Property forms the bulk of the Group's total assets, representing 93.7% of the total assets of the Group as at 31 March 2017. The Mosque Street Property is accounted for in the financial statements of the Company as follows:

Classification of Mosque Street Property	Description / Use of property	Approximate floor area (sq m)	Net book value as at 31 March 2017 (S\$m)
Leasehold property	The Group's retail outlet	257.6	3.0
Investment property	A 4-storey refurbished shophouse development with mezzanine floor comprising 84 hotel rooms  Currently leased to a related party, JL Asia Resources Pte. Ltd.	1,883.0	57.0
<b>Total</b>		<b>2,140.6</b>	<b>60.0</b>

We understand from management that (i) the leasehold property portion of the Mosque Street Property is reflected at cost less accumulated depreciation in the financial statements, and (ii) the investment property portion of the Mosque Street Property is reflected at fair value as 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 Mosque Street Property is held by Hotel Culture Pte. Ltd., a 51% owned subsidiary of the Group. Lee Boon Leng, the husband of Ho Yow Ping (He YouPing), who is the Chief Executive Officer and a controlling Shareholder of the Company, holds the remaining 49% equity interest in Hotel Culture Pte. Ltd..

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### 5.3.3 Trade receivables and inventories

As at 31 March 2017, the Group had trade receivables of S\$0.3 million and inventories of S\$0.4 million which represented 0.5% and 0.6% of the total assets of the Group as at 31 March 2017.

The Company has confirmed that in their opinion, as at the Latest Practicable Date, no further material provisions for trade receivables or inventory obsolescence is required.

### 5.3.4 The NAV per Share

#### NAV (excluding NCI) per Share<sup>(1)</sup>

NAV (excluding NCI) of the Group as at 31 March 2017	S\$4.48 million
Total number of issued Shares as at the Latest Practicable Date	163,495,140
NAV (excluding NCI) per Share as at 31 March 2017	S\$0.0274
Premium of Offer Price to NAV (excluding NCI) per Share as at 31 March 2017	304.8%

Based on the audited NAV of the Group (excluding NCI) of S\$4.48 million as at 31 March 2017 and the issued share capital of 163,495,140 Shares as at the Latest Practicable Date, the NAV (excluding NCI) per Share was S\$0.0274. The Offer Price is at a 304.8% premium to the NAV (excluding NCI) per Share of S\$0.0274 as at 31 March 2017.

### 5.3.5 The Revalued Net Asset Value (“RNAV”) of the Group

In our evaluation of the financial terms of the Offer, we have also considered whether there are any assets which may be valued at an amount that is materially different from what was recorded in the balance sheet of the Group as at 31 March 2017. We have discussed with management the following factors which may materially impact the NAV of the Group as at 31 March 2017:

#### (a) Valuation Report

We note that the market value of the Mosque Street Property, as opined by the Valuer, was S\$64.8 million as at 28 August 2017. This represents a revaluation surplus of S\$4.8 million above the net book value of the Mosque Street Property of S\$60.0 million (comprising S\$57.0 million of investment property and S\$3.0 million of leasehold property) as at 31 March 2017.

We set out below the market value of the Mosque Street Property held by the Group and the revaluation surplus arising from the hypothetical sale of the Mosque Street Property:



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Property	Net book value as at 31 March 2017 (S\$m)	Market Value as at 28 August 2017 (S\$m)	Revaluation surplus <sup>(1)(2)</sup> (S\$m)	Percentage attributable to the Group	Share of revaluation surplus attributable to the Group (S\$m)
Mosque Street Property	60.0	64.8	4.8	51%	2.5

**Note:**

- (1) Calculated based on the difference between the market value of the property as at 28 August 2017 as opined by the Valuer and the net book value of the property as at 31 March 2017; and
- (2) The Group does not expect to incur any tax liability on the hypothetical sale of the Mosque Street Property if the property were to be sold at the amount of the valuation based on the Valuation Report.

The Valuation Report can be found in Appendix V of the Circular.

**(b) Legal suit and damages against the Group**

On 19 August 2016, SBH initiated arbitration proceedings against MCBSS, in respect of dispute(s) between them arising out of and/or in connection with the Joint Venture.

The Singapore International Arbitration Centre issued an award on 7 July 2017 in favour of SBH (the **“Final Award”**), ordering, *inter alia*, that MCBSS shall pay SBH (a) S\$315,419.95 as damages for expectation loss arising out of MCBSS’s breach of the joint venture agreement; and (b) S\$238,552.29 and JPY2,479,409 (approximately S\$30,000) as costs. MCBSS and SBH are also to take steps to liquidate the joint venture company, MSB Beauty Pte. Ltd..

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

On 8 September 2017, the Company updated that the hearing date for the Application before the Court had been fixed for 25 September 2017. For prudence, we have included the potential impact of the Final Award arising from the arbitration over the Joint Venture in the calculation of the RNAV.

**(c) RNAV**

Save for the above mentioned factors, the Directors have confirmed to us that, to the best of their knowledge and belief, there were no material contingent liabilities, unrecorded assets and

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liabilities, unrecorded earnings, expenses or provisions as at the Latest Practicable Date which could have a material impact on the NAV of the Group as at 31 March 2017.

For the purpose of our assessment of the Offer Price, we set out below the computation of the Group's RNAV as at 31 March 2017.

<b>RNAV (excluding NCI) per Share</b>	
NAV (excluding NCI) of the Group as at 31 March 2017 (S\$'million)	4.48
add: Revaluation surplus arising from the revalued property (S\$'million)	2.47
less: Potential impact of Final Award arising from arbitration over the Joint Venture (S\$'million)	(0.58)
RNAV (excluding NCI) as at 31 March 2017 (S\$' million)	6.37
RNAV (excluding NCI) per Share as at 31 March 2017 (S\$)	0.0390
Premium of Offer Price to RNAV (excluding NCI) per Share as at 31 March 2017	184.9%

Shareholders should note that the above analysis assumes the hypothetical sale of the assets (including the revalued property) of the Group as at the Latest Practicable Date. The Directors have confirmed to us that the Group does not have current plans for an imminent material disposal and/or conversion of the use of the Group's properties and/or material change in the nature of the Group's business as at the Latest Practicable Date.

### **5.3.6 The Net Tangible Asset ("NTA") of the Group**

The Group had no intangible assets as at 31 March 2017 and accordingly, the Group's NTA is the same as the NAV.

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### 5.4 THE VALUATION OF THE GROUP IMPLIED BY THE OFFER PRICE VERSUS THE VALUATION OF COMPANIES COMPARABLE TO THE GROUP

The Group is principally engaged in the provision of lifestyle and wellness services for both women and men at centres located in Singapore and Malaysia. Comparison is therefore made to listed companies whose businesses are broadly comparable to the Group (“**Comparable Companies**”) to assess the Offer Price in relation to the valuation of the Comparable Companies as implied by their last traded prices as at the Latest Practicable Date.

We had discussions with management about the suitability and reasonableness of the Comparable Companies. We wish to highlight that the Comparable Companies are not exhaustive and it should be noted that there may not be any listed company that is directly comparable to the Group in terms of location, business activities, customer base, size of operations, asset base, geographical markets, track record, financial performance, operating and financial leverage, future prospects, liquidity, quality of earnings, accounting policies, risk profile and other relevant criteria.

In view of the above, it should be noted that any comparison made with respect to the Comparable Companies merely serves as an illustration and that the conclusions drawn from the comparisons may not necessarily reflect the perceived market valuation of the Company as at the Latest Practicable Date.

A brief description of the Comparable Companies is set out below:

Names	Listing Location	Brief Business Description	Market Capitalisation as at the Latest Practicable Date <sup>(1) (2)</sup> (S\$ million)
Perfect Shape Beauty Technology Ltd <b>(“Perfect Shape”)</b>	Hong Kong	Perfect Shape Beauty Technology Ltd. offers slimming and beauty treatments. The company assesses its customers' needs, softens, dissolves, dredges and tightens fat, massages with fat-burning essence, applies anode and cathode electric current to initiate biological body heat, dredges away fat and cellulite through the lymphatic system, and scatters deep fat to tighten skin tissues.	164
Sau San Tong Holdings Ltd <b>(“Sau San Tong”)</b>	Hong Kong	Sau San Tong Holdings Limited, through its subsidiaries, sells a range of health and beauty products and provides a wide range of health and beauty services with emphasis on weight management at its slimming centers.	64
Modern Beauty Salon Holdings Ltd <b>(“Modern Beauty”)</b>	Hong Kong	Modern Beauty Salon Holdings Limited operates beauty salons, spas, and fitness centers. The company offers services that include beauty and facial, spa and message, slimming, and fitness services.	55

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Names	Listing Location	Brief Business Description	Market Capitalisation as at the Latest Practicable Date <sup>(1)</sup> <sup>(2)</sup> (S\$ million)
Union Medical Healthcare Ltd ("Union Medical")	Hong Kong	Union Medical Healthcare Ltd is an aesthetic medical service provider in Hong Kong. The company sells beauty products and offers medical services.	430

Source: Bloomberg Finance L.P., annual reports, announcements and websites of respective companies

**Notes:**

- (1) Market capitalisation of the Comparable Companies are based on their respective closing prices as at the Latest Practicable Date.
- (2) Based on the closing exchange rate of S\$1:HKD0.1724 as at the Latest Practicable Date. HKD refers to the Hong Kong Dollar.

For the comparison with the Comparable Companies, we have referred to various valuation ratios to provide an indication of the market expectations with regard to the valuation of these companies. In this respect, we have considered the following widely used ratios:

Valuation Ratio	General Description
Price-to-Net Asset Value ("P/NAV")	P/NAV ratio illustrates the ratio of the market price of a company's share relative to its asset backing as measured in terms of its historical consolidated NAV per share as stated in its financial statements. The NAV figure provides an estimate of the value of a company assuming the sale of all its tangible and intangible assets, the proceeds which are first used to settle its liabilities and obligations with the balance available for distribution to its shareholders. Comparisons of companies using their book NAVs are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies.
Price-to-Net Tangible Asset ("P/NTA")	P/NTA ratio illustrates the ratio of the market price of a company's share relative to its historical NTA per share as recorded in its financial statements. The NTA figure provides an estimate of the value of a company assuming the sale of all its tangible assets, the proceeds which are first used to settle its liabilities and obligations with the balance available for distribution to its shareholders. Comparisons of companies using their NTAs are affected by differences in their respective accounting policies, in particular, their depreciation and asset valuation policies.

We set out in the table below the financial ratios of the Comparable Companies as at the Latest Practicable Date:

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	Net Profit / (Loss) <sup>(1)</sup> (S\$m)	P/NAV <sup>(2)</sup> (times)	P/NTA <sup>(2)</sup> (times)
Perfect Shape	16.3	2.1	2.1
Sau San Tong	3.5	0.4	0.4
Modern Beauty	5.9	2.6	2.7
Union Medical	35.8	3.2	3.5
Maximum		3.2	3.5
Minimum		0.4	0.4
Mean		2.1	2.2
Median		2.3	2.4
<b>The Group<sup>(3)</sup> (Based on Offer Price and RNAV (excluding NCI) per Share)</b>	(6.1)	2.8	2.8

*Source: Bloomberg Finance L.P., annual reports and/or announcements of the respective companies, and other publicly available information.*

### Notes:

- (1) The net profit / loss attributable to shareholders in the most recent last twelve months (“LTM”) compiled from the respective companies’ financial results. Net profit / loss figures are based upon the average exchange rates prevailing during the corresponding LTM period for each respective company.
- (2) The P/NAV and P/NTA ratios of the Comparable Companies are based on (i) their respective closing prices as at the Latest Practicable Date; and (ii) the most recent NAV and NTA attributable to shareholders as announced by the respective companies.
- (3) Based on the Offer Price of S\$0.111, RNAV (excluding NCI) per Share of S\$0.0390 and nil intangible assets as at 31 March 2017. Please refer to paragraphs 5.3.5 of this IFA Letter for further information on the RNAV.
- (4) As the Group was loss-making and had negative earnings before interest, tax, depreciation and amortisation (“EBITDA”) in FY2017, it was not meaningful to evaluate other valuation ratios such as the price-to-earnings or enterprise value-to-EBITDA ratios.

For illustrative purpose only, based on the above ratio analysis, we note that the P/NAV and P/NTA ratios of the Group, as implied by the Offer Price and the RNAV (excluding NCI) per Share, are within the range, and above the mean and the median P/NAV and P/NTA ratios of the Comparable Companies respectively.

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### 5.5 COMPARISON WITH PRECEDENT NON-PRIVATISATION TAKEOVER OFFERS OF SGX-ST LISTED COMPANIES

We note that it is the intention of the Offeror to maintain the listing status of the Company on the SGX-ST. In assessing the Offer Price, we have compared the financial statistics implied by the Offer Price with those of selected completed takeovers for companies listed on the SGX-ST which were announced in the 36-month period prior to the Offer Announcement Date where the offeror indicated its intentions to preserve the listing status of the target companies (collectively, the “Recent Non-Privatisation Takeover Transactions”).

We wish to highlight that the list of target companies set out under the Recent Non-Privatisation Takeover Transactions are not directly comparable with the Group in terms of size of operations, market capitalisation, business activities, asset base, geographical spread, track record, accounting policy, financial performance, operating and financial leverage, future prospects and other relevant criteria. Each transaction must be judged on its own commercial and financial merits.

We also wish to highlight that the list of Recent Non-Privatisation Takeover Transactions is by no means exhaustive and has been compiled based on publicly available information as at the Latest Practicable Date.

The premium (if any) that an offeror would pay in respect of any particular takeover depends on various factors, *inter alia*, the offeror’s intention with regard to the target company, the potential synergy that the offeror can derive from acquiring the target company, the presence of competing bids for the target company, prevailing market conditions and sentiments, attractiveness and profitability of the target company’s business and assets and the existing and desired level of control in the target company. The comparison below is made without taking into consideration the underlying liquidity of the shares and the performance of the shares of the relevant companies below. Therefore, the comparison of the Offer with the Recent Non-Privatisation Takeover Transactions set out below is for illustrative purposes only. Conclusions drawn from the comparisons made may not reflect any perceived market valuation of the Company.

	Announcement Date	Type <sup>(18)</sup>	Premium / (Discount) of Offer Price over/(to):				Offer Price / NAV (times)
			Last Transacted Price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	
United Envirotech Ltd <sup>(1)</sup>	12-Nov-14	VGO	8.9	21.1	20.7	19.5	2.3
CH Offshore Ltd <sup>(2)</sup>	11-Dec-14	VGO	6.5	8.1	5.4	5.1	0.9
Hafary Holdings Limited <sup>(3)</sup>	30-Dec-14	VGO	9.1	11.1	11.1	14.8	1.3
LCD Global Investments Ltd <sup>(4)</sup>	12-Jan-15	VGO	10.0	11.5	13.4	13.4	1.2
Xyec Holdings Co., Ltd <sup>(5)</sup>	30-Jan-15	VGO	20.0	31.0	34.5	37.6	1.4
IPC Corporation Ltd <sup>(6)</sup>	1-Apr-15	MGO	2.4	4.5	5.5	7.4	0.7
Novo Group Ltd <sup>(7)</sup>	17-Aug-15	MGO	161.5	188.1	151.9	163.6	5.2
Jasper Investments Limited <sup>(8)</sup>	18-Sep-15	MGO	(93.3)	(93.1)	(96.6)	(96.4)	n.m.

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	Announcement Date	Type <sup>(18)</sup>	Premium / (Discount) of Offer Price over/(to):				Offer Price / NAV (times)
			Last Transacted Price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	
Jacks International Limited <sup>(9)</sup>	6-Oct-15	MGO	90.5	103.5	103.5	121.8	1.9
Starland Holdings Limited <sup>(10)</sup>	14-Oct-15	MGO	25.5	45.7	60.5	73.5	0.5
Abundance International Limited <sup>(11)</sup>	24-Mar-16	MGO	72.4	65.6	67.2	40.4	1.3
Halcyon Agri Corporation Limited <sup>(12)</sup>	28-Mar-16	MGO	24.0	51.7	28.5	8.1	3.3
British and Malayan Trustees Limited <sup>(13)</sup>	13-May-16	MGO	(61.9)	n.a.	n.a.	n.a.	1.0
Ellipsiz Ltd <sup>(14)</sup>	7-July-16	MGO	2.7	5.0	8.0	14.5	0.5
International Healthway Corporation Limited <sup>(15)</sup>	16-Feb-17	MGO	1.9	14.0	20.5	16.7	0.9
Maximum			161.5	188.1	151.9	163.6	5.2
Minimum			(93.3)	(93.1)	(96.6)	(96.4)	0.5
Mean <sup>(16)</sup>			8.5	21.5	21.7	21.3	1.3
Median <sup>(16)</sup>			9.0	14.0	20.5	14.8	1.2
<b>The Group<sup>(17)</sup> (Based on the Offer Price)</b>	24-Aug-17	MGO	68.2	93.0	96.1	99.6	2.8

### Notes:

- (1) Based on the NAV per share of S\$0.711 as at 31 December 2014.
- (2) Based on the revalued NAV per share of S\$0.571 as at 30 September 2014.
- (3) Based on the revalued NAV per share on an as-is basis of S\$0.191 as at 30 September 2014.
- (4) Based on the NAV per share of S\$0.271 as at 31 December 2014.
- (5) Based on the NAV per share of S\$0.213 as at 30 September 2014.
- (6) Based on the revalued NAV per share of S\$0.2498 as at 31 December 2014.
- (7) Based on the revalued NAV per share of US\$0.093 as at 31 July 2015.
- (8) n.m. – Not meaningful as the company was in a net liabilities position as at 30 June 2015.
- (9) Based on the NAV per share of S\$0.42 as at 31 July 2015.
- (10) Based on the revalued NAV per share of S\$0.506 as at 30 September 2015.
- (11) Based on the NAV per share of S\$0.0373 as at 31 December 2015.

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- (12) On 9 September 2015, the SGX-ST queried Halycon Agri Corporation Limited (“**HAC**”) regarding the trading activities in the shares of HAC and HAC responded on 9 September 2015 that it was in confidential discussions with certain parties regarding a potential strategic transaction. On 28 March 2016, Australia and New Zealand Banking Group Limited, Singapore Branch announced, for and on behalf of Sinochem International (Overseas) Pte. Ltd., the mandatory conditional cash offer for all the issued and paid-up ordinary shares in the capital of HAC. The market premiums in the table above were computed based on (i) the offer price of S\$0.750 and the last transacted share price of S\$0.605 on 8 September 2015 prior to the announcement of HAC’s response to SGX-ST’s query regarding trading activity, and (ii) the NAV per share of US\$0.1709 as at 31 March 2016.
- (13) n.a. - denotes as not available as no trades were done in the 1-month, 3-month and 6-month periods prior to the announcement date. Based on the revalued NAV per share of S\$2.25 as at 30 June 2016.
- (14) Based on the NAV per share of S\$0.764 as at 30 June 2016.
- (15) Based on the revalued NAV per share of S\$0.1163 as at 30 September 2016.
- (16) Being a statistical outlier, Novo Group Ltd has been excluded from the computation of the mean and median values of each of the parameters.
- (17) Based on the Offer Price of S\$0.111, the Group’s FY2017 financials, the RNAV (excluding NCI) per Share of S\$0.0390 as at 31 March 2017, the last transacted price of S\$0.066 for the Shares on the Last Trading Day, and the respective VWAP periods preceding the Offer Announcement Date. Please refer to paragraphs 5.3.5 of this IFA Letter for further information on the RNAV.
- (18) VGO – Voluntary General Offer, MGO – Mandatory General Offer.

Based on the above, we note that:

- (i) the premium implied by the Offer Price over the last transacted price, VWAP for the 1-month, 3-month and 6-month prior to the Offer Announcement Date of the Shares is within the range, and above the mean and median premiums of Recent Non-Privatisation Takeover Transactions; and
- (ii) the Offer Price over NAV ratio of the Group, as implied by the Offer Price and the RNAV (excluding NCI) per Share, is within the range, and above the mean and median offer price over NAV ratios of Recent Non-Privatisation Takeover Transactions.

### 5.6 THE FINANCIAL PERFORMANCE OF THE GROUP

A summary of the consolidated income statements of the Group for the three financial years ended 31 March 2017 respectively is set out below:

<b>S\$’000</b>	<b>Audited</b>		
	<b>FY2015</b>	<b>FY2016</b>	<b>FY2017</b>
Revenue	15,093	13,482	9,177
Loss before income tax	(2,483)	(3,112)	(6,215)
Loss for the year	(2,741)	(3,527)	(6,412)
Loss attributable to equity holders of the Company	(3,268)	(3,838)	(6,128)



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The financial performance of the Group has been deteriorating over the past three financial years. Revenues have declined in the past three financial years, decreasing from S\$15.1 million in FY2015 to S\$9.2 million in FY2017, mainly due to the closure of outlets and shortage of operation manpower. Losses attributable to equity holders of the Company have also widened over the same period, from losses of S\$3.3 million in FY2015 to losses of S\$6.1 million in FY2017.

### FY2017 versus FY2016

The Group recorded revenue of S\$9.2 million in FY2017, a decrease of S\$4.3 million or 31.9% from S\$13.5 million in FY2016. The decrease in revenue from beauty, slimming and spa treatments and sales of products was mainly attributed to: (a) closure of three outlets in Singapore and one outlet in Malaysia, in line with the Company's operational streamlining; and (b) shortage of operation manpower due to the suspension on hiring of foreign workers imposed by the authorities.

The Group had reported a loss attributable to equity holders of the Company of S\$6.1 million in FY2017 as compared to S\$3.8 million in FY2016.

### FY2016 versus FY2015

The Group recorded revenue of S\$13.5 million in FY2016, a decrease of S\$1.6 million or 10.7% from S\$15.1 million in FY2015. The decrease in revenue for beauty, slimming and spa treatments and product sales were mainly attributed to the closure of one Singapore outlet in end October 2015, shortage of manpower as a result of tightening of foreign labour measures, and reduced retail customers spending due to prolonged haze and social economic conditions in Singapore and Malaysia.

The Group reported a loss attributable to owners of the Company of S\$3.8 million in FY2016 as compared to S\$3.3 million in FY2015.

### Material Uncertainty Related to Going Concern

In the FY2017 annual report, the auditors of the Company highlighted certain factors that indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as going concerns. We have extracted certain sections from the FY2017 audited financial statements in italics as follows:

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

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

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

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- (b) *In addition, a director of a subsidiary, who is also the beneficiary of the new ultimate controlling shareholder, has committed a personal loan of S\$2 million to the Group effective 15 August 2017. As at 31 August 2017, S\$1.2 million of the loan has been drawn down and the remaining balance of S\$800,000 is available for disbursement at any time within 12 months after 15 August 2017.*
- (c) *The ultimate controlling shareholders as at 31 March 2017, who are also directors of the Company, have given personal undertakings to provide continuing financial support to the Company and the Group to meet its liabilities and its normal operating expenses to be incurred. Further, as disclosed in Note 18, they will not demand repayment of the amounts due to them by the Group within the next 36 months from the balance sheet date or until the cash flows of the Group permit, whichever is later.*

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

### 5.7 THE DIVIDEND TRACK RECORD OF THE COMPANY

The Company did not declare any dividends in respect of the last three financial years.

### 5.8 OTHER CONSIDERATIONS

In determining whether the Offer is fair and reasonable, we have also considered the following:

**(a) No alternative offer**

The Directors have confirmed that, as at the Latest Practicable Date, apart from the Offer being made by the Offeror, no alternative offer or proposal from any third party has been received. We also note that there is no publicly available evidence of any alternative offer for the Shares from any third party.

**(b) No compulsory acquisition**

Pursuant to Section 215(1) of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), if the Offeror receives valid acceptances of the Offer or acquires the Offer Shares during the offer period otherwise than through valid acceptances of the Offer in respect of not less than 90% of the total number of Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of despatch of the offer document) (the “**Section 215(1) Threshold**”), the Offeror will have the right to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer (the “**Dissenting Shareholders**”) on the same terms as those offered under the Offer.

As Ho Yow Ping (He YouPing), who as at the Latest Practicable Date, beneficially holds 32,680,000 Undertaking Shares representing approximately 19.99% of the total number of Shares, has provided the Irrevocable Undertaking and is not entitled to participate in the Offer, the Offeror will not be able to receive sufficient valid acceptances of the Offer in order to meet the Section 215(1) Threshold. Accordingly, the Offeror will not be entitled

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to exercise its right under Section 215(1) of the Companies Act to compulsorily acquire all the Shares of the Dissenting Shareholders.

**(c) Listing status**

It is the current intention of the Offeror to maintain the present listing status of the Company on the Catalist board of the SGX-ST. As stated in Section 6 of the Offer Document, the Offeror will not be entitled to exercise its right under Section 215(1) of the Companies Act to compulsorily acquire all the Shares of the Dissenting Shareholders. Accordingly, in the event that the percentage of Shares (excluding treasury shares) held in public hands falls below 10% and the SGX-ST suspends trading of the Shares, the Offeror intends to take such steps which are necessary to restore the Company's public float in order to maintain the listing status of the Company. However, there is no assurance that timely and appropriate actions can be taken as these are dependent on *inter alia* prevailing market conditions at the relevant time. In the event that the free float requirement cannot be met, trading in the Shares may be suspended and/or the Company may be delisted.

**(d) Offeror's intentions for the Group**

Following the completion of the Acquisition and the close of the Offer, the Offeror intends to undertake a strategic and operational review of the Group's business with a view to strengthening the Group's financial position and identifying areas in which potential may be optimised (including, amongst others, exploring the diversification of the Group's business into other complementary sectors).

Depending on the outcome of such review, the Offeror may make changes to the operations and business of the Group. Accordingly, the Offeror retains the flexibility at any time to consider any options with respect to making any major changes to the business of the Group (including any redeployment of the fixed assets of the Group) and with respect to the continued employment of the employees of the Group, in addition to any changes which may be made in the ordinary course of business.

## 6. OUR OPINION

Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Offer. We have carefully considered as many factors as we deem essential and balanced them before reaching our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

We set out below a summary of the key factors we have taken into our consideration:

- a) the deteriorating financial performance of the Group whereby the Group reported (i) declining revenues in the past three financial years, decreasing from S\$15.1 million in FY2015 to S\$9.2 million in FY2017, mainly due to the closure of outlets and shortage of operation manpower; and (ii) widening losses attributable to equity holders of the Company in the past three financial years, from losses of S\$3.3 million in FY2015 to losses of S\$6.1 million in FY2017;

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## APPENDIX I – IFA LETTER

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- b) the “material uncertainty related to going concern” highlighted by the auditors of the Company whereby the auditors also noted (i) the Group’s net cash outflows from operating activities of S\$3.38 million for the financial year ended 31 March 2017, (ii) the Company’s deficit in equity of S\$5.17 million and the Group’s net current liabilities of S\$11.6 million as at 31 March 2017;
- c) the Offer Price represents a premium of approximately 68.2% to the last transacted price of the Shares of S\$0.066 on the Last Trading Day;
- d) the Offer Price represents premiums of approximately 69.2%, 93.0%, 96.1%, 99.6% and 72.4% to the VWAP of the Shares on the Last Trading Day and the VWAP of the Shares for the 1-month, 3-month, 6-month and 12-month periods prior to the Offer Announcement Date respectively;
- e) the Offer Price is higher than the daily closing price of the Shares in the six years prior to the Offer Announcement Date;
- f) the Shares have outperformed the FTSE ST Catalist Index for the 1-year period up to the Offer Announcement Date;
- g) the Offer Price is at a 304.8% premium to the NAV (excluding NCI) per Share and NTA (excluding NCI) per Share of S\$0.0274 as at 31 March 2017;
- h) the Offer Price is at a 184.9% premium to the RNAV (excluding NCI) per Share of S\$0.0390 as at 31 March 2017;
- i) the P/NAV and P/NTA ratios of the Group, as implied by the Offer Price and the RNAV (excluding NCI) per Share, are within the range, and above the mean and the median P/NAV and P/NTA ratios of the Comparable Companies respectively;
- j) the premium implied by the Offer Price over the last transacted price, VWAP for the 1-month, 3-month and 6-month prior to the Offer Announcement Date of the Shares is within the range, and above the mean and median premiums of Recent Non-Privatisation Takeover Transactions;
- k) the Offer Price over NAV ratio of the Group, as implied by the Offer Price and the RNAV (excluding NCI) per Share, is within the range, and above the mean and median offer price over NAV ratios of Recent Non-Privatisation Takeover Transactions;
- l) the Company did not declare any dividends in respect of the last three financial years; and
- m) other considerations set out in paragraph 5.8 of this IFA Letter

**Accordingly, after taking into account the above factors, we are of the opinion that, as of the date hereof, the financial terms of the Offer are fair and reasonable.**

**Accordingly, we advise the Independent Directors to recommend the Shareholders to ACCEPT the Offer unless the Shareholders are able to obtain a price higher than the Offer Price on the open market, after taking into account all brokerage commissions or transaction costs in connection with open market transactions.**

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## APPENDIX I – IFA LETTER

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In rendering the above advice, we have not given regard to the specific investment objectives, financial situation, tax position or particular needs and constraints of any individual Shareholder. As each individual Shareholder would have different investment objectives and profiles, we would advise that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his legal, financial, tax or other professional adviser immediately. The Independent Directors should advise Shareholders that the opinion and advice of Xandar Capital should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept the Offer, as the case may be.

This IFA Letter is addressed to the Independent Directors for their benefit, in connection with and for the purpose of their consideration of the terms of the Offer, and the recommendation made by them to the Shareholders shall remain the responsibility of the Independent Directors. Neither the Company nor the Directors may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose, except for the Offer, at any time and in any manner without the prior written consent of Xandar Capital in each specific case.

This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours truly  
For and on behalf of  
**XANDAR CAPITAL PTE LTD**

LOO CHIN KEONG  
EXECUTIVE DIRECTOR

DAVID WEE SHU MIN  
VICE PRESIDENT

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## APPENDIX II – ADDITIONAL GENERAL INFORMATION

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### 1. DIRECTORS

The names, addresses and descriptions of the Directors as at the Latest Practicable Date are set out below:

<b>Name</b>	<b>Address</b>	<b>Designation</b>
Chia Ah Tow Mary	c/o 26 Tai Seng Street #01-03A J'Forte Singapore 534057	Non-Executive Chairman
Ho Yow Ping (He YouPing)	c/o 26 Tai Seng Street #01-03A J'Forte Singapore 534057	Chief Executive Officer
Yeung Koon Sang @ David Yeung	c/o 26 Tai Seng Street #01-03A J'Forte Singapore 534057	Lead Independent Director
Pao Kiew Tee	c/o 26 Tai Seng Street #01-03A J'Forte Singapore 534057	Independent Director
Periowsamy Otharam	c/o 26 Tai Seng Street #01-03A J'Forte Singapore 534057	Independent Director

### 2. REGISTERED OFFICE

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

### 3. HISTORY AND PRINCIPAL ACTIVITIES

The Company was incorporated in the Republic of Singapore on 30 April 2009 and was listed on the Catalist on 11 August 2009.

The Group is principally engaged in the provision of lifestyle and wellness services for both women and men at centres located in Singapore and Malaysia 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), “*Scinn Medical Centre*” and “*MCU Beautitudes*” (for medical aesthetics) brands. The Group’s core services can be broadly categorised 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.

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## APPENDIX II – ADDITIONAL GENERAL INFORMATION

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### 4. SHARE CAPITAL

#### 4.1 Issued Share Capital

The Company has one class of shares, being ordinary shares, which carry equal ranking rights to dividend, voting at general meetings and return of capital. As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$7,471,212 comprising 163,495,140 Shares. As at the Latest Practicable Date, the Company does not hold any treasury shares. The issued Shares are listed and quoted on the Catalist.

#### 4.2 No transfer restriction

There is no restriction in the Constitution on the right to transfer any Shares, which has the effect of requiring Shareholders, before transferring them, to first offer them for purchase to other Shareholders or to any other person.

#### 4.3 Number of Shares issued since 31 March 2017

As at the Latest Practicable Date, there has been no issue of new Shares by the Company since 31 March 2017, being the end of the last financial year of the Company.

#### 4.4 Convertible instruments

As at the Latest Practicable Date, there are no outstanding instruments convertible into, rights to subscribe for, and options in respect of, securities being offered for or which carry voting rights affecting Shares.

#### 4.5 Rights in Respect of Capital, Dividends and Voting

The rights of Shareholders in respect of capital, dividends and voting are contained in the Constitution which is available for inspection at the Company's registered office at 26 Tai Seng Street, #01-03A, J'Forte, Singapore 534057.

The relevant provisions in the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting have been extracted from the Constitution and reproduced in **Appendix III** to this Circular. Capitalised terms and expressions not defined in the extracts have the meanings ascribed to them in the Constitution.

### 5. DISCLOSURE OF INTERESTS

#### 5.1 Interests and Dealings of Company in Offeror Securities

As at the Latest Practicable Date, neither the Company nor its subsidiaries:

- (a) has any direct or deemed interests in any Offeror Securities; and
- (b) has dealt for value in any Offeror Securities during the Reference Period.

#### 5.2 Interests and Dealings of Directors in Offeror Securities

As at the Latest Practicable Date, none of the Directors:

- (a) save as disclosed below, has any direct or deemed interests in any Offeror Securities; and
- (b) has dealt for value in any Offeror Securities during the Reference Period.

As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of S\$500,000 comprising 500,000 ordinary shares. Ho Yow Ping (He YouPing) owns 108,523 shares of the Offeror, representing 21.70% of the issued and paid-up share capital of the Offeror.

## APPENDIX II – ADDITIONAL GENERAL INFORMATION

### 5.3 Interests of Directors in Company Securities

As at the Latest Practicable Date, save as disclosed below, none of the Directors has any direct or deemed interests in Company Securities.

#### Interests of Directors in Shares:

<u>Directors</u>	<u>Direct Interest in Shares</u>		<u>Deemed Interest in Shares</u>	
	<u>No. of Shares</u>	<u>%<sup>(1)</sup></u>	<u>No. of Shares</u>	<u>%<sup>(1)</sup></u>
Ho Yow Ping (He YouPing)	32,680,000	19.99	99,707,046 <sup>(2)</sup>	60.98 <sup>(2)</sup>

#### Notes:

- (1) The shareholding percentages are computed based on 163,495,140 Shares, being the total number of Shares in issue as at the Latest Practicable Date.
- (2) Ho Yow Ping (He YouPing), who is a shareholder of the Offeror and also the wife of Lee Boon Leng, is deemed to have an interest in the Shares owned by the Offeror by virtue of Section 4 of the SFA.

### 5.4 Dealings of Directors in Company Securities

As at the Latest Practicable Date, save as disclosed below, none of the Directors has dealt in any Company Securities during the Reference Period.

Pursuant to the Acquisition, Chia Ah Tow Mary sold 99,707,046 Shares to the Offeror, the details of which are set out below. Ho Yow Ping (He YouPing) is deemed to have an interest in Shares held by the Offeror by virtue of Section 4 of the SFA.

<u>Name</u>	<u>Date of Transaction</u>	<u>No. of Shares Acquired</u>	<u>No. of Shares Sold</u>	<u>Transaction Price per Share (S\$)</u>
Chia Ah Tow Mary	24 August 2017 <sup>(1)</sup>	-	99,707,046	0.1103 <sup>(1)</sup>
Offeror	24 August 2017 <sup>(1)</sup>	99,707,046	-	0.1103 <sup>(1)</sup>

#### Note:

- (1) This relates to the Acquisition and the transaction price per Share in the table above is derived based on the cash consideration of S\$11,000,000 divided by 99,707,046 Shares which are the subject of the Sale and Purchase Agreement and rounded to the nearest 4 decimal places.

### 5.5 Interests and Dealings of the IFA in Company Securities

As at the Latest Practicable Date, none of the IFA, its related corporations or funds whose investments are managed by the IFA or its related corporations on a discretionary basis:

- has any direct or deemed interests in any Company Securities; and
- has dealt for value in any Company Securities during the Reference Period.

### 5.6 Intentions of the Directors in relation to the Offer

As referred to in Section 2.5 of this Circular, Ho Yow Ping (He YouPing) has provided an Irrevocable Undertaking in favour of the Offeror in respect of 32,680,000 Undertaking Shares. Pursuant to the Irrevocable Undertaking, Ho Yow Ping (He YouPing) has undertaken to the Offeror, *inter alia*, not to tender or procure the tendering for acceptance under the Offer of all or any of the Undertaking Shares.



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## APPENDIX II – ADDITIONAL GENERAL INFORMATION

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Save as disclosed above, as at the Latest Practicable Date, no other Directors have any shareholding interest in the Company.

### 6. OTHER DISCLOSURES

#### 6.1 Directors' Service Contracts

As at the Latest Practicable Date:

- (a) there are no service contracts between any Director or proposed Director with the Company or any of its subsidiaries with more than 12 months to run and which cannot be terminated by the employing company within the next 12 months without paying any compensation; and
- (b) there are no service contracts entered into or amended between any Director or proposed Director, with the Company during the Reference Period.

#### 6.2 No Payment or Benefit to Directors

- (a) As at the Latest Practicable Date, save as disclosed below or otherwise in this Circular, it is not proposed, in connection with the Offer, that any payment or other benefit be made or given to any Director or to any director of any corporation which is by virtue of Section 6 of the Companies Act deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Offer.
- (b) As stated in Section 5 of the Offer Document, an extract of which is reproduced in Section 5 of this Circular, following completion of the Acquisition, Chia Ah Tow Mary has resigned from her position as the Executive Chairman of the Company and from all executive positions within the Group with effect from the Offer Announcement Date. Chia Ah Tow Mary shall also resign as a director of the Company with effect from the day immediately after the close of the Offer. Under the terms of the Sale and Purchase Agreement, the Offeror has undertaken (i) to use its best efforts to procure the release of all the personal guarantees that Chia Ah Tow Mary has provided in favour of financial institution(s) and other relevant third parties to secure facilities taken up by the Group; and (ii) to procure that the Company obtain consents or approvals required from financial institution(s) and other relevant third parties for the change in shareholding structure arising from the Acquisition and the Offer. The Offeror has also undertaken to fully indemnify Chia Ah Tow Mary promptly upon demand from and against any and all losses, claims, actions, proceedings, damages, demands, judgments, sums payable, liabilities, costs, charges and expenses to which Chia Ah Tow Mary may become subject as a result of the aforementioned personal guarantees or the failure to obtain the aforementioned consents. Chia Ah Tow Mary has informed the Offeror that the Group has an aggregate debt of approximately S\$2.1 million owed to Chia Ah Tow Mary and that the Company has undertaken to (or procure its subsidiaries to), *inter alia*, repay Chia Ah Tow Mary the entirety of the aggregate debt within three (3) years from 24 August 2017 by way of cash and/or the issuance of Shares.

#### 6.3 No Agreement Conditional upon Outcome of Offer

As at the Latest Practicable Date, save for (i) the Sale and Purchase Agreement; (ii) the Irrevocable Undertaking; and (iii) matters relating to Chia Ah Tow Mary as described in Section 5 of the Offer Document, an extract of which is reproduced in Section 5 of this Circular, there is no agreement, arrangement or understanding between any Director and any other person in connection with or conditional upon the outcome of the Offer or is otherwise connected with the Offer.

#### 6.4 Material Contracts entered into by Offeror

As at the Latest Practicable Date, save for (i) the Sale and Purchase Agreement; (ii) the Irrevocable Undertaking; and (iii) the letter of financial support and undertaking dated 24 August 2017 provided by the Offeror to the Company undertaking, *inter alia*, to provide financial support to the Group for

## APPENDIX II – ADDITIONAL GENERAL INFORMATION

the next 12 months from 7 September 2017 (the “Offeror Undertaking”), there are no material contracts entered into by the Offeror in which any Director has a material personal interest, whether direct or indirect.

### 7. FINANCIAL INFORMATION OF THE GROUP

7.1 Set out below is certain financial information extracted from the annual reports of the Company for FY2015, FY2016 and FY2017. The audited consolidated financial statements of the Group for FY2017 together with the Independent Auditor’s report are also set out in **Appendix IV** to this Circular. The summary set out below should be read together with the audited consolidated financial statements for the relevant financial periods and related notes thereto, as set out in the annual reports of the Company for FY2015, FY2016 and FY2017.

The audited consolidated financial statements of the Group for FY2015, FY2016 and FY2017 set out below have been reproduced from the annual reports of the Company and were not specifically prepared for inclusion in this Circular. Shareholders should note that the audited consolidated financial statements of the Group for FY2017 is subject to Shareholders’ adoption at the annual general meeting of the Company to be held on 2 October 2017.

Copies of the audited consolidated financial statements of the Group for FY2015, FY2016 and FY2017 are available for inspection at the registered office of the Company at 26 Tai Seng Street, #01-03A, J’Forte, Singapore 534057 during normal business hours for the period during which the Offer remains open for acceptance and are available on the website of the SGX-ST at <http://www.sgx.com>.

#### 7.2 Consolidated Statement of Comprehensive Income of the Group

	Audited	Audited	Audited
	FY2015	FY2016	FY2017
	S\$’000	S\$’000	S\$’000
Revenue	15,093	13,482	9,177
Other operating income	558	716	553
Purchases and related costs	(847)	(477)	(452)
Changes in inventories	34	(67)	(250)
Depreciation of property, plant and equipment	(1,214)	(976)	(540)
Staff costs	(7,560)	(6,843)	(5,929)
Operating lease expenses	(4,354)	(4,480)	(4,457)
Other operating expenses	(3,635)	(3,744)	(3,426)
Finance costs	(558)	(723)	(891)
<b>Loss before income tax</b>	<b>(2,483)</b>	<b>(3,112)</b>	<b>(6,215)</b>
Income tax expense	(258)	(415)	(197)
<b>Loss for the year</b>	<b>(2,741)</b>	<b>(3,527)</b>	<b>(6,412)</b>

## APPENDIX II – ADDITIONAL GENERAL INFORMATION

	Audited	Audited	Audited
	FY2015	FY2016	FY2017
	S\$'000	S\$'000	S\$'000
<b>Other comprehensive income/(loss), net of tax</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	59	(8)	(71)
<b>Other comprehensive income/(loss) for the year, net of tax</b>	59	(8)	(71)
<b>Total comprehensive loss for the year</b>	<b>(2,682)</b>	<b>(3,535)</b>	<b>(6,483)</b>
<b>(Loss)/income attributable to:</b>			
Equity holders of the Company	(3,268)	(3,838)	(6,128)
Non-controlling interest	527	311	(284)
	<b>(2,741)</b>	<b>(3,527)</b>	<b>(6,412)</b>
<b>Total comprehensive (loss)/income attributable to:</b>			
Equity holders of the Company	(3,209)	(3,846)	(6,199)
Non-controlling interest	527	311	(284)
	<b>(2,682)</b>	<b>(3,535)</b>	<b>(6,483)</b>
<b>Loss per share attributable to equity holders of the Company (Cents)</b>			
Basic loss per share	<b>(2.00)</b>	<b>(2.35)</b>	<b>(3.75)</b>
Diluted loss per share	<b>(2.00)</b>	<b>(2.35)</b>	<b>(3.75)</b>
Dividend per share	-	-	-

### 7.3 Consolidated Statement of Financial Position of the Group

	Audited
	As at 31 March 2017
	S\$'000
<b>ASSETS</b>	
<b>Non-Current Assets</b>	
Property, plant and equipment	4,047
Investment property	57,000
Investments in subsidiaries	-
Deferred tax assets	-
Other current assets	386

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## APPENDIX II – ADDITIONAL GENERAL INFORMATION

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	<b>Audited</b>
	<b>As at 31 March 2017</b>
	<b>S\$'000</b>
	61,433
<b>Current Assets</b>	
Inventories	402
Trade and other receivables	386
Other current assets	1,002
Cash and bank balances	767
	2,557
	63,990
	63,990
<b>EQUITY AND LIABILITIES</b>	
<b>Capital and Reserves</b>	
Share capital	4,818
Reserves	(335)
	4,483
Attributable to equity holders of the Company	4,483
<b>Non-controlling interests</b>	19,209
	23,692
<b>Total equity</b>	23,692
<b>Non-Current Liabilities</b>	
Borrowings	22,478
Amount due to directors	3,461
Provision	195
	26,134
<b>Current Liabilities</b>	
Trade and other payables	6,821
Amount due to non-controlling interest	24
Borrowings	6,789
Current tax liabilities	268
Provision	262
	14,164
	40,298
<b>Total liabilities</b>	40,298
	63,990
<b>Total equity and liabilities</b>	63,990

### 8. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save as disclosed in this Circular and in publicly available information on the Group, there has been no known material change in the financial position of the Company since 31 March 2017, being the date of the Company's last published audited financial statements.

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## APPENDIX II – ADDITIONAL GENERAL INFORMATION

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### 9. MATERIAL CHANGES IN INFORMATION

Save as disclosed in this Circular and in publicly available information on the Group and the Offer, there has been no material change in any information previously published by or on behalf of the Company during the period commencing from the Offer Announcement Date and ending on the Latest Practicable Date.

### 10. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES

#### 10.1 Significant Accounting Policies

The audited consolidated financial statements of the Group have been prepared in accordance with the provisions of the Companies Act and the Singapore Financial Reporting Standards. A summary of the significant accounting policies of the Group is set out in Note 3 of the audited consolidated financial statements of the Group for FY2017, which is reproduced in **Appendix IV** to this Circular.

#### 10.2 No Change in Accounting Policies

As at the Latest Practicable Date, there has been no change in the accounting policies of the Group since the date of its audited consolidated financial statements for FY2017 which will cause the financial information disclosed in this Circular to not be comparable to a material extent.

### 11. MATERIAL CONTRACTS WITH INTERESTED PERSONS

11.1 As at the Latest Practicable Date, save for (i) the Offeror Undertaking; (ii) the personal undertakings provided by Chia Ah Tow Mary and Ho Yow Ping (He YouPing) to provide continuing financial support to the Company and the Group to meet its liabilities and its normal operating expenses to be incurred, and not to demand repayment of the amounts due to them by the Group within the next 36 months from the balance sheet date or until the cash flows of the Group permit, whichever is later (as disclosed by the Company in Note 2(c) of the audited consolidated financial statements of the Group for FY2017, which is reproduced in **Appendix IV** to this Circular on page 105); (iii) save as disclosed below; and (iv) save in publicly available information on the Group, neither the Company nor any of its subsidiaries has entered into material contracts (not being contracts entered into in the ordinary course of business) with persons who are Interested Persons during the period commencing three (3) years before the Offer Announcement Date and ending on the Latest Practicable Date.

11.2 On 15 August 2017, Lee Boon Leng entered into a loan agreement dated 15 August 2017 (the "**Loan Agreement**") with Hotel Culture Pte. Ltd. ("**Hotel Culture**"), a 51% owned subsidiary of the Company, pursuant to which Lee Boon Leng agreed to extend a loan of S\$2,000,000 to Hotel Culture on an interest-free basis, which is available for drawdown within the next 12 months from 15 August 2017 or such other date as may be subsequently agreed by them, subject to the terms and conditions of the Loan Agreement.

Lee Boon Leng is the husband of Ho Yow Ping (He YouPing), who is the Chief Executive Officer and a controlling Shareholder of the Company. Lee Boon Leng is also the 49% joint venture partner in Hotel Culture. Pursuant to Chapter 9 of the Catalist Rules, Lee Boon Leng is considered as an "interested person" and the entry into the Loan Agreement therefore constituted an interested person transaction. As the aforementioned loan extended by Lee Boon Leng to Hotel Culture is interest-free, the Loan Agreement is a non-discloseable transaction pursuant to Rules 905 and 909(3) of the Catalist Rules. In addition, the Company is not, pursuant to Rule 906 of the Catalist Rules, required to obtain the approval of its Shareholders for its entry into the Loan Agreement.

11.3 On 9 May 2017, the Company announced that it had on 8 May 2017 entered into a rental agreement with the Offeror to lease an area of 51 square metres within the premises of 26 Tai Seng Street, #01-03A, Singapore 534057 (the "**Rental Agreement**") for retail distribution and marketing purposes, which include functioning as a products collection centre. The aggregate monthly rental

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## APPENDIX II – ADDITIONAL GENERAL INFORMATION

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is S\$6,239, inclusive of a monthly utility charge of S\$200. The Rental Agreement is for a term of approximately one (1) year and ten (10) months commencing on 1 April 2017 and expiring on 23 January 2019. As mentioned in Section 3 of this Circular, the shareholders of the Offeror are Lee Boon Leng (73.75%), Ho Yow Ping (He YouPing) (21.70%), and three (3) other individuals owning the remainder 4.55% shareholding interest of the Offeror. Lee Boon Leng is the husband of Ho Yow Ping (He YouPing), who is the Chief Executive Officer and a controlling Shareholder of the Company. Pursuant to Chapter 9 of the Catalist Rules, the Offeror is considered as an “interested person” and the entry into the Rental Agreement therefore constituted an interested person transaction.

Pursuant to Rule 916(1) of the Catalist Rules, a listed issuer is not required to comply with Rule 906 of the Catalist Rules to obtain shareholders’ approval with respect to entering into, or renewal of a lease or tenancy of real property of not more than three (3) years if the terms are supported by independent valuation. As the Rental Agreement is for a term of approximately one (1) year and ten (10) months and is supported by an independent valuation report dated 2 May 2017 issued by the independent property valuer, CKS Property Consultants Pte Ltd, the entry into the Rental Agreement thus fell within the exception under Rule 916(1) of the Catalist Rules.

Please refer to the Company’s announcement on 9 May 2017 for further information on the above.

- 11.4** On 26 April 2017, the Company announced that it had on 24 April 2017 renewed the lease agreement (the “**Further Renewed Lease Agreement**”) entered into with JL Asia Resources Pte. Ltd. (“**JL Asia**”) through its 51% owned subsidiary, Hotel Culture.

The lease agreement was first formalised between JL Asia and Hotel Culture on 30 June 2011 and renewed for the first time on 14 February 2014. Please refer to the Company’s announcements on 9 February 2012 and 14 February 2014 for further information in this regard.

Under the Further Renewed Lease Agreement, Hotel Culture agreed to lease the Properties (situated at 48, 49 and 50 Mosque Street, Singapore 059526, 059527 and 059528) which had been developed into a 84-room heritage hotel (“**Hotel**”) to JL Asia. The aggregate monthly rental is S\$125,000 and an amount equivalent to 2% of the Hotel’s gross sales. The Further Renewed Lease Agreement is for a term of three (3) years commencing on 15 February 2017 and expiring on 14 February 2020. JL Asia is a Singapore incorporated company and is principally engaged in the business of hotel management. Pursuant to the Further Renewed Lease Agreement, JL Asia will continue to act as the hotel operator, operating and managing the Hotel.

JL Asia is wholly-owned by Lee Boon Leng. Lee Boon Leng is also the 49% joint venture partner in Hotel Culture. Lee Boon Leng is the husband of Ho Yow Ping (He YouPing), who is the Chief Executive Officer and a controlling Shareholder of the Company. Pursuant to Chapter 9 of the Catalist Rules, JL Asia is considered as an “interested person” and the entry into the Further Renewed Lease Agreement therefore constituted an interested person transaction. As the Further Renewed Lease Agreement is for a term of three (3) years and is supported by an independent valuation report dated 7 March 2017 issued by the independent property valuer, TEHO Property Consultants Pte. Ltd., the entry into the Further Renewed Lease Agreement thus fell within the exception under Rule 916(1) of the Catalist Rules and shareholders’ approval in relation thereto was not required.

Please refer to the Company’s announcement on 26 April 2017 for further information on the above.

- 11.5** On 22 December 2014, the Company announced that Organica International Holdings Pte. Ltd., a wholly-owned subsidiary of the Company, had on 22 December 2014 acquired Organica International (M) Sdn Bhd (“**New Subsidiary**”), a company incorporated in Malaysia at a consideration of RM2.00 (the “**Organica Acquisition**”).

The New Subsidiary was incorporated on 28 November 2014 with an issued and paid-up share capital of RM2.00 comprising 2 ordinary shares of RM1.00 each (the “**New Subsidiary Shares**”). The New Subsidiary Shares were held by Chia Ah Tow Mary and Ho Yow Ping (He YouPing). Chia

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## APPENDIX II – ADDITIONAL GENERAL INFORMATION

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Ah Tow Mary was then the Executive Chairman of the Company and Ho Yow Ping (He YouPing) is the Chief Executive Officer and a controlling Shareholder of the Company. The principal activity of the New Subsidiary is that of direct selling in skin care and health supplements to the South East Asia region.

Pursuant to Chapter 9 of the Catalist Rules, the Organica Acquisition constituted an interested party transaction, but was not subject to the immediate announcement and shareholders' approval requirements under Rules 905(1), 905(2) and 906(1) of the Catalist Rules as the transaction value of the Organica Acquisition was below S\$100,000.

Please refer to the Company's announcement on 22 December 2014 for further information on the above.

### 12. MATERIAL LITIGATION

**12.1** As at the Latest Practicable Date, save as disclosed below, neither the Company nor any of its subsidiaries is engaged in any material litigation or arbitration proceedings, either as plaintiff or defendant, which might materially and adversely affect the financial position of the Company or the Group, taken as a whole. As at the Latest Practicable Date, save as disclosed below, the Directors are not aware of any litigation, claims or proceedings pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any litigation, claims or proceedings which might materially and adversely affect the financial position of the Company or the Group, taken as a whole.

**12.2** On 19 August 2016, Slim Beauty House Co., Ltd ("**SBH**"), a company incorporated in Japan, initiated arbitration proceedings (the "**Arbitration Proceedings**") against Mary Chia Beauty & Slimming Specialist Pte. Ltd. ("**MCBSS**"), the Company's wholly-owned subsidiary, in respect of dispute(s) between them arising out of and/or in connection with their joint venture, entered into for the purpose of setting up a beauty and slimming service centre to provide and distribute wellness related services and consultations in Singapore (the "**Joint Venture**"). As set out in the notice of arbitration, SBH was claiming approximately S\$4.81 million, excluding interest and cost. An announcement in relation to the Arbitration Proceedings was released by the Company on 24 August 2016. On 13 July 2017, the Company announced that the Singapore International Arbitration Centre issued an award (the "**Final Award**") on 7 July 2017, ordering *inter alia*, that MCBSS shall pay to SBH (a) S\$315,419.95 as damages for expectation loss arising out of the MCBSS's breach of the joint venture agreement; and (b) S\$238,552.29 and JPY2,479,409 (approximately S\$30,000) as costs. MCBSS and SBH are also to take steps to liquidate the joint venture company, MSB Beauty Pte. Ltd.. On 8 September 2017 (the "**8 September Announcement**"), the Company announced that in connection with the Final Award and its application to the High Court of Singapore (the "**Court**") to set aside the Final Award (the "**Application**"), MCBSS has on 31 August 2017 transferred a sum of S\$584,716.92 (the "**Sum**") to MCBSS' solicitors' trust account upon which MCBSS' solicitors have furnished an undertaking on 1 September 2017, to SBH's solicitors to (i) hold the Sum by way of security for the sums awarded to SBH under the Final Award; and (ii) release the same to SBH's solicitors or SBH without setoff, unless the Court otherwise orders, in the event that the Application and all other appeals by MCBSS therefrom, are dismissed and the matter is finally disposed of in SBH's favour. In the 8 September Announcement, the Company also stated that the hearing date for the Application before the Court has been fixed for 25 September 2017. The Company will make further announcements as and when necessary to keep Shareholders informed if there are any further material developments on the matter.

Please refer to the Company's announcements on 27 April 2015, 31 May 2016, 24 August 2016, 20 April 2017, 13 July 2017 and 8 September 2017 for further information on the above.

**12.3** On 13 May 2016, the Company announced that the Chief Executive Officer of the Company, Ho Yow Ping (He YouPing), received three (3) charges (the "**HYP Charges**") under Section 22(A)(1)(c) of the Employment of Foreign Manpower Act (Chapter 91A) ("**EFMA**"). Ho Yow Ping (He YouPing) was charged in her capacity as director of two (2) wholly-owned subsidiaries of the Company,

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## APPENDIX II – ADDITIONAL GENERAL INFORMATION

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namely Spa Menu and Urban Homme Face and Body Studio for Men Pte. Ltd. (the “**Affected Subsidiaries**”). The HYP Charges were in relation to the receipt by the aforementioned two (2) subsidiaries of financial guarantee from certain foreign employees.

On 8 June 2016, the Company announced that a further charge was brought against Spa Menu under Section 5(1) of the EFMA for failure to obtain a valid work pass for a foreign employee (the “**Spa Menu Charge**”). New charges were also brought against Ho Yow Ping (He YouPing) (the “**New HYP Charges**”) under the Massage Establishments Act (Chapter 173) by the Singapore Police Force. Ho Yow Ping (He YouPing) was charged in her capacity as director of two (2) wholly-owned subsidiaries of the Company, namely MCBSS and Spa Menu. The New HYP Charges were in relation to the employment of staff without the prior approval of the licensing officer and failure to maintain proper employee’s record at the aforementioned subsidiaries.

On 16 June 2016, the Company announced that the State Courts of Singapore had, on 16 June 2016, imposed a fine of S\$5,000 on Spa Menu for the Spa Menu Charge. With payment of the fine, the case has been concluded and there is no outstanding liability in respect of the Spa Menu Charge.

On 1 February 2017 (the “**1 February Announcement**”), the Company announced that the Ministry of Manpower had withdrawn the HYP Charges against Ho Yow Ping (He YouPing), who was granted a discharge amounting to an acquittal. The charges were instead brought against the Affected Subsidiaries, which have pleaded guilty to the charges and paid fines of S\$10,000 each. In the 1 February Announcement, the Company also stated that Ho Yow Ping (He YouPing) had pleaded guilty to the New HYP Charges and paid a fine of S\$2,600. With payment of the relevant fines, the cases have been concluded and there is no outstanding liability in respect of the charges brought against the Affected Subsidiaries and the New HYP Charges.

Please refer to the Company’s announcements on 13 May 2016, 8 June 2016, 16 June 2016 and 1 February 2017 for further information on the above.

### 13. VALUATION

The Group has commissioned CKS, an independent property valuer, to perform an independent valuation to determine the market value of the Properties in connection with and for the purpose of the Offer. The Valuation Report prepared by CKS is set out in **Appendix V** to this Circular.

Under Rule 26.3 of the Code, the Company is required, *inter alia*, to make an assessment of any potential tax liability which would arise if the assets, which are the subject of a valuation given in connection with an offer, were to be sold at the amount of the valuation. The Group does not expect to incur any tax liability on the hypothetical sale of the Properties if the Properties were to be sold at the amount of the valuation based on the Valuation Report. Shareholders should note that, as at the Latest Practicable Date, the Company has no intention to sell the Properties which are the subject of the Valuation Report.

### 14. GENERAL

#### 14.1 Costs and Expenses

All expenses and costs incurred by the Company in relation to the Offer will be borne by the Company.



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## APPENDIX II – ADDITIONAL GENERAL INFORMATION

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### 14.2 Consent of the Independent Auditor

Foo Kon Tan LLP has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of (a) its name, (b) the Independent Auditor's report in relation to the audited consolidated financial statements of the Group for FY2017 (as set out in **Appendix IV** to this Circular), and all references thereto in the form and context in which they appear in this Circular.

### 14.3 Consent of the IFA

Xandar Capital has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of (a) its name, (b) the IFA Letter (as set out in **Appendix I** to this Circular), and all references thereto in the form and context in which they appear in this Circular.

### 14.4 Consent of CKS

CKS has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of (a) its name, (b) the Valuation Report (as set out in **Appendix V** to this Circular), and all references thereto, in the form and context in which they appear in this Circular.

## 15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company at 26 Tai Seng Street, #01-03A, J'Forte, Singapore 534057 during normal business hours for the period during which the Offer remains open for acceptance:

- (a) the Constitution of the Company;
- (b) the annual reports of the Company for FY2015, FY2016 and FY2017;
- (c) the IFA Letter;
- (d) the Valuation Report;
- (e) the Sale and Purchase Agreement, the Offeror Undertaking, the Loan Agreement, the Rental Agreement, the Further Renewed Lease Agreement and the sale and purchase agreement in relation to the Organica Acquisition; and
- (f) the letters of consent referred to in **paragraphs 14.2, 14.3 and 14.4** of this **Appendix II** above.

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## APPENDIX III – EXTRACTS FROM THE CONSTITUTION OF THE COMPANY

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All capitalised terms used in the following extracts shall have the same meanings given to them in the Constitution, a copy of which is available for inspection at the registered office of the Company at 26 Tai Seng Street, #01-03A, J'Forte, Singapore 534057 during normal business hours for the period during which the Offer remains open for acceptance.

The relevant provisions in the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting have been reproduced in italics below.

### ISSUE OF SHARES

- |  |    |  |
|--|----|--|
| <i>Issue of new shares</i>               | 4. | <i>Subject to the Act and these Articles, no shares may be issued by the Directors without the prior sanction of an ordinary resolution of the Company in general meeting but subject thereto and to Article 47, and to any special rights attached to any shares for the time being issued, the Directors may issue, allot or grant options over or otherwise deal with or dispose of the same to such persons on such terms and conditions and for such consideration and at such time and subject or not to the payment of any part of the amount thereof in cash as the Directors may think fit, and any shares may be issued in such denominations or with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors.</i>  |
| <i>Rights attached to certain shares</i> | 5. | <p><i>(1) Preference shares may be issued subject to such limitations thereof as may be prescribed by any stock exchange upon which shares in the Company may be listed and the rights attaching to shares other than ordinary shares shall be expressed in the Memorandum of Association or these Articles. The total number of issued preference shares shall not exceed the total number of issued ordinary shares at any time. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending general meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six (6) months in arrears.</i></p> <p><i>(2) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares from time to time already issued or about to be issued.</i></p> |
| <i>Treasury shares</i>                   | 6. | <i>The Company shall not exercise any rights (including the right to attend and vote at general meetings) in respect of treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act.</i>   |

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## APPENDIX III – EXTRACTS FROM THE CONSTITUTION OF THE COMPANY

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### VARIATION OF RIGHTS

- Variation of rights
7. (1) *If at any time the share capital is divided into different classes, the repayment of preference capital other than redeemable preference capital and the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act, whether or not the Company is being wound up, only be made, varied or abrogated with the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class and to every such special resolution, the provisions of Section 184 of the Act shall, with such adaptations as are necessary, apply. To every such separate general meeting, the provisions of these Articles relating to general meetings shall mutatis mutandis apply; but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy or by attorney one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy or by attorney may demand a poll. Provided always that where the necessary majority for such a special resolution is not obtained at the general meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two (2) months of the general meeting shall be as valid and effectual as a special resolution carried at the general meeting.*
- Rights of preference shareholders
- (2) *The repayment of preference capital other than redeemable preference or any other alteration of preference shareholder rights may only be made pursuant to a special resolution of the preference shareholders concerned. Provided always that where the necessary majority for such a special resolution is not obtained at the general meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two (2) months of the general meeting, shall be as valid and effectual as a special resolution carried at the general meeting.*
- Creation or issue of further shares with special rights
8. *The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class or by these Articles, be deemed to be varied by the creation or issue of further shares ranking equally therewith.*

### SHARES

- Power to pay commission and brokerage
9. *Unless otherwise specified or restricted by law, the Company may pay commissions or brokerage on any issue or purchase of its shares, or sale, disposal or transfer of treasury shares at such rate or amount and in such manner as the Directors may deem fit. Such commissions or brokerage may be satisfied by the payment of cash or the allotment of fully or partly paid shares, or partly in one way and partly in the other.*
- Power to charge interest on capital
10. *If any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a lengthened period, the Company may, subject to the conditions and restrictions mentioned in the Act, pay interest on so much of the share capital as is for the time being paid up and may charge the same to capital as part of the cost of the construction or provision.*

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## APPENDIX III – EXTRACTS FROM THE CONSTITUTION OF THE COMPANY

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- No trust recognised* 11. *Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by these Articles or by law otherwise provided) any other rights in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository) entered in the Register of Members as the registered holder thereof or (where the person entered in the Register of Members as the registered holder of a share is the Depository) the person whose name is entered in the Depository Register in respect of that share.*
- Fractional part of a share* 12. *No person shall be recognised by the Company as having title to a fractional part of a share otherwise than as the sole or a joint holder of the entirety of such share.*
- Payment of instalments* 13. *If by the conditions of allotment of any shares the whole or any part of the amount of the issue price thereof shall be payable by instalments every such instalment shall, when due, be paid to the Company by the person who for the time being shall be the registered holder of the share or his personal representatives, but this provision shall not affect the liability of any allottee who may have agreed to pay the same.*

### SHARE CERTIFICATES

- Share certificates* 14. *The certificate of title to shares or debentures in the capital of the Company shall be issued under the seal in such form as the Directors shall from time to time prescribe and may bear the autographic or facsimile signatures of at least two (2) Directors, or of one (1) Director and the Secretary or some other person appointed by the Directors in place of the Secretary for the purpose, and shall specify the number and class of shares to which it relates, the amounts paid thereon, the amount (if any) unpaid on the shares and the extent to which the shares are paid up. The facsimile signatures may be reproduced by mechanical or other means provided the method or system of reproducing signatures has first been approved by the auditors of the Company.*
- Joint holders* 15. (1) *The Company shall not be bound to register more than three (3) persons as the joint holders of any share except in the case of executors, trustees or administrators of the estate of a deceased Member.*
- (2) *If two (2) or more persons are registered as joint holders of any share any one of such persons may give effectual receipts for any dividend payable in respect of such share and the joint holders of a share shall, subject to the provisions of the Act, be severally as well as jointly liable for the payment of all instalments and calls and interest due in respect of such shares.*
- (3) *Only the person whose name stands first in the Register of Members as one (1) of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive notices from the Company and any notice given to such person shall be deemed notice to all the joint holders. Only the person whose name stands first in the Depository Register shall be entitled to receive notices from the Company and any notice given to such person shall be deemed notice to all the joint holders.*

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## APPENDIX III – EXTRACTS FROM THE CONSTITUTION OF THE COMPANY

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*Entitlement to certificate*

16. (1) Shares must be allotted and certificates despatched within ten (10) market days of the final closing date for an issue of shares unless the Exchange shall agree to an extension of time in respect of that particular issue. The Depository must despatch statements to successful investor applicants confirming the number of shares held under their Securities Accounts. Persons entered in the Register of Members as registered holders of shares shall be entitled to certificates within ten (10) market days after lodgement of any transfer. Every registered shareholder shall be entitled to receive share certificates in reasonable denominations for his holding and where a charge is made for certificates, such charge shall not exceed S\$2 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares of the Company may be listed). Where a registered shareholder transfers part only of the shares comprised in a certificate or where a registered shareholder requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and the registered shareholder shall pay a fee not exceeding S\$2 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares of the Company may be listed) for each such new certificate as the Directors may determine. Where the member is a Depositor the delivery by the Company to the Depository of provisional allotments or share certificates in respect of the aggregate entitlements of Depositors to new shares offered by way of rights issue or other preferential offering or bonus issue shall to the extent of the delivery discharge the Company from any further liability to each such Depositor in respect of his individual entitlement.

*Retention of Certificate*

- (2) The retention by the Directors of any unclaimed share certificates (or stock certificates as the case may be) shall not constitute the Company a trustee in respect thereof. Any share certificate (or stock certificate as the case may be) unclaimed after a period of six (6) years from the date of issue of such share certificate (or stock certificate as the case may be) may be forfeited and if so shall be dealt with in accordance with Articles 37, 40, 41, 45 and 46, *mutatis mutandis*.

*New certificates may be issued*

17. (1) Subject to the provisions of the Act, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of the Exchange or on behalf of its or their client or clients as the Directors of the Company shall require, and (in case of defacement or wearing out) on delivery up of the old certificate and in any case on payment of such sum not exceeding S\$2 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares of the Company may be listed) as the Directors may from time to time require. In the case of destruction, loss or theft, a shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.

*New certificate in place of one not surrendered*

- (2) When any shares under the powers in these Articles herein contained are sold by the Directors and the certificate thereof has not been delivered up to the Company by the former holder of the said shares, the Directors may issue a new certificate for such shares distinguishing it in such manner as they may think fit from the certificate not so delivered up.

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## APPENDIX III – EXTRACTS FROM THE CONSTITUTION OF THE COMPANY

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### TRANSFER OF SHARES

- Form of transfer of shares*
18. Subject to these Articles, any Member may transfer all or any of his shares but every instrument of transfer of the legal title in shares must be in writing and in the form for the time being approved by the Directors and the Exchange. Shares of different classes shall not be comprised in the same instrument of transfer. The Company shall accept for registration transfers in the form approved by the Exchange.
- Execution*
19. The instrument of transfer of a share shall be signed by or on behalf of the transferor and the transferee and be witnessed, provided that an instrument of transfer in respect of which the transferee is the Depository shall not be ineffective by reason of it not being signed or witnessed for by or on behalf of the Depository. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members.
- Person under disability*
20. No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind but nothing herein contained shall be construed as imposing on the company any liability in respect of the registration of such transfer if the company has no actual knowledge of the same.
- Directors' power to decline to register*
21. (1) Subject to these Articles, there shall be no restriction on the transfer of fully paid up shares except where required by law or by the rules, bye-laws or listing rules of the Exchange but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up may refuse to register a transfer to a transferee of whom they do not approve. If the Directors shall decline to register any such transfer of shares, they shall give to both the transferor and the transferee written notice of their refusal to register as required by the Act and the listing rules of the Exchange.
- Terms of registration of transfers*
- (2) The Directors may decline to register any instrument of transfer unless:-
- (i) such fee not exceeding S\$2 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares of the Company may be listed) as the Directors may from time to time require, is paid to the Company in respect thereof;
- (ii) the instrument of transfer, duly stamped in accordance with any law for the time being in force relating to stamp duty, is deposited at the Office or at such other place (if any) as the Directors appoint accompanied by a certificate of payment of stamp duty (if any is payable), the certificates of the shares to which the transfer relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and
- (iii) the instrument of transfer is in respect of only one (1) class of shares.
- Retention of transfers*
22. (1) All instruments of transfer which are registered may be retained by the Company, but any instrument of transfer which the Directors may decline to register shall (except in the case of fraud) be returned to the person depositing the same.

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## APPENDIX III – EXTRACTS FROM THE CONSTITUTION OF THE COMPANY

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(2) Subject to any legal requirements to the contrary, the Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six (6) years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of six (6) years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of six (6) years from the date of the cancellation thereof and it shall be conclusively presumed in favour of the Company that every entry in the Register of Members purporting to have been made on the basis of an instrument of transfer or other documents so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company. Provided that:-

(i) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;

(ii) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any circumstances which would not attach to the Company in the absence of this Article; and

(iii) references herein to the destruction of any document include references to the disposal thereof in any manner.

Closing of  
Register

23. The Register of Members and the Depository Register may be closed at such times and for such period as the Directors may from time to time determine, provided always that the Registers shall not be closed for more than thirty days in the aggregate in any year. Provided always that the Company shall give prior notice of such closure as may be required to the Exchange, stating the period and purpose or purposes for which the closure is made.

Renunciation  
of allotment

24. (1) Nothing in these Articles shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.

Indemnity  
against  
wrongful  
transfer

(2) Neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers, be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferred, or otherwise in defective manner. And in every such case, the person registered as transferee, his executors, administrators and assigns, alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

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## APPENDIX III – EXTRACTS FROM THE CONSTITUTION OF THE COMPANY

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### TRANSMISSION OF SHARES

- Transmission on death*
25. (1) *In case of the death of a registered shareholder, the survivor or survivors, where the deceased was a joint holder, and the legal representatives of the deceased, where he was a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his interest in the shares, but nothing herein shall release the estate of a deceased registered shareholder (whether sole or joint) from any liability in respect of any share held by him.*
- (2) *In the case of the death of a Depositor, the survivor or survivors, where the deceased was a joint holder, and the legal personal representatives of the deceased, where he was a sole holder and where such legal representatives are entered in the Depository Register in respect of any shares of the deceased, shall be the only persons recognised by the Company as having any title to his interests in the share; but nothing herein contained shall release the estate of a deceased Depositor (whether sole or joint) from any liability in respect of any share held by him.*
- Persons becoming entitled on death or bankruptcy of Member may be registered*
26. (1) *Any person becoming entitled to a share in consequence of the death or bankruptcy of any Member or by virtue of a vesting order by a court of competent jurisdiction and recognised by the Company as having any title to that share may, upon producing such evidence of title as the Directors shall require, be registered himself as holder of the share upon giving to the Company notice in writing or transfer such share to some other person. If the person so becoming entitled shall elect to be registered himself, he shall send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer were a transfer executed by such Member. The Directors shall have, in respect of a transfer so executed, the same power of refusing registration as if the event upon which the transmission took place had not occurred, and the transfer were a transfer executed by the person from whom the title by transmission is derived.*
- Notice to unregistered executors and trustees*
- (2) *The Directors may at any time give notice requiring any such person to elect whether to be registered himself as a Member in the Register of Members or, (as the case may be), entered in the Depository Register in respect of the share or to transfer the share and if the notice is not complied with within sixty (60) days the Directors may thereafter withhold payment of all dividends or other moneys payable in respect of the share until the requirements of the notice have been complied with.*
- Rights of unregistered executors and trustees*
27. *A person entitled to a share by transmission shall be entitled to receive, and may give a discharge for, any dividends or other moneys payable in respect of the share, but he shall not be entitled in respect of it to receive notices of or to attend or vote at meetings of the Company, or, save as aforesaid, to exercise any of the rights or privileges of a Member, unless and until he shall become registered as a shareholder or have his name entered in the Depository Register as a Depositor in respect of the share.*



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## APPENDIX III – EXTRACTS FROM THE CONSTITUTION OF THE COMPANY

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Fee for registration of probate, etc. 28. *There shall be paid to the Company in respect of the registration of any probate, letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title to any share, such fee not exceeding S\$2 (or such other sum as may be approved by the Exchange from time to time) as the Directors may from time to time require or prescribe.*

### CALL ON SHARES

Calls on shares 29. *The Directors may from time to time make such calls as they think fit upon the Members in respect of any money unpaid on their shares and not by the terms of the issue thereof made payable at fixed times, and each Member shall (subject to receiving at least fourteen (14) days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. The joint holders of a share shall be jointly and severally liable to the payment of all calls and instalments in respect thereof.*

Time when made 30. *A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments.*

Interest on calls 31. *If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum due from the day appointed for payment thereof to the time of actual payment at such rate not exceeding eight (8) per cent per annum as the Directors determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.*

Sum due to allotment 32. *Any sum which by the terms of issue and allotment of a share becomes payable upon allotment or at any fixed date shall for all purposes of these Articles be deemed to be a call duly made and payable on the date on which, by the terms of issue, the same becomes payable, and in case of non-payment all the relevant provisions of the Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.*

Power to differentiate 33. *The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payments.*

Payment in advance of calls 34. *The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the money uncalled and unpaid upon the shares held by him and such payments in advance of calls shall extinguish (so far as the same shall extend) the liability upon the shares in respect of which it is made, and upon the money so received or so much thereof as from time to time exceeds the amount of the calls then made upon the shares concerned, the Company may pay interest at such rate not exceeding without the sanction of the Company in general meeting eight (8) per cent per annum as the Member paying such sum and the Directors agree upon. Capital paid on shares in advance of calls shall not whilst carrying interest confer a right to participate in profits and until appropriated towards satisfaction of any call shall be treated as a loan to the Company and not as part of its capital and shall be repayable at any time if the Directors so decide.*

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## APPENDIX III – EXTRACTS FROM THE CONSTITUTION OF THE COMPANY

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### FORFEITURE AND LIEN

- Notice requiring payment of calls
35. *If any Member fails to pay in full any call or instalment of a call on or before the day appointed for payment thereof, the Directors may at any time thereafter serve a notice on such Member requiring payment of so much of the call or instalment as is unpaid together with any interest and expense which may have accrued by reason of such non-payment.*
- Notice to state time and place
36. *The notice shall name a further day (not being less than seven (7) days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call was made will be liable to be forfeited.*
- Forfeiture on non-compliance with notice
37. *If the requirements of any such notice as aforesaid are not complied with any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before the forfeiture. The forfeiture or surrender of a share shall involve the extinction at the time of forfeiture or surrender of all interest in and all claims and demands against the Company in respect of the share, and all other rights and liabilities incidental to the share as between the Member whose share is forfeited or surrendered and the Company, except only such of those rights and liabilities as are by these Articles expressly saved, or as are by the Act given or imposed in the case of past Members. The Directors may accept a surrender of any share liable to be forfeited hereunder.*
- Notice of forfeiture to be given and entered
38. *When any share has been forfeited in accordance with these Articles, notice of the forfeiture shall forthwith be given to the holder of the share or to the person entitled to the share by transmission, as the case may be, and an entry of such notice having been given, and of the forfeiture with the date thereof, shall forthwith be made in the Register of Members or in the Depository Register (as the case may be) opposite to the share; but the provisions of this Article are directory only, and no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.*
- Directors may allow forfeited share to be redeemed
39. *Notwithstanding any such forfeiture as aforesaid, the Directors may, at any time before the forfeited share has been otherwise disposed of, annul the forfeiture, upon the terms of payment of all calls and interest due thereon and all expenses incurred in respect of the share and upon such further terms (if any) as they shall see fit.*
- Sale of shares forfeited
40. *A share so forfeited or surrendered shall become the property of the Company and may be either cancelled, sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person, upon such terms and in such manner as the Directors shall think fit, and at any time before a sale, re-allotment or disposition the forfeiture or surrender may be cancelled on such terms as the Directors think fit. To give effect to any such sale, the Directors may, if necessary, authorise some person to transfer a forfeited or surrendered share to any such person as aforesaid.*

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## APPENDIX III – EXTRACTS FROM THE CONSTITUTION OF THE COMPANY

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- Rights and liabilities of Members whose shares have been forfeited or surrendered*
41. *A Member whose shares have been forfeited or surrendered shall cease to be a Member in respect of the shares, but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were payable by him to the Company in respect of the shares with interest thereon at eight (8) per cent per annum (or such lower rate as the Directors may approve) from the date of forfeiture or surrender until payment, but such liability shall cease if and when the Company receives payment in full of all such money in respect of the shares and the Directors may waive payment of such interest either wholly or in part.*
- Company's lien*
42. *The Company shall have a first and paramount lien and charge on every share (not being a fully paid share) in the name of each Member (whether solely or jointly with others) and on the dividends declared or payable in respect thereof for all unpaid calls and instalments due on any such share and interest and expenses thereon but such lien shall only be upon the specific shares in respect of which such calls or instalments are due and unpaid and to such amounts as the Company may be called upon by law to pay in respect of the shares of the Member or deceased Member. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this Article.*
- Member not entitled to privileges until all calls paid*
43. *No Member shall be entitled to receive any dividend or to exercise any privileges as a Member until he shall have paid all calls for the time being due and payable on every share held by him, whether alone or jointly with any other person, together with interest and expenses (if any).*
- Sale of shares subject to lien*
44. *The Directors may sell in such manner as the Directors think fit any share on which the Company has a lien but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of seven (7) days after notice in writing stating and demanding payment of the sum payable and giving notice of intention to sell in default, shall have been given to the Member for the time being in relation to the share or the person entitled thereto by reason of his death or bankruptcy. To give effect to any such sale, the Directors may authorise some person to transfer the shares sold to the purchaser thereof.*
- Application of proceeds of such sale*
45. *The net proceeds of sale, whether of a share forfeited by the Company or of a share over which the Company has a lien, after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the unpaid call and accrued interest and expenses and the residue (if any) paid to the Member entitled to the share at the time of sale or his executors, administrators or assigns or as he may direct.*
- Title to shares forfeited or surrendered or sold to satisfy a lien*
46. *A statutory declaration in writing by a Director of the Company that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts stated therein as against all persons claiming to be entitled to the share, and such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof, together with the certificate under seal for the share delivered to a purchaser or allottee thereof, shall (subject to the execution of a transfer if the same be required) constitute a good title to the share and the person to whom the share is sold, re-allotted or disposed of shall be entered in the Register of Members as the holder of the share or (as the case may be) in the Depository Register in respect of the share and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the forfeiture, surrender, sale, re-allotment or disposal of the share.*

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## APPENDIX III – EXTRACTS FROM THE CONSTITUTION OF THE COMPANY

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### ALTERATION OF CAPITAL

*Rights and  
privileges  
of new shares*

47. *Subject to any special rights for the time being attached to any existing class of shares, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the general meeting resolving upon the creation thereof shall direct and if no direction be given as the Directors shall determine; subject to the provisions of these Articles and in particular (but without prejudice to the generality of the foregoing) such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company or otherwise.*

*Issue of  
new shares  
to Members*

48. (1) *Subject to any direction to the contrary that may be given by the Company in general meeting, or except as permitted under the Exchange's listing rules, all new shares shall before issue be offered to the Members in proportion, as nearly as the circumstances admit, to the number of the existing shares to which they are entitled or hold. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article.*

(2) *Notwithstanding Article 48(1) above but subject to the Act and the byelaws and listing rules of the Exchange, the Company may by ordinary resolution in general meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the ordinary resolution to:*

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

(ii) *make or grant Instruments; and/or*

(iii) *(notwithstanding the authority conferred by the ordinary resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the ordinary resolution was in force;*

*provided that:*

(a) *the aggregate number of shares or Instruments to be issued pursuant to the ordinary resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the ordinary resolution but excluding shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed any applicable limits prescribed by the Exchange;*

(b) *in exercising the authority conferred by the ordinary resolution, the Company shall comply with the listing rules for the time being in force (unless such compliance is waived by the Exchange) and the Articles; and*

(c) *(unless revoked or varied by the Company in general meeting) the authority conferred by the ordinary resolution shall not continue in force beyond the conclusion of the Annual General Meeting next following the passing of the ordinary resolution, or the date by which such Annual General Meeting is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).*

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## APPENDIX III – EXTRACTS FROM THE CONSTITUTION OF THE COMPANY

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(3) Notwithstanding Article 48(1) above but subject to the Act, the Directors shall not be required to offer any new shares to members to whom by reason of foreign securities laws such offers may not be made without registration of the shares or a prospectus or other document, but may sell the entitlements to the new shares on behalf of such Members in such manner as they think most beneficial to the Company.

*New shares otherwise subject to provisions of Articles*

49. Except so far as otherwise provided by the conditions of issue or by these Articles, any capital raised by the creation of new shares shall be considered part of the original ordinary capital of the Company and shall be subject to the provisions of these Articles with reference to allotments, payment of calls, lien, transfer, transmission, forfeiture and otherwise.

*Power to consolidate, cancel and subdivide shares*

50. (1) The Company may by ordinary resolution alter its share capital in the manner permitted under the Act including without limitation:-

(i) consolidate and divide all or any of its shares;

(ii) cancel the number of shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person or which have been forfeited and diminish its share capital in accordance with the Act;

(iii) subdivide its shares or any of them (subject to the provisions of the Act), provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and

(iv) subject to the provisions of these Articles and the Act, convert any class of shares into any other class of shares.

*Repurchase of Company's shares*

(2) The Company may purchase or otherwise acquire its issued shares subject to and in accordance with the provisions of the Act and any other relevant rule, law or regulation enacted or promulgated by any relevant competent authority from time to time (collectively, the "Relevant Laws"), on such terms and subject to such conditions as the Company may in general meeting prescribe in accordance with the Relevant Laws. Any shares purchased or acquired by the Company as aforesaid may be cancelled or held as treasury shares and dealt with in accordance with the Relevant Laws. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act.

*Power to reduce capital*

51. The Company may by special resolution reduce its share capital or any other undistributable reserve in any manner subject to any requirements and consents required by law. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to these presents and the Act, the number of issued shares of the Company shall be diminished by the number of shares so cancelled, and where any such cancelled shares were purchased or acquired out of the capital of the Company, the amount of the share capital of the Company shall be reduced accordingly.

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## APPENDIX III – EXTRACTS FROM THE CONSTITUTION OF THE COMPANY

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### STOCK

- Power to convert into stock*                      52.    *The Company may by ordinary resolution convert any or all its paid up shares into stock and may from time to time by resolution reconvert any stock into paid up shares of any denomination.*
- Transfer of stock*                              53.    *The holders of stock may transfer the same or any part thereof in the same manner and subject to these Articles as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances admit but no stock shall be transferable except in such units as the Directors may from time to time determine.*
- Rights of stockholders*                      54.    *The holders of stock shall, according to the number of stock units held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters as if they held the shares from which the stock arose, but no such privilege or advantage (except as regards dividend and return of capital and the assets on winding up) shall be conferred by any such number of stock units which would not if existing in shares have conferred that privilege or advantage, and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted.*
- Interpretation*                                  55.    *All provisions of these Articles applicable to paid up shares shall apply to stock and the words **share** and **shareholder** or similar expression herein shall include **stock** or **stockholder**.*

### GENERAL MEETINGS

- Annual General Meeting*                      56.    (1)    *Subject to the provisions of the Act, the Company shall in each year hold a general meeting in addition to any other meetings in that year to be called the Annual General Meeting, and not more than fifteen (15) months shall elapse between the date of one (1) Annual General Meeting of the Company and that of the next. The Annual General Meeting shall be held at such time and place as the Directors shall appoint.*
- Extraordinary General Meetings*                      (2)    *All general meetings other than Annual General Meetings shall be called Extraordinary General Meetings. The time and place of any meeting shall be determined by the convenors of the meeting.*
- Calling of Extraordinary General Meetings*                      57.    *The Directors may, whenever they think fit, convene an Extraordinary General Meeting and Extraordinary General Meetings shall also be convened on such requisition or, in default, may be convened by such requisitionists as provided by Section 176 of the Act. If at any time there are not within Singapore sufficient Directors capable of acting to form a quorum at a meeting of Directors, any Director may convene an Extraordinary General Meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.*

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## APPENDIX III – EXTRACTS FROM THE CONSTITUTION OF THE COMPANY

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### NOTICE OF GENERAL MEETINGS

- Notice of meetings*
58. (A) (1) *Subject to the provisions of the Act as to the calling of meetings at short notice, at least fourteen (14) clear days' notice in writing of every general meeting shall be given in the manner hereinafter mentioned to all members and such persons (including the auditors) as are under the provisions herein contained entitled to receive notice from the Company and at least fourteen (14) clear days' notice of every such meeting shall be given by advertisement in the daily press and in writing to the Exchange and any other stock exchange on which the Company is listed. Where notices contain special resolutions, they must be given to members and such persons entitled to receive the notice at least twenty-one (21) clear days before the general meeting. Provided that a general meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:-*
- (a) *in the case of an Annual General Meeting by all the members entitled to attend and vote thereat; and*
- (b) *in the case of an Extraordinary General Meeting by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent of the total voting rights of all members having a right to vote at that meeting.*
- (2) *The accidental omission to give notice to, or the non-receipt by any person entitled thereto shall not invalidate the proceedings at any general meeting.*
- Contents of notice*
- (B) (1) *Every notice calling a general meeting shall specify the place, day and hour of the general meeting and there shall appear with reasonable prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and to vote instead of him and that a proxy need not be a Member of the Company.*
- Notice of Annual General Meeting*
- (2) *In the case of an Annual General Meeting, the notice shall also specify the meeting as such.*
- Nature of special business to be specified*
- (3) *In the case of any general meeting at which business other than routine business is to be transacted (special business), the notice shall specify the general nature of the special business, and if any resolution is to be proposed as a special resolution or as requiring special notice, the notice shall contain a statement to that effect.*
- Special business*
59. *Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:-*
- (a) *declaring dividends;*
- (b) *receiving and adopting the accounts, the reports of the Directors and auditors and other documents required to be attached or annexed to the accounts;*
- (c) *appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;*

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## APPENDIX III – EXTRACTS FROM THE CONSTITUTION OF THE COMPANY

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(d) *re-appointing the retiring auditors (unless they were last appointed otherwise than by the Company in general meeting);*

(e) *fixing the remuneration of the auditors or determining the manner in which such remuneration is to be fixed; and*

(f) *fixing the remuneration of the Directors proposed to be paid under Article 86.*

*Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business.*

### PROCEEDINGS AT GENERAL MEETINGS

- Quorum*                      60. *No business shall be transacted at any general meeting unless a quorum is present at the time the meeting proceeds to business. Save as herein otherwise provided, two (2) Members present in person shall form a quorum. For the purpose of this Article, **Member** includes a person attending by proxy or by attorney or by a corporate representative in the case of a corporation which has appointed a corporate representative. Provided that (i) a proxy representing more than one (1) Member shall only count as one (1) Member for the purpose of determining the quorum; and (ii) where a Member is represented by more than one (1) proxy such proxies shall count as only one (1) Member for the purpose of determining the quorum.*
- Adjournment if quorum not present*                      61. *If within half an hour from the time appointed for the general meeting a quorum is not present, the general meeting if convened on the requisition of Members shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and place, or to such other day and at such other time and place as the Directors may determine, and if at such adjourned general meeting a quorum is not present within half an hour from the time appointed for holding the general meeting, the general meeting shall be dissolved.*
- Resolutions in writing*                      62. *Subject to the Act, a resolution in writing signed by every Member of the Company entitled to vote or being a corporation by its duly authorised representative shall have the same effect and validity as an ordinary resolution of the Company passed at a general meeting duly convened, held and constituted, and may consist of several documents in the like form, each signed by one (1) or more of such Members.*
- Chairman*                      63. *The Chairman of the Board of Directors or, in his absence, the Deputy Chairman (if any) shall preside as Chairman at every general meeting. If there is no such Chairman or Deputy Chairman or if at any general meeting he is not present within fifteen minutes after the time appointed for holding the general meeting or is unwilling to act, the Directors present shall choose a Director amongst them to be Chairman of the general meeting or, if no Director is present or if all the Directors present are unwilling to take the Chair, or otherwise fail to choose a Director amongst them to be Chairman of the meeting, the Members present shall choose a Member present to be Chairman.*



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- Adjournment*            64.    *The Chairman may, with the consent of any general meeting at which a quorum is present (and shall if so directed by the general meeting), adjourn the general meeting from time to time and from place to place, but no business shall be transacted at any adjourned general meeting except business which might lawfully have been transacted at the general meeting from which the adjournment took place. When a general meeting is adjourned for fourteen (14) days or more, notice of the adjourned general meeting shall be given as in the case of the original general meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned general meeting.*
- Method of voting*            65.    *At any general meeting a resolution put to the vote of the general meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:-*
- (i)    by the Chairman of the general meeting; or*
- (ii)   by at least five (5) Members present in person or by proxy (where a Member has appointed more than one (1) proxy, any one (1) of such proxies may represent that Member) or attorney or in the case of a corporation by a representative and entitled to vote thereat; or*
- (iii)   by any Member or Members present in person or by proxy (where a Member has appointed more than one (1) proxy, any one (1) of such proxies may represent that Member) or attorney or in the case of a corporation by a representative or any number or combination of such Members, holding or representing not less than ten per cent (10%) of the total voting rights of all the Members having the right to vote at the general meeting; or*
- (iv)   by a Member or Members present in person or by proxy (where a Member has appointed more than one (1) proxy, any one (1) of such proxies may represent that Member) or attorney or in the case of a corporation by a representative or any number or combination of such Members, holding or representing shares in the Company conferring a right to vote at the general meeting being shares on which an aggregate sum has been paid up equal to not less than ten per cent (10%) of the total sum paid up on all the shares of the Company (excluding treasury shares) conferring that right.*
- Provided always that no poll shall be demanded on the election of a Chairman or on a question of adjournment. Unless a poll is so demanded (and the demand is not withdrawn) a declaration by the Chairman that a resolution has been carried or carried unanimously or by a particular majority or lost and an entry to that effect in the minute book shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. A demand for a poll may be withdrawn.*
- Taking a poll*            66.    *If a poll is duly demanded (and the demand is not withdrawn) it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the Chairman may direct and the result of a poll shall be deemed to be the resolution of the general meeting at which the poll was demanded. The Chairman may, and if so requested shall, appoint scrutineers and may adjourn the general meeting to some place and time fixed by him for the purpose of declaring the result of the poll.*
- Votes counted in error*    67.    *If any votes are counted which ought not to have been counted or might have been rejected, the error shall not vitiate the result of the voting unless it is pointed out at the same general meeting or at any adjournment thereof, and not in that case unless it shall in the opinion of the Chairman be of sufficient magnitude.*

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## APPENDIX III – EXTRACTS FROM THE CONSTITUTION OF THE COMPANY

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- Chairman's casting vote
68. *Subject to the Act and the requirements of the Exchange, in the case of equality of votes, whether on a show of hands or on a poll, the Chairman of the general meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote in addition to the votes to which he may be entitled as a Member or as proxy of a Member.*
- Time for taking a poll
69. *A poll demanded on any question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the general meeting) and place as the Chairman may direct. No notice need be given of a poll not taken immediately.*
- Continuance of business after demand for a poll
70. *The demand for a poll shall not prevent the continuance of a general meeting for the transaction of any business, other than the question on which the poll has been demanded.*

### VOTES OF MEMBERS

- Voting rights of Members
71. (1) *Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to Article 6, each Member entitled to vote may vote in person or by proxy or attorney, and (in the case of a corporation) by a representative. A person entitled to more than one (1) vote need not use all his votes or cast all the votes he uses in the same way.*
- (2) *On a show of hands every Member who is present in person or by proxy or attorney, or in the case of a corporation by a representative, shall have one (1) vote provided that if a Member is represented by two (2) proxies, only one of the proxies as determined by their appointor shall vote on a show of hands and in the absence of such determination, only one of the proxies as determined by the Chairman (or by a person authorised by him) shall vote on a show of hands and on a poll, every Member who is present in person or by proxy, attorney or representative shall have one (1) vote for each share which he holds or represents.*
- (3) *Notwithstanding anything contained in these Articles, a Depositor shall not be entitled to attend any general meeting and to speak and vote thereat unless his name is certified by the Depository to the Company as appearing on the Depository Register not later than forty-eight (48) hours before the time of the relevant general meeting (the **cut-off time**) as a Depositor on whose behalf the Depository holds shares in the Company. For the purpose of determining the number of votes which a Depositor or his proxy may cast on a poll, the Depositor or his proxy shall be deemed to hold or represent that number of shares entered in the Depositor's Securities Account at the cut-off time as certified by the Depository to the Company, or where a Depositor has apportioned the balance standing to his Securities Account as at the cut-off time between two (2) proxies, to apportion the said number of shares between the two (2) proxies in the same proportion as specified by the Depositor in appointing the proxies; and accordingly no instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the number of shares standing to the credit of that Depositor's Securities Account as at the cut-off time, and the true balance standing to the Securities Account of a Depositor as at the time of the relevant general meeting, if the instrument is dealt with in such manner as aforesaid.*

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- Voting rights of joint holders 72. *Where there are joint holders of any share any one (1) of such persons may vote and be reckoned in a quorum at any meeting either personally or by proxy or by attorney or in the case of a corporation by a representative as if he were solely entitled thereto but if more than one (1) of such joint holders is so present at any meeting then the person present whose name stands first in the Register of Members or the Depository Register (as the case may be) in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Member in whose name any share stands shall for the purpose of this Article be deemed joint holders thereof.*
- Voting rights of Members of unsound mind 73. *If a Member be a lunatic, idiot or non-compos mentis, he may vote whether on a show of hands or on a poll by his committee, curator bonis or such other person as properly has the management of his estate and any such committee, curator bonis or other person may vote by proxy or attorney, provided that such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the Office not less than forty-eight (48) hours before the time appointed for holding the meeting.*
- Right to vote 74. *Subject to the provisions of these Articles, every Member either personally or by proxy or by attorney or in the case of a corporation by a representative shall be entitled to be present and to vote at any general meeting and to be reckoned in the quorum thereat in respect of shares fully paid and in respect of partly paid shares where calls are not due and unpaid. In the event a member has appointed more than one (1) proxy, only one (1) proxy is counted in determining the quorum.*
- Objections 75. *No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting whose decision shall be final and conclusive.*
- Votes on a poll 76. *On a poll votes may be given either personally or by proxy or by attorney or in the case of a corporation by its representative and a person entitled to more than one (1) vote need not use all his votes or cast all the votes he uses in the same way.*
- Appointment of proxies 77. (1) *Unless otherwise provided by the Act, a Member may appoint not more than two (2) to attend and vote at the same general meeting.*  
(2) *If the Member is a Depositor, the Company shall be entitled:-*  
(i) *to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered in its Securities Account as at the cut-off time as certified by the Depository to the Company; and*  
(ii) *to accept as validly cast by the proxy or proxies appointed by the Depositor on a poll that number of votes which corresponds to or is less than the aggregate number of shares entered in its Securities Account of that Depositor as at the cut-off time as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.*

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(3) Where a Member appoints more than one (1) proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.

(4) Voting right(s) attached to any shares in respect of which a Member has not appointed a proxy may only be exercised at the relevant general meeting by the member personally or by his attorney, or in the case of a corporation by its representative.

(5) Where a Member appoints a proxy in respect of more shares than the shares standing to his name in the Register of Members or, in the case of a Depositor, standing to the credit of that Depositor's Securities Account as at the cut-off time as certified by the Depository to the Company, such proxy may not exercise any of the votes or rights of the shares not registered in the name of that Member in the Register of Members or standing to the credit of that Depositor's Securities Account as at the cut-off time, as the case may be.

(6) If the Chairman is appointed as proxy, he may authorise any other person to act as proxy in his stead. Where the Chairman has authorised another person to act as proxy, such other person shall be taken to represent all Members whom the Chairman represented as proxy.

(7) Where a person present at a general meeting represents by proxy, attorney or representative more than one (1) Member on a show of hands:

(i) the person is entitled to one (1) vote only despite the number of Members the person represents; and

(ii) that vote will be taken as having been cast for all the Members the person represents; and

(iii) if the person has been appointed as a proxy under two (2) or more instruments that specify different ways to vote on a resolution, the person may not vote as a proxy on a show of hands, however, if the person is a Member, the person may vote on a show of hands without regard to the proxies the person holds.

Proxy need not be a Member

78. A proxy or attorney need not be a Member, and shall be entitled to vote on a show of hands on any question at any general meeting.

Instrument appointing a proxy

79. (1) Any instrument appointing a proxy shall be in writing in the common form or any other form approved by the Directors executed under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, executed under seal or under the hand of its attorney duly authorised or in such manner as appropriate under applicable laws and the Company shall accept as valid in all respects the form of proxy approved by the Directors for use at the date relevant to the general meeting in question.

(2) An instrument of proxy shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointor to move any resolution or amendment thereto and to speak at the meeting. Unless otherwise instructed, a proxy or an attorney shall vote as he thinks fit. The signature on an instrument appointing a proxy need not be witnessed.

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## APPENDIX III – EXTRACTS FROM THE CONSTITUTION OF THE COMPANY

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*To be left at  
Company's  
office*

80. *The original instrument appointing a proxy, together with the original power of attorney or other authority, if any, under which the instrument of proxy is signed or a duly certified copy of that power of attorney or other authority (failing previous registration with the Company) shall be attached to the original instrument of proxy and must be left at the Office or such other place (if any) as is specified for the purpose in the notice convening the meeting not less than forty-eight (48) hours before the time appointed for the holding of the meeting or adjourned meeting (or in the case of a poll before the time appointed for the taking of the poll) at which it is to be used failing which the instrument may be treated as invalid. An instrument appointing a proxy shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates, provided that an instrument of proxy relating to more than one (1) meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not be required again to be delivered for the purposes of any subsequent meeting to which it relates.*

*Intervening  
death or  
insanity of  
principal  
not to  
revoke proxy*

81. *A vote given in accordance with the terms of an instrument of proxy (which for the purposes of these Articles shall also include a power of attorney) shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy, or of the authority under which the proxy was executed or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at the Office (or such other place as may be specified for the deposit of instruments appointing proxies) before the commencement of the meeting or adjourned meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the proxy is used.*

- 81A. *Subject to these Articles and the Act, the Directors may, at their sole discretion, approve and implement, subject to such security measures as may be deemed necessary or expedient, such voting methods to allow members who are unable to vote in person at any general meeting the option to vote in absentia, including but not limited to voting by mail, electronic mail or facsimile.*

*Corporations  
acting by  
representatives*

82. *Any corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members and the persons so authorised shall be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual Member of the Company. The Company shall be entitled to treat an original certificate under the seal of the corporation as conclusive evidence of the appointment or revocation of appointment of a representative under this Article.*

### **DIVIDENDS AND RESERVES**

*Payment of  
dividends*

123. *The Directors may, with the sanction of the Company, by ordinary resolution declare dividends but (without prejudice to the powers of the Company to pay interest on share capital as hereinbefore provided) no dividend shall be payable except out of the profits of the Company.*

*Apportionment  
of dividends*

124. *Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise provided by the Act:*

*(a) all dividends in respect of shares must be paid in proportion to the number of shares held by a Member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and*

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## APPENDIX III – EXTRACTS FROM THE CONSTITUTION OF THE COMPANY

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(b) all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid.

For the purposes of this Article, an amount paid or credited as paid on a share in advance of a call is to be ignored.

*Payment of preference and interim dividends*

125. Without the need for sanction of the Company under Article 123, if, and so far as in the opinion of the Directors, the profits of the Company justify such payments, the Directors may pay fixed preferential dividends on any express class of shares carrying a fixed preferential dividend expressed to be payable on a fixed date on the half-yearly or other dates (if any) prescribed for the payment thereof by the terms of issue of the shares, and may also from time to time pay to the holders of any class of shares interim dividends thereon of such amounts and on such dates as they may think fit.

*Dividends not to bear interest*

126. No dividend or other moneys payable on or in respect of a share shall bear interest against the Company.

*Deduction from dividend*

127. The Directors may deduct from any dividend or other moneys payable to any Member on or in respect of a share all sums of money (if any) presently payable by him to the Company on account of calls or in connection therewith, or any other account which the Company is required by law to withhold or deduct.

*Retention of dividends on shares subject to lien*

128. The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

*Retention of dividends on shares pending transmission*

129. The Directors may retain the dividends payable on shares in respect of which any person is under these Articles, as to the transmission of shares, entitled to become a Member, or which any person under these Articles is entitled to transfer, until such person shall become a Member in respect of such shares or shall duly transfer the same.

*Unclaimed dividends*

130. (1) The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend unclaimed after a period of six (6) years from the date of declaration of such dividend may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture. For the avoidance of doubt no Member shall be entitled to any interest, share of revenue or other benefit arising from any unclaimed dividends, howsoever and whatsoever. If the Depositor returns any such dividend or money to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or money against the Company if a period of six (6) years has elapsed from the date of the declaration of such dividend or the date on which such other money was first payable.

(2) A payment by the Company to the Depositor of any dividend or other money payable to a Depositor shall, to the extent of the payment made, discharge the Company from any liability to the Depositor in respect of that payment.

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## APPENDIX III – EXTRACTS FROM THE CONSTITUTION OF THE COMPANY

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Payment of  
dividend in  
specie

131. *The Company may, upon the recommendation of the Directors, by ordinary resolution direct payment of a dividend in whole or in part by the distribution of specific assets and in particular of paid up shares or debentures of any other company or in any one or more of such ways, and the Directors shall give effect to such Resolution, and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.*

Scrip dividend

132. (1) *Whenever the Directors or the Company in general meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on the ordinary share capital of the Company, the Directors may further resolve that Members entitled to such dividend be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:*

(i) *the basis of any such allotment shall be determined by the Directors;*

(ii) *the Directors shall determine the manner in which Members shall be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to Members, providing for forms of election for completion by Members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such election or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Article;*

(iii) *the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded provided that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion;*

(iv) *the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on ordinary shares in respect whereof the share election has been duly exercised (the **elected ordinary shares**) and in lieu and in satisfaction thereof ordinary shares shall be allotted and credited as fully paid to the holders of the elected ordinary shares on the basis of allotment determined as aforesaid and for such purpose and notwithstanding the provisions of Article 136, the Directors shall (a) capitalise and apply the amount standing to the credit of any of the Company's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise for distribution as the Directors may determine, such sum as may be required to pay up in full the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis or (b) apply the sum which would otherwise have been payable in cash to the holders of the elected ordinary shares towards payment of the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis.*

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## APPENDIX III – EXTRACTS FROM THE CONSTITUTION OF THE COMPANY

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(2) (i) *The ordinary shares allotted pursuant to the provisions of Article 132(1) shall rank pari passu in all respects with the ordinary shares then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.*

(ii) *The Directors may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of Article 132(1), with full power to make such provisions as they think fit in the case of shares becoming distributable in fractions (including, notwithstanding any provision to the contrary in these Articles, provisions whereby, in whole or in part, fractional entitlements are aggregated and sold and the net proceeds distributed to those entitled, or are disregarded or rounded up or down, or whereby the benefit of fractional entitlements accrues to the Company rather than to the Members concerned).*

(3) *The Directors may, on any occasion when they resolve as provided in Article 132(1), determine that rights of election under that paragraph shall not be made available to the persons who are registered as holders of ordinary shares in the Register of Members or (as the case may be) in the Depository Register, or in respect of ordinary shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit, and in such event the provisions of this Article shall be read and construed subject to such determination.*

(4) *The Directors may, on any occasion when they resolve as provided in Article 132(1), further determine that no allotment of shares or rights of election for shares under that paragraph shall be made available or made to Members whose registered addresses entered in the Register of Members or (as the case may be) the Depository Register are outside Singapore or to such other Members or class of Members as the Directors may in their sole discretion decide and in such event the only entitlement of the Members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared.*

(5) *Notwithstanding the foregoing provisions of this Article, if at any time after the Directors' resolution to apply the provisions of Article 132(1) in relation to any dividend but prior to the allotment of ordinary shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their absolute discretion and without assigning any reason therefor, cancel the proposed application of Article 132(1).*

*Dividends payable by cheque*

133. *Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the Member or person entitled thereto or, if several persons are registered as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons or to such person and such address as such persons may by writing direct provided that where the Member is a Depositor, the payment by the Company to the Depository of any dividend payable to a Depositor shall to the extent of the payment discharge the Company from any further liability in respect of the payment. Every such cheque and warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to*



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## APPENDIX III – EXTRACTS FROM THE CONSTITUTION OF THE COMPANY

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*the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque if purporting to be endorsed or the receipt of any such person shall be a good discharge to the Company. Every such cheque and warrant shall be sent at the risk of the person entitled to the money represented thereby.*

*Effect of transfer*

134. *A transfer of shares shall not pass the right to any dividend declared on such shares before the registration of the transfer.*

*Power to carry profit to reserve*

135. *The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for meeting contingencies or for the gradual liquidation of any debt or liability of the Company or for repairing or maintaining the works, plant and machinery of the Company or for special dividends or bonuses or for equalising dividends or for any other purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund, any special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also, without placing the same to reserve, carry forward any profits which they may think it not prudent to divide.*

### **CAPITALISATION OF PROFITS AND RESERVES**

*Power to capitalise profits*

136. (1) *The Directors may, with the sanction of an ordinary resolution of the Company (including any ordinary resolution passed pursuant to Article 48(2):*

*(a) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) the Depository Register at the close of business on:*

*(i) the date of the ordinary resolution (or such other date as may be specified therein or determined as therein provided); or*

*(ii) (in the case of an ordinary resolution passed pursuant to Article 48(2)) such other date as may be determined by the Directors,*

*in proportion to their then holdings of shares; and*

*(b) capitalise any sum standing to the credit of any of the Company's reserve accounts or other undistributable reserve or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:*

*(i) the date of the ordinary resolution (or such other date as may be specified therein or determined as therein provided); or*

*(ii) (in the case of an ordinary resolution passed pursuant to Article 48(2)) such other date as may be determined by the Directors,*

*in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid.*

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## APPENDIX III – EXTRACTS FROM THE CONSTITUTION OF THE COMPANY

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(2) *In addition and without prejudice to the powers provided for by Article 136(1) and 137, the Directors shall have power to issue shares for which no consideration is payable and to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up such shares in full, in each case on terms that such shares shall, upon issue, be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in general meeting and on such terms as the Directors shall think fit.*

*Directors to do all acts and things to give effect*

137. *The Directors may do all acts and things considered necessary or expedient to give effect to any such capitalisation with full power to the Directors to make such provision for the satisfaction of the right of the holders of such shares in the Register of Members or in the Depository Register as the case may be and as they think fit for any fractional entitlements which would arise including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned. The Directors may authorise any person to enter, on behalf of all the members interested, into an agreement with the Company providing for any such capitalisation and matters incidental thereto, and any agreement made under such authority shall be effective and binding on all concerned.*

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## APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

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# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

### Opinion of the directors

In the opinion of the directors,

- (a) the accompanying statements of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows, together with the notes thereon, are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017 and the financial performance, changes in equity and cash flows of the Group for the year ended 31 March 2017 in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, after considering the measures taken by the Group and the Company with respect to the Group's and the Company's ability to continue as a going concern as described in Note 2 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

### Names of directors

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

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

### Arrangements to enable directors to acquire shares or debentures

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

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GROUP FOR FY2017**

**DIRECTORS' STATEMENT**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

**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	
	As at 1.4.2016	As at 31.3.2017	As at 1.4.2016	As at 31.3.2017
<b>The Company - Mary Chia Holdings Limited</b>				
Mary Chia Ah Tow	99,707,046	<b>99,707,046</b>	-	-
Ho Yow Ping (He YouPing)	32,680,000	<b>32,680,000</b>	-	-
<b>The Subsidiary - Hotel Culture Pte Ltd</b>				
Ho Yow Ping (He YouPing)	-	-	245,000	<b>245,000</b>

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

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

**Share options**

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

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

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

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## APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

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# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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### Audit Committee

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

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

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

- (i) overall scope of external audit and the assistance given by the Company's officers to the auditors. It met with the Company's external auditor to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls;
- (ii) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- (iii) the adequacy, effectiveness and efficiency of the Company's risk management, internal financial systems and operating controls, including computerised information system control and security, compliance controls and risk management systems via reviews carried out by the internal auditors, and all other material controls, and any related significant findings and recommendations of the auditors, together with management's responses thereto at least on an annual basis;
- (iv) the half yearly financial information and the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2017 as well as the auditor's report thereon; and
- (v) interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

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

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

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

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**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GROUP FOR FY2017**

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**DIRECTORS' STATEMENT**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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**Independent auditor**

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

On behalf of the directors

.....  
MARY CHIA AH TOW

.....  
HO YOW PING (HE YOUPIING)

Dated: 7 September 2017

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## APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

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# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MARY CHIA HOLDINGS LIMITED

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### Report on the Audit of the Financial Statements

#### Opinion

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

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

#### Basis for Opinion

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

#### Material Uncertainty Related to Going Concern

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

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## APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

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# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MARY CHIA HOLDINGS LIMITED

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### Key Audit Matters

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

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

##### Risk:

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

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

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

##### Our response:

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

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

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



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## APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

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# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MARY CHIA HOLDINGS LIMITED

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### **Key Audit Matters (Cont'd)**

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

Our findings:

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

### **Other Information**

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

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

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

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

### **Responsibilities of Management and Directors for the Financial Statements**

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

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

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

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## APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

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# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MARY CHIA HOLDINGS LIMITED

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### **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.

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**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GROUP FOR FY2017**

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**INDEPENDENT AUDITOR'S REPORT**

TO THE MEMBERS OF MARY CHIA HOLDINGS LIMITED

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

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

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

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

**Report on Other Legal and Regulatory Requirements**

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

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

Foo Kon Tan LLP  
Public Accountants and Chartered Accountants  
Singapore

7 September 2017

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GROUP FOR FY2017**

**STATEMENTS OF FINANCIAL POSITION**

AS AT 31 MARCH 2017

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

\* denotes amount less than \$1,000

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

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GROUP FOR FY2017**

**CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

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

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GROUP FOR FY2017**

**CONSOLIDATED STATEMENT OF  
CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

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

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GROUP FOR FY2017**

**CONSOLIDATED STATEMENT OF  
CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

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

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## APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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### 1 General information

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

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

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

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

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

### 2 Going concern

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

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

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

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

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



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**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GROUP FOR FY2017**

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**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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**2 Going concern (Cont'd)**

- (b) In addition, a director of a subsidiary, who is also the beneficiary of the new ultimate controlling shareholder, has committed a personal loan of S\$2 million to the Group effective 15 August 2017. As at 31 August 2017, S\$1.2 million of the loan has been drawn down and the remaining balance of S\$800,000 is available for disbursement at any time within 12 months after 15 August 2017.
- (c) The ultimate controlling shareholders as at 31 March 2017, who are also directors of the Company, have given personal undertakings to provide continuing financial support to the Company and the Group to meet its liabilities and its normal operating expenses to be incurred. Further, as disclosed in Note 18, they will not demand repayment of the amounts due to them by the Group within the next 36 months from the balance sheet date or until the cash flows of the Group permit, whichever is later.

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

**3(a) Basis of preparation**

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

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

**Significant accounting estimates and judgements**

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

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

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**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GROUP FOR FY2017**

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**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

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

**Critical judgements in applying accounting policies**

Probability of success of litigation case (Note 35)

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

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

Income tax (Note 25)

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

Deferred taxation on investment property (Note 6)

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

#### **Key sources of estimation uncertainty**

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

#### **Depreciation of property, plant and equipment**

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

#### **Impairment of property, plant and equipment**

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

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

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GROUP FOR FY2017**

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

**Key sources of estimation uncertainty (Cont'd)**

Valuation of investment property (Note 6)

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

Impairment of investments in subsidiaries

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

Impairment of loans and receivables

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

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

Valuation of loans from directors (Note 18)

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

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

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

<b>Reference</b>	<b>Description</b>
Amendments to FRS 1	Disclosure Initiative

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

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

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

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

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

**3(c) FRS not yet effective**

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

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

#### FRS 115 – Revenue from Contracts with Customers

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

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

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

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

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

#### FRS 116 – Leases

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

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## APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

#### FRS 109 – Financial Instruments

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

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

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

#### INT FRS 122 – Foreign Currency Transactions and Advance Consideration

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

The Interpretations are effective from 1 January 2018.

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

### 3(d) Summary of significant accounting policies

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

#### **Consolidation**

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

### **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.



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**NOTES TO THE FINANCIAL STATEMENTS**

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

**Consolidation (Cont'd)**

Changes in ownership interests in subsidiaries resulting in loss of control

When the Group loses control of a subsidiary, it:

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

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

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

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

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

Business combination

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

Acquisition-related costs are expensed as incurred.

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**NOTES TO THE FINANCIAL STATEMENTS**

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

**Consolidation (Cont'd)**

Business combination (Cont'd)

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

Goodwill

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

Bargain purchase

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

**Property, plant and equipment**

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

#### **Property, plant and equipment (Cont'd)**

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

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

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

#### **Investment properties**

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

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

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

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

#### Transfers

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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

#### **Investment properties (Cont'd)**

##### Transfers (Cont'd)

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

#### **Subsidiaries**

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

#### **Financial assets**

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

#### **Financial assets (Cont'd)**

##### Loans and receivables

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

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

##### **Inventories**

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

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

##### **Cash and cash equivalents**

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

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

##### **Share capital**

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

#### **Financial liabilities**

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

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

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

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

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

#### **Borrowings**

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

#### **Financial liabilities (Cont'd)**

##### Borrowings (Cont'd)

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

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

#### **Provisions**

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

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

##### Asset dismantlement, removal or reinstatement

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

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

#### **Financial guarantees**

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

#### **Financial guarantees (Cont'd)**

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

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

#### **Leases**

##### **Where the Group is the lessee,**

###### Finance leases

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

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

###### Operating leases

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

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

##### **Where the Group is the lessor,**

###### Operating leases

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



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**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

**Income taxes**

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

Current tax

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

Deferred tax

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

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

Such deferred tax assets and liabilities are not recognised:

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

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

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

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## APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

#### **Income taxes (Cont'd)**

##### Deferred tax (Cont'd)

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

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

##### Current and deferred tax for the year

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

#### **Employee benefits**

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

##### Defined contribution plans

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

##### Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

#### **Related parties**

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and the Company if that person:
  - (i) has control or joint control over the Company;
  - (ii) has significant influence over the Company; or
  - (iii) is a member of the key management personnel of the Group or the Company or of a parent of the Company.
  
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
  - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) both entities are joint ventures of the same third party.
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
  - (vi) the entity is controlled or jointly controlled by a person identified in (a).
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

#### **Impairment of non-financial assets (Cont'd)**

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

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

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

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

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

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

#### **Revenue recognition**

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

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

##### Sale of goods

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

#### **Revenue recognition (Cont'd)**

##### Beauty, slimming and spa service treatments

Revenue from beauty, slimming and spa treatments is recognised when services are rendered. Billed amounts for services which have not been rendered as at the end of the reporting period is recognised as deferred revenue and included in trade and other payables.

##### Interest income

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

##### Rental income

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

#### **Borrowing costs**

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

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

#### **Government grants**

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

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

#### **Dividends**

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

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

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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

#### Functional currencies

##### Functional and presentation currency

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

#### Conversion of foreign currencies

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

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

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

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

##### Translation of Group entities' financial statements

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

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

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

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

**Operating segment**

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

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

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

**Earnings per share**

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

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

**4 Revenue**

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

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

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**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
<u>Cost</u>						
At 1 April 2015	3,268	346	3,926	4,609	2,156	14,305
Additions	-	-	314	449	194	957
Write-off	-	-	-	(209)	-	(209)
Exchange differences	-	(1)	(28)	8	(26)	(47)
<b>At 31 March 2016</b>	<b>3,268</b>	<b>345</b>	<b>4,212</b>	<b>4,857</b>	<b>2,324</b>	<b>15,006</b>
Additions	-	184	70	218	93	565
Write-off	-	-	(83)	(393)	-	(476)
Exchange differences	-	(2)	(43)	(73)	(21)	(139)
<b>At 31 March 2017</b>	<b>3,268</b>	<b>527</b>	<b>4,156</b>	<b>4,609</b>	<b>2,396</b>	<b>14,956</b>
<u>Accumulated depreciation/impairment</u>						
At 1 April 2015	226	206	3,165	3,908	1,663	9,168
Depreciation for the year	44	32	338	400	162	976
Write-off	-	-	-	(177)	-	(177)
Impairment losses recognised	-	-	-	152	48	200
Exchange differences	-	(1)	(21)	9	(10)	(23)
<b>At 31 March 2016</b>	<b>270</b>	<b>237</b>	<b>3,482</b>	<b>4,292</b>	<b>1,863</b>	<b>10,144</b>
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)
<b>At 31 March 2017</b>	<b>313</b>	<b>290</b>	<b>3,707</b>	<b>4,393</b>	<b>2,206</b>	<b>10,909</b>
<u>Net book value</u>						
<b>At 31 March 2017</b>	<b>2,955</b>	<b>237</b>	<b>449</b>	<b>216</b>	<b>190</b>	<b>4,047</b>
At 31 March 2016	2,998	108	730	565	461	4,862



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**5 Property, plant and equipment (Cont'd)**

	<u>Furniture and office equipment \$'000</u>
The Company	
<u>Cost</u>	
At 1 April 2015, 31 March 2016 and 31 March 2017	<u>1</u>
<u>Accumulated depreciation</u>	
At 1 April 2015, 31 March 2016 and 31 March 2017	<u>1</u>
<u>Net book value</u>	
<b>At 31 March 2017</b>	<u>-</u>
At 31 March 2016	<u>-</u>

- (a) The carrying amount of motor vehicles, beauty, slimming and spa equipment, renovations and furniture and office equipment held under finance lease arrangements (Note 16) for the Group as at 31 March 2017 amounted to \$247,000 (2016 - \$107,000), \$16,000 (2016 - \$2,000), \$Nil (2016 - \$74,000) and \$Nil (2016 - \$3,000), respectively.
- (b) During the financial year, the Group acquired property, plant and equipment with an aggregate cost of \$565,000 (2016 - \$957,000) of which \$148,000 (2016 - \$Nil) was acquired by way of finance lease arrangement and \$368,000 (2016 - \$728,000) by cash. Additions to renovations include provision for reinstatement cost amounting to \$49,000 (2016 - \$6,000) (Note 20). Acquisition of property, plant and equipment via capital contribution by a non-controlling shareholder of a subsidiary was \$223,000 during the year ended 31 March 2016.
- (c) As at 31 March 2017, leasehold property with a net total carrying amount of \$2,955,000 (2016 - \$2,998,000) are mortgaged to Amalgamated Term Loan and Working Capital Loan (Note 16).

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

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

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**5 Property, plant and equipment (Cont'd)**

**Impairment testing of property, plant and equipment**

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

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

**6 Investment property**

	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
The Group	<u>57,176</u>	<u>57,176</u>
At beginning of year	<b>57,176</b>	57,176
Fair value loss on investment property	<b>(176)</b>	-
At end of year	<u><b>57,000</b></u>	<u>57,176</u>

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

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

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

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**6 Investment property (Cont'd)**

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

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

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

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

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

**7 Investments in subsidiaries**

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

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**7 Investments in subsidiaries (Cont'd)**

**Impairment testing of investments in subsidiaries**

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

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

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

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

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**7 Investments in subsidiaries (Cont'd)**

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

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

<sup>(1)</sup> Audited by Foo Kon Tan LLP, principal member firm of HLB International in Singapore.

<sup>(2)</sup> Audited by HLB Ler Lum, member firm of HLB International in Malaysia.

<sup>(3)</sup> To be liquidated.

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

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

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**7 Investments in subsidiaries (Cont'd)**

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

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

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**8 Deferred tax assets**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on different entities which intend to settle on a net basis, or realise the assets and liabilities simultaneously in the future. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

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

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

Deferred taxation is attributable to the following:

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

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**8 Deferred tax assets (Cont'd)**

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

**9 Inventories**

The Group	2017 \$'000	2016 \$'000
Products held for sale, at cost	<b>402</b>	662

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

**10 Trade and other receivables**

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



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**10 Trade and other receivables (Cont'd)**

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

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

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

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

Trade and other receivables are denominated in the following currencies:

	The Group		The Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Singapore dollar	319	365	932	3,521
Malaysia ringgit	67	42	-	-
	<b>386</b>	407	<b>932</b>	3,521

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

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**10 Trade and other receivables (Cont'd)**

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

	2017	2016
	\$'000	\$'000
The Group		
<u>By geographical area</u>		
Singapore	285	257
Malaysia	51	42
	<b>336</b>	<b>299</b>

The ageing analysis of trade receivables is as follows:

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

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

**11 Other current assets**

	The Group		The Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
<u>Current</u>				
Prepayments	75	99	4	8
Deposits	927	786	-	-
	<b>1,002</b>	<b>885</b>	<b>4</b>	<b>8</b>
<u>Non-current</u>				
Deposits	<b>386</b>	858	-	-

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

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**12 Cash and bank balances**

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

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

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

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

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

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

\* denotes amount less than \$1,000

**13 Share capital**

	2017	2016	2017	2016
	Number of ordinary shares	\$'000	\$'000	\$'000
<b>Issued and fully paid with no par value</b>				
At beginning and at end of year	<b>163,495,140</b>	163,495,140	<b>4,818</b>	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.

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**14 Reserves**

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

Merger reserve

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

Foreign currency translation reserve

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

**15 Non-controlling interest**

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

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**16 Borrowings**

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

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

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

**16.1 Obligations under finance leases**

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

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

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**16 Borrowings (Cont'd)**

**16.1 Obligations under finance leases (Cont'd)**

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

**16.2 Loans from financial institutions**

	The Group		The Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
<b>Repayable:</b>				
<b>Current</b>				
No later than one year	6,615	1,984	230	288
<b>Non-current</b>				
Later than one year and no later than five years	5,907	6,915	-	230
Later than five years	16,365	17,641	-	-
	<b>22,272</b>	24,556	-	230
	<b>28,887</b>	26,540	<b>230</b>	518
	The Group		The Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
Term loans	417	195	230	288
Amalgamated term loan	1,167	1,209	-	-
Revolving working capital loans	5,031	580	-	-
	<b>6,615</b>	1,984	<b>230</b>	288
<b>Non-Current</b>				
Term loans	3,091	4,202	-	230
Amalgamated term loan	19,181	20,354	-	-
	<b>22,272</b>	24,556	-	230

**Term loans**

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

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**16 Borrowings (Cont'd)**

**16.2 Loans from financial institutions (Cont'd)**

**Amalgamated term loan**

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

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

**Revolving working capital loans**

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

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**17 Trade and other payables**

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

Deferred revenue

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

Amounts due to subsidiaries (non-trade)

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

Trade and other payables are denominated in the following currencies:

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



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

Current

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

Non-current

Amounts due to directors

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

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

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**19 Bank overdraft**

Bank overdraft of the Group is secured by the following:

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

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

**20 Provision**

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

Provision for dismantlement, removal or reinstatement is the estimated costs of dismantlement, removal or reinstatement of property, plant and equipment arising from the acquisition or use of assets, which are capitalised and included in the cost of property, plant and equipment.

**21 Other operating income**

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

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**22 Staff costs**

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

**23 Other operating expenses**

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

**24 Finance costs**

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

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**25 Income tax expense**

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

Reconciliation of effective tax rate

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

As at the end of reporting period, the Group had estimated unutilised tax losses amounting to approximately \$12,075,000 (2016 - \$5,749,000) that are available for offset against future taxable profits of those companies. The unutilised tax losses have no expiry dates. The use of these unutilised tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation. The deferred tax assets arising from these unutilised tax losses of approximately \$2,182,000 (2016 - \$1,071,000) have not been recognised in the financial statements due to the uncertainty whether future taxable profits will be available against which the Group can utilise the benefits.

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**26 Loss per share**

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

**27 Significant related party transactions**

**27.1 Related party transactions**

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

**27.2 Key management personnel compensations**

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

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

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**28 Financial instruments**

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

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

<sup>#</sup> Exclude goods and services tax and prepayments

<sup>##</sup> Exclude deferred revenue and goods and services tax

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**28 Financial instruments (Cont'd)**

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

<sup>#</sup> Exclude goods and services tax and prepayments

<sup>\*</sup> Denote amount less than \$1,000

**29 Commitments**

**Operating lease commitments**

**29.1 Where the Group is a lessee**

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

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**29 Commitments (Cont'd)**

**Operating lease commitments (Cont'd)**

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

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

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

These operating leases expire between 2017 and 2019.

**29.2 Where the Group is a lessor**

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

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

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

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



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## APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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### 30 Corporate guarantees

The Company

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

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

### 31 Segment information

#### Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services provided. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and services in different markets.

#### Business segments

Management has determined the operating segments based on the reports reviewed to make strategic decisions. Each segment represents a strategic business unit that offers different types of products and services. The Group's reportable segments are as follow:-

- Beauty, slimming and spa treatment for women
- Beauty, slimming and spa treatment for men
- Investment holding

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

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

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

#### Geographical segments

The Group's geographical segments are based on the geographical location of the assets. Sales to external customers disclosed in geographical segments are attributed to geographic areas based on origins of the Group's customers.

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**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

**31 Segments information (Cont'd)**

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly tax expenses and provision for taxation. Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties.

(a) Business segments

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

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

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

**31 Segments information (Cont'd)**

(a) Business segments (Cont'd)

(ii) The following table presents assets, liabilities and other segment information regarding the Group's business segments for the years ended 31 March 2017 and 2016:

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

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

**31 Segments information (Cont'd)**

(b) Geographical segments

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

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

Note # - exclude deferred tax assets and deposits

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

Information about major customer

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

**32 Financial risk management objectives and policies**

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

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

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

**32.1 Interest rate risk**

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

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

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GROUP FOR FY2017**

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

**32.1 Interest rate risk (Cont'd)**

Cash flow sensitivity analysis for variable rate instruments

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

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

**32.2 Credit risk**

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

#### **32.2 Credit risk (Cont'd)**

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

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

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

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

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

#### Exposure to credit risk

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

#### Financial assets that are neither past due nor impaired

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

#### Financial assets that are past due and/or impaired

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

#### Corporate guarantees

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

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

**32.3 Liquidity risk**

Liquidity or funding risk is the risk that the Group and the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's objective is to maintain a balance between continuity of funding and flexibility through amounts due to related parties, obligations under finance leases, cash and short-term deposits. To ensure the continuity of funding for the Group's operations, the Group obtains short-term funding from reputable financial institutions.

The Group has obtained written continuing financial support from one of the Company's controlling shareholders to meet its liabilities and normal operating expenses to be incurred.

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

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

# Exclude deferred revenue and goods and services tax

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**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

**32.3 Liquidity risk (Cont'd)**

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

**32.4 Foreign currency risk**

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

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

**33 Capital management**

The Group's capital management policy is to ensure that it maintains capital ratios with a view to optimise shareholders' value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payout to shareholders, return capital to shareholders or issue new shares.

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



**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

**33 Capital management (Cont'd)**

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

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

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

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

**34 Financial instruments**

**Fair value measurement**

Definition of fair value

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

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**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

**34 Financial instruments (Cont'd)**

**Fair value measurement (Cont'd)**

Fair value hierarchy

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

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

Fair value measurement of non-financial assets

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
The Group				
<b>31 March 2017</b>				
Investment property	-	-	<b>57,000</b>	<b>57,000</b>
<b>31 March 2016</b>				
Investment property	-	-	57,176	57,176

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

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

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**NOTES TO THE FINANCIAL STATEMENTS**

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**34 Financial instruments (Cont'd)**

**Valuation technique and significant unobservable inputs**

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

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

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 these non-current deposits, borrowings, amounts due to directors, and obligations under finance leases approximate their fair values. The fair values of long term deposits, borrowings and obligations under finance leases are estimated by discounted cash flow analysis, using interest rates currently being offered for loans, and market rates for similar instruments as at the reporting date. The fair values of interest-free loans from directors at inception are based on discounted cash flows using incremental rate of borrowing after due consideration of the risk-free rate and credit spread.

*Other financial assets and financial liabilities*

The carrying amounts of other financial assets and financial liabilities (trade and other receivables, trade and other payables, and amounts due from/(to) related companies and non-controlling interest) which have a maturity of less than one year approximate their fair value because of the short term period of maturity.

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### **35 Events after the reporting period**

(a) Legal suit and damages against the Group

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

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

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

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

(b) Change of ultimate controlling shareholder

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

(c) Personal loan injection

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

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

**36 Comparative figures**

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

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

## APPENDIX V – VALUATION REPORT

Our Ref : 17/P106398/GC/CL/XY

31 August 2017



PROPERTY CONSULTANTS

Mary Chia Holdings Ltd  
Hotel Culture Pte Ltd  
26 Tai Seng Street  
#07-02 J'Forte  
Singapore 534057

Dear Sirs

### VALUATION OF 48/49/50 MOSQUE STREET THE PORCELAIN HOTEL SINGAPORE 059526/059527/ 059528

#### 1.0 Instructions

We refer to the instructions issued by Mary Chia Holdings Ltd / Hotel Culture Pte Ltd requesting formal valuation advice in respect of the above mentioned property for mandatory cash offer. We have specifically been instructed to provide our opinion of Market Value of the remaining leasehold interest in the property as at 28 August 2017 (date of inspection).

We have prepared our report in accordance with the International Valuation Standards Council (IVSC) definition of Market Value and adopted by the Singapore Institute of Surveyors and Valuers (SISV) and the Royal Institution of Chartered Surveyors (RICS), which is:

*"Market Value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion".*

and also on the following basis:

"the price at which the property might reasonably be expected to be sold at the date of the valuation assuming:

- i. a willing, but not anxious, buyer and seller; and
- ii. a reasonable period within which to negotiate the sale, having regard to the nature and situation of the property and the state of the market for property of the same kind; and
- iii. that the property will be reasonably exposed to the market; and
- iv. that no account is taken of the value or other advantage or benefit, additional to market value, to the buyer incidental to ownership of the property being valued; and
- v. that the seller has sufficient resources to allow a reasonable period for the exposure of the property for sale; and
- vi. that the seller has sufficient resources to negotiate an agreement for the sale of the property."

#### Qualifications and Assumptions

Where the information provided in the report has been supplied to the valuer by the Company this information is believed to be reliable.



Cert No: SG008/01996  
Co Reg No: 197301070H  
Estate Agent Licence No. L3004325E

CKS PROPERTY CONSULTANTS PTE LTD (Part of PhillipCapital Group)

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Tel: (65) 6533 0220 Fax: (65) 6533 5103 website: www.cks.com.sg

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### 2.0 Purpose of Valuation

To determine the market value of the subject property

### 3.0 Date of Inspection

28 August 2017

### 4.0 Title & Tenure

#### Legal Description

TS6-492L

#### Tenure

Leasehold for a term of 99 years commencing from 28 August 2002

#### Land Area

560.5 square metres / 6,033 square feet

#### Registered Proprietor(s)

Hotel Culture Pte. Ltd.

#### Remarks

No title searches have been conducted for the subject property. We recommend that all legal encumbrances be confirmed through your solicitors.

### 5.0 Town Planning

#### Master Plan (2014) Zoning

Commercial

### 6.0 Location

The subject property is located at Mosque Street, off New Bridge Road and South Bridge Road and within Chinatown Conservation Area.

The immediate vicinity comprises shophouses, hotels and shopping centres. Prominent developments nearby include Chinatown Complex, Lucky Chinatown, People's Park Complex, People's Park Centre and Chinatown Point.

Amenities such as food establishments and retail facilities are available along New Bridge Road, Upper Cross Street, South Bridge Road and Eu Tong Sen Street.

Public transportation is available along New Bridge Road, Eu Tong Sen Street and Upper Cross Street. The Chinatown MRT Station is located within walking distance from the subject property.

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### 7.0 Subject Site

#### Shape

The land is generally rectangular in shape with a small splay corner.

#### Contour

Generally flat and slightly above access road level.

### 8.0 Subject Property

#### Type of Property

A 4-storey boutique hotel development (84 rooms) with roof mezzanine and spa centre at 1<sup>st</sup> storey.

#### Year of Completion

Prewar built. However, the subject property has since undergone refurbishment in 2011.

#### Total Gross Floor Area

Approximately 2,140.658 square metres / 23,042 square feet (according to information provided by Client)

#### Construction

The building is constructed of reinforced concrete frame structure with loadbearing walls and tiled pitch/concrete roof.

#### Types of Rooms

Types of Room	No. of Rooms
Standard Single	11
Standard Double	22
Superior Double	24
Superior Twin	15
Executive Double	7
Executive Triple	1
Premier Double	2
Premier Jacuzzi	2
<b>Total</b>	<b>84</b>

#### Guest Room Features

LCD television / cable TV Channels / digital safe / mini-fridge / air-conditioning / coffee & tea making facilities / electric door lock / laundry services / wireless internet access



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### Other Improvements

1 passenger lift / 2 sets of staircases / CCTV system / gardens at 2<sup>nd</sup> storey / water feature

### Fire Protection

The building is fitted with water sprinkler system, fire alarm system, smoke detectors, fire hoses and fire extinguishers.

## 9.0 Accommodation, Finishes & Fittings

### **Accommodation**

As shown on floor plans

### **Finishes**

#### Floors

Granite / carpet / homogeneous / mosaic / timber decking / vinyl / epoxy / cement sand screed generally

#### Walls

Plaster and paint / spray textured paint / dry wall partitions / wallpaper / homogeneous / mosaic / glass panels generally

#### Ceiling

Plaster and paint / false ceiling / downlights generally

### **Fittings**

Centralised/cassette-unit/split-unit air-conditioning system / reception counter / shelves / cabinets / desks / settees / wardrobes / lockers / mirror panels / headboards / raised platforms with undercounter storage space / decorative wall dividers / decorative trellis / high and low level cabinets with sink / vanity tops with undercounter cabinets / jacuzzi / saunas / central water heater generally

## 10.0 Annual Value

S\$1,043,000

## 11.0 Structural Survey of Building

We have not been instructed to conduct a structural survey of the subject property. For the purpose of this valuation, the subject property are assumed to be in sound structural condition.

### 12.0 Valuation Approaches

The Direct Comparison Method of Valuation and Profits Method have been adopted in formulating our opinion on the market value of the subject property.

Under the Direct Comparison Method, we have taken into cognizance transactions of comparable properties, the prevailing market condition and underlying economic factors which may be of influence to the trend of the market prices.

Under the Profits Method, the net profits from operating the hotel is capitalized at an appropriate rate of interest, after taking into account the expenses, property tax payable and vacancy to arrive at the market value of the property.

### 13.0 Limiting Conditions

This report is subject to the limiting conditions enclosed.

### 14.0 Disclaimer

CKS has relied upon the property data supplied by the Company which we assume to be true and accurate. CKS takes no responsibility for inaccurate data supplied by the Company and subsequent conclusions related to such data.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, unbiased professional analyses, opinions and conclusions. CKS has no present or prospective interest in the Property and has no personal interest or bias with respect to the property owner(s) or party(s) involved. The valuers' compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

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**15.0 Opinion of Value(s) as at 28 August 2017**  
**48/49/50 MOSQUE STREET THE PORCELAIN HOTEL SINGAPORE 059526/059527/  
059528**

Market Value : S\$64,800,000  
(Singapore Dollar Sixty Four Million Eight Hundred Thousand Only)

Forced Sale Value : S\$55,080,000  
(Singapore Dollar Fifty Five Million Eighty Thousand Only)

Insurance Value : S\$10,310,000  
(Singapore Dollar Ten Million Three Hundred Ten Thousand Only)



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Ang Guan Choon, Licensed Appraiser  
Appraiser's Licence No : AD041-2009651E  
B. Property Economics  
For and On behalf of CKS Property Consultants Pte Ltd

CKS Property Consultants Pte Ltd



17/P106398/GC/CL/XY

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## PHOTOGRAPHS



Subject Development



Reception Area

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### PHOTOGRAPHS



**Standard Single Room**



**Attached Bathroom**

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### PHOTOGRAPHS



Superior Twin Room



Attached Bathroom

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### PHOTOGRAPHS



**Executive Double Room**



**Attached Bathroom**

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### PHOTOGRAPHS



**Executive Triple Room**



**Attached Bathroom**



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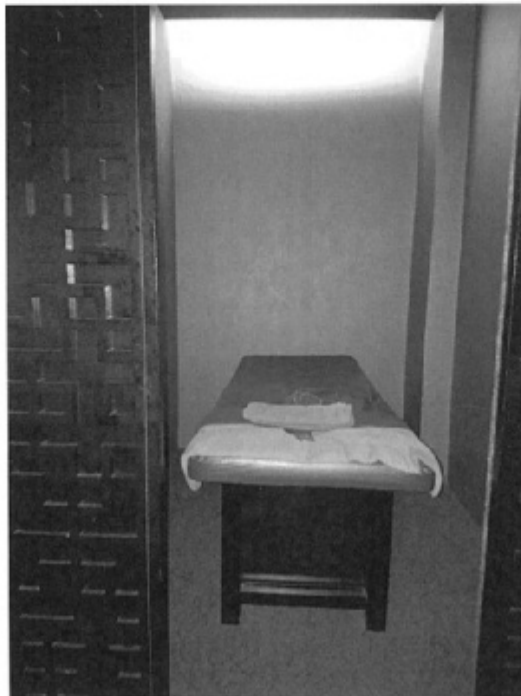
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### PHOTOGRAPHS



Reflexology Room



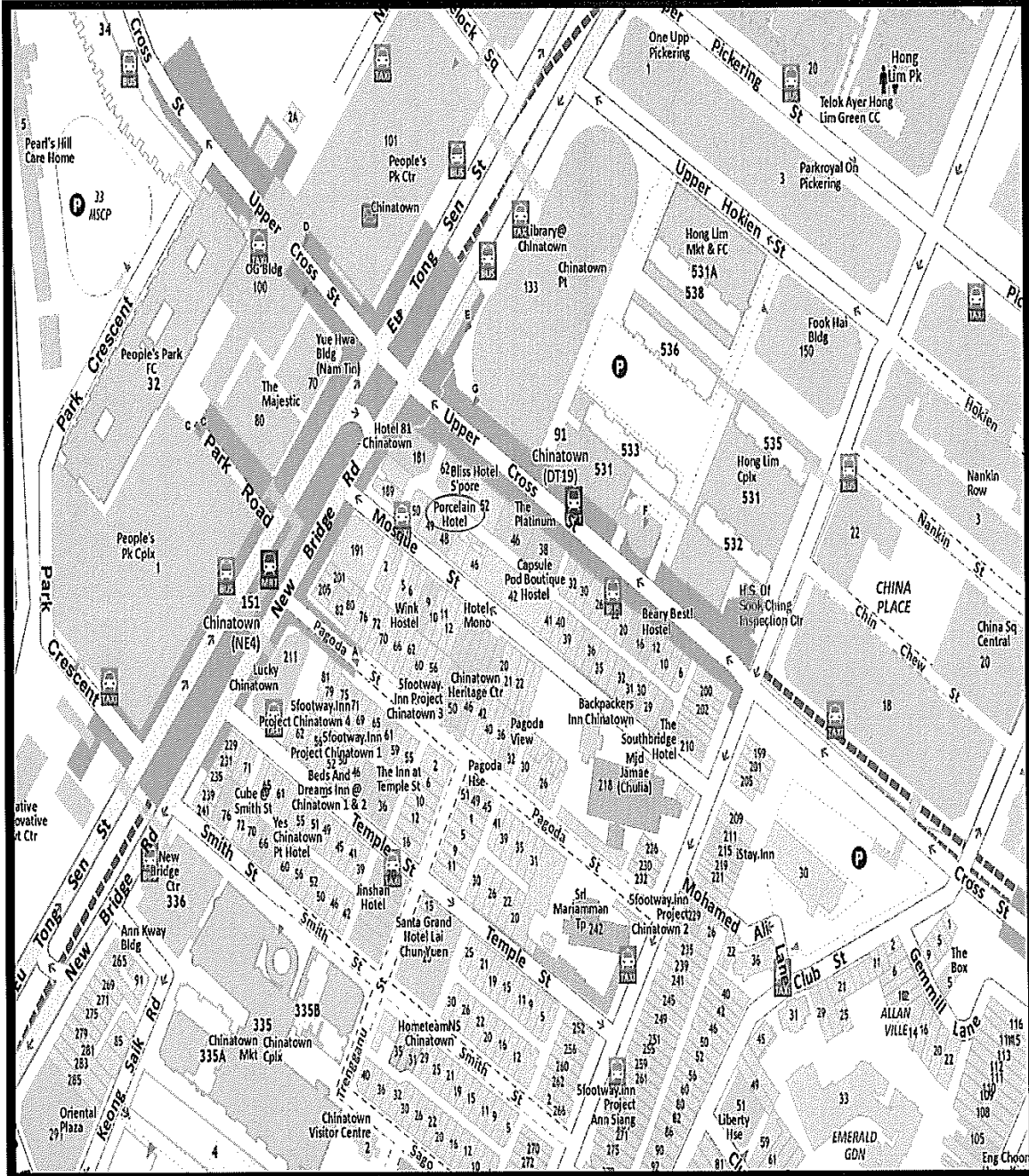
Massage Room

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## LOCATION PLAN

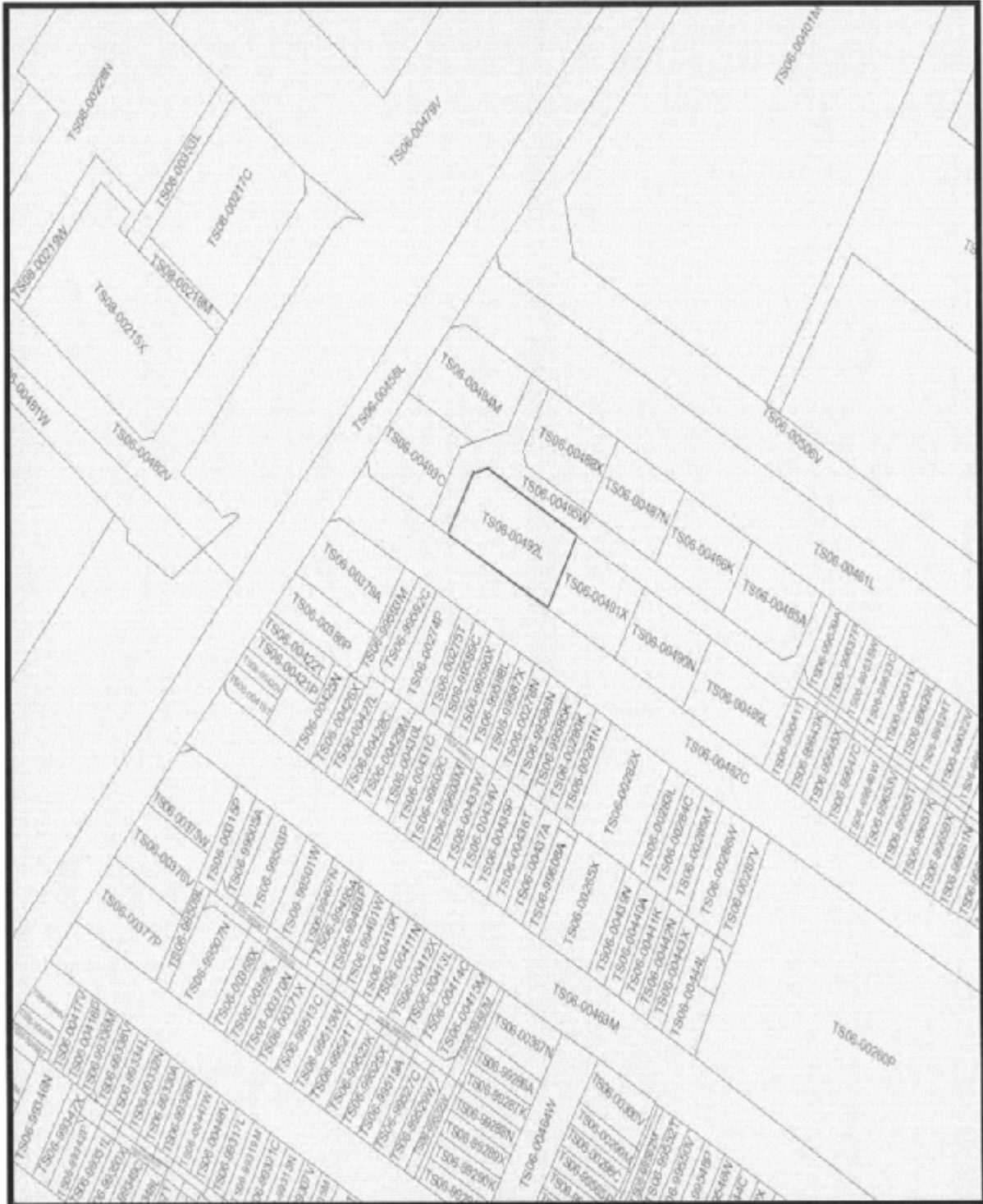
### THE PORCELAIN HOTEL



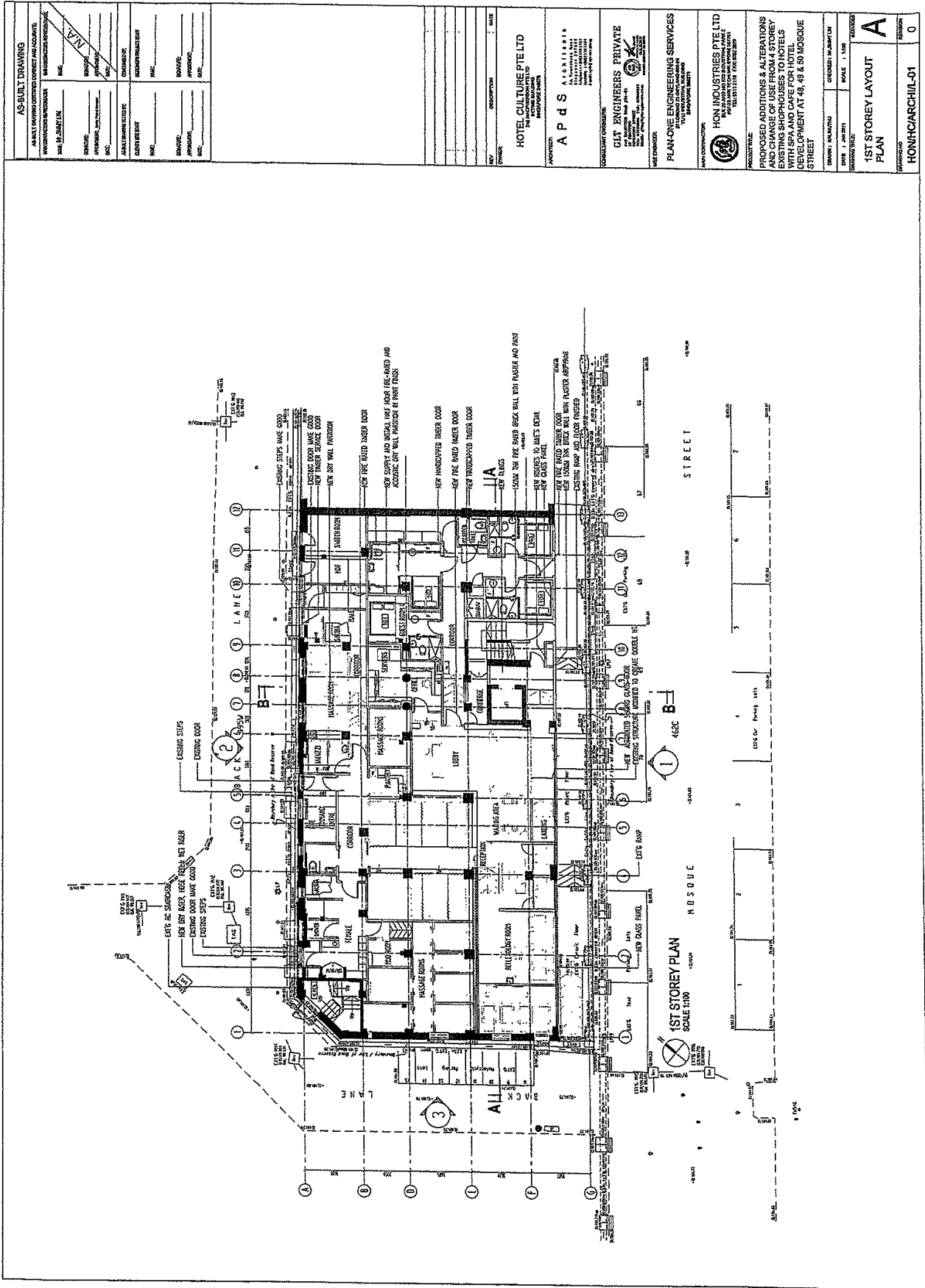
# APPENDIX V – VALUATION REPORT

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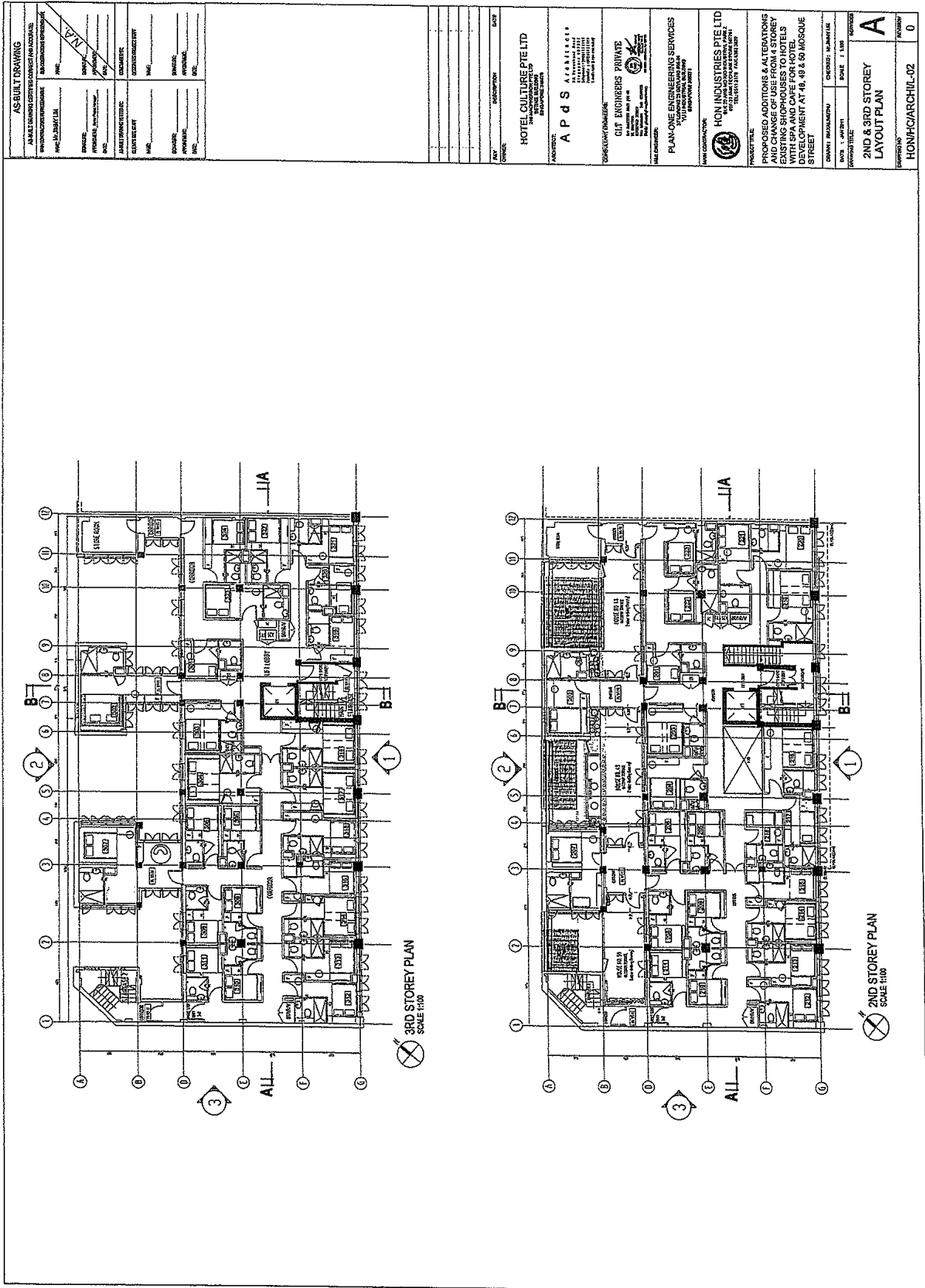
## SITE PLAN THE PORCELAIN HOTEL



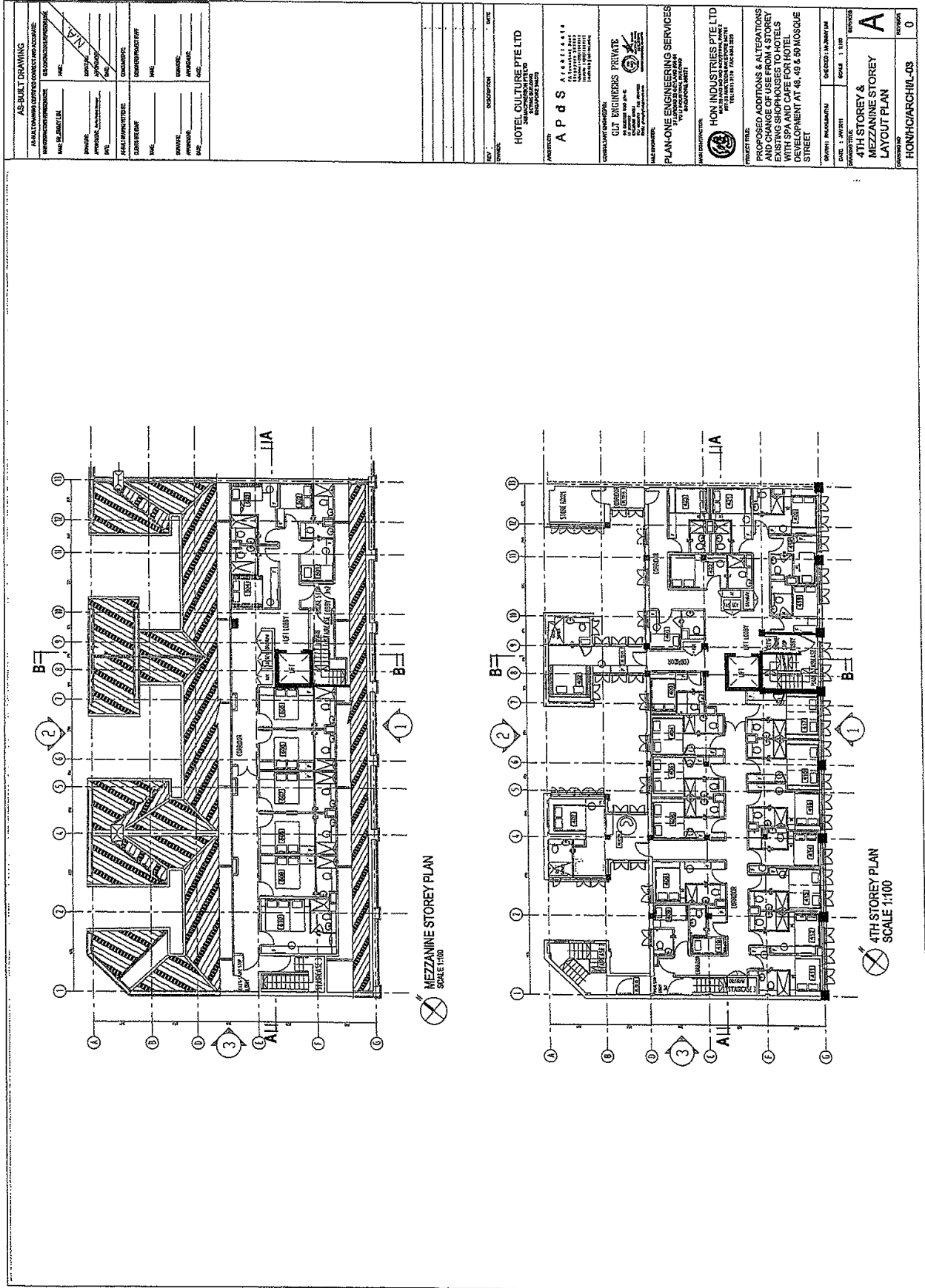
# APPENDIX V – VALUATION REPORT



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### LIMITING CONDITIONS

This valuation report is subject to the following limiting conditions:-

- 1] Our valuation is prepared in accordance with the international definition of "Market Value", namely:  

"Market Value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion".

In adopting this definition of Market Value, we are of the opinion that it is consistent with the international definition of Market Value as advocated by the Royal Institute of Chartered Surveyors (RICS) and the Singapore Institute of Surveyors and Valuers (SISV).

No allowances are made for any expenses or taxation which might arise in the event of a disposal. All property is considered as if free and clear of all mortgages, encumbrances, and other outstanding premiums, charges and liabilities.

Our valuation further assumes that all development charges and maintenance/service/conservancy charges, if any, whether outstanding or payable as at the date of valuation, have already been fully paid.
- 2] Our responsibility in connection with this valuation report is limited to our client or person to whom this report is addressed and to that client only. We disclaim all responsibility and accept no liability to any other person(s) or party should this report be used by any such person(s) or party or for any purposes.
- 3] Neither the whole nor any part of this valuation report or any reference to it may be included in any document, circular, statement, correspondence nor published in any way without our prior written approval of the form and context in which it may appear.
- 4] Where it is stated in this report that information has been supplied to us by another party, this information is believed to be reliable and accurate and we disclaim all responsibility if this information should later prove not to be so.
- 5] The values assessed in this report for the subject property and any allocation of values between parts of the property applies strictly on the terms of and for the purpose of this valuation. The values assessed should not be used in conjunction with any other assessment as they may prove inappropriate if so used.
- 6] No structural survey has been made and no guarantee is given that the building is free from rot, termite, pest infestation or other hidden defects. We have also not made any tests on the building services (e.g. air-conditioning, fire-fighting systems, lifts, escalators, plumbing and lighting etc) and these services are presumed to be in good working order.
- 7] Our valuation assumes that the title(s) is(are) in good order and marketable, free from any liens, mortgages, encumbrances, restrictions and other legal impediments. We accept no responsibility for investigations into title(s), searches, legal requisitions, legal validity of title or any charges, claims, liabilities registered against the title(s).
- 8] Any plans that are included in this report are meant for identification purposes and to assist the client in visualizing the subject property. The plans should not be treated as certified true copies of areas or other particulars contained therein. We have not made any cadastral survey of the property and assumed no responsibility in connection in such matters.
- 9] We have not made any requisition for the Road Line Plan or for drainage proposal. We have also not made any application for information/document in respect of Building Control Records. Such requisitions/applications will not be made unless specifically instructed by our client.
- 10] As matters concerning compulsory acquisitions by the Government are confidential, we are unable to provide information relating to Government acquisitions unless the subject property has already been gazetted for acquisition.
- 11] Our valuation presumes that the subject property, as currently used, is in compliance with the existing land use zoning and is not in contravention of any planning rules or regulations.
- 12] We shall not be required to give testimony before a tribunal such as the Valuation Review Board or to appear as an expert witness in Court by reason of this valuation report or with reference to the subject property unless specific arrangements have been made thereof and we be properly reimbursed.