

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

**RESPONSE TO QUERIES ISSUED BY SGX REGCO IN RELATION TO THE
DISCLAIMER OF OPINION BY THE INDEPENDENT AUDITORS
ANNOUNCEMENT MADE ON 12 NOVEMBER 2022**

The Board of Directors (the "**Board**") of Mary Chia Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the announcement made by the Company on 12 November 2022 in relation to the disclaimer of opinion by the Company's Independent Auditors, Mazars LLP (the "**Auditors**" or "**Mazars**") together with Board responses and the efforts being taken to resolve each area of the disclaimer ("**12 November Announcement**").

On 15 November 2022, the Company received via its sponsor, some queries from The Singapore Exchange Regulation ("**SGX RegCo**") on its 12 November Announcement. The Company sets out below the queries issued by the SGX Regco and the Company's responses.

All capitalised terms used herein, which are not defined, shall have the meanings ascribed to them in the Company's Annual Report for FY2022 ("**FY2022 Annual Report**"), released on SGXNET on 12 November 2022 and the 12 November Announcement.

Shareholders of the Company are advised to read this announcement in conjunction with the FY2022 Annual Report and the 12 November Announcement.

Query 1

"One of the reasons for the disclaimer of audit opinion is due to Mazars "unable to perform audit procedures to obtain sufficient appropriate audit evidence about whether the Group's and Company's opening balances as at 1 April 2021 were fairly stated." The Board then highlighted that Mazars were unable to review FKT's audit work papers.

- *Please provide more information on why Mazars was unable to review the former auditors (FKT) audit work papers and hence unable to obtain sufficient audit evidence to confirm the Group's and Company's opening balances as at 1 April 2021.*
- *Does this have an implication on the Company's recently announced 1QFY2023 and 1HFY2023 financials?"*

Company's response to Query 1

Based on the Company's understanding, there is no existing reciprocal agreement for FKT to allow Mazar access to the former's audit working papers. However, despite such circumstances, where requested, the Company has provided the necessary available supporting documents in relation to the opening balance for 1 April 2021 as part of the audit review to Mazar.

Currently, the Company condensed interim financial statements for 1QFY2023 and 1HFY2023 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by

the Accounting Standards Council Singapore. Accordingly, the condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the financial year ended 31 March 2022.

The Group's and Company's opening balance as at 1 April 2021 may impact the opening equity balances and the comparatives figures against the recently announced 1QFY2023 and 1HFY2023 financials.

Query 2

"Mazars has only been the Company's auditors for 1 financial year (since FY ended 31 March 2022).

Please provide specific reasons for Mazar's resignation and information that should be brought to the attention of the shareholders.

Please provide status updates on the Company's search for new auditors, including who the Company is appointing and partner in charge."

Company's response to Query 2

The Company is not aware of any circumstances connected with the cessation of Mazars that should be brought to the attention of the shareholders of the issuer and any specific reasons for Mazars not seeking reappointment except for the Basis for Disclaimer of Opinion as announced on 12 November 2022.

The Company has promptly commenced efforts to identify and select suitable new auditors that comply with Rule 712(2) of the Listing Manual of the SGX-ST.

In view of the re-audit, the Company has considered audit firms based on their substantive knowledge and experience in the retail, lifestyle businesses and operations of the Group.

In this connection, the Board are seriously considering to re-appoint FKT as the Independent Auditors of the Company and the Group due to the urgency of completing the re-audit and in order to continue to tap on the knowledge and experience of FKT that has been built up over the years on the Company and the Group, and at the same time comply with the requirements of the SGX-ST in relation to the appointment of a duly registered audit firm.

Accordingly, the Company will make the necessary announcements once the selection is finalised, and in accordance with Section 205AF(1)(c) of the Companies Act 1967, will obtain shareholder approval at a general meeting to appoint the replacement auditors within three months of Mazars' resignation.

Query 3

"Please provide indicative timeline for the re-audit of the Company's and Group's Opening balances for FY2022.

- *Will the Company re-announce the Company's FY2022, 1QFY2023 and 1HFY2023 financials after the re-audit?"*

Company's response to Query 3

Please see the Company's response to Query 2 above. Immediately after the appointment of the new auditors, the Company will work with the new auditors to determine the timeline for the re-audit of FY2022 which at this point is estimated to be completed by mid-February 2023. The re-audit may impact the 1QFY2023 and 1HFY2023 financials, and render necessary, the re-announcement of 1QFY2023 and 1HFY2023 financials together with the re-audit of FY2022 announcement.

Query 4

"The disclaimer of audit opinion also highlights the ability of the Group and Company to operate on a going concern for the next 12 months. In the Company's announcement on 12 Nov 2022, the Board highlighted that it is in the midst of a transaction which would generate net proceeds for the Company's cash requirements and possibility of a right issue and share placement. As such, the Directors are of the view that the Group is able to continue operating as a going concern.

- *Other than the abovementioned corporate actions, please provide the Board's views on whether its current business is sustainable and whether it has plans to improve its operating losses and turn the business around? Does the Board have other plans to diversify its current business?*

- *Please also provide the Sponsor's opinion on whether the Group is able to continue as a going concern, with justifications.*

Company's response to Query 4

The announcement on 12 November 2022 concerning the Auditor's Comments of Accounts highlighted that the corporate shareholder is currently in the midst of a transaction which, upon its completion, will generate excess net cash to provide continuing financial support to the Company via an undertaking provided.

The Board wishes to highlight that the Group continues to be (i) prudent with its cash flow planning and will take active measures to trim laggard CGUs to focus on higher margin and higher value services, pivoting on the tried and tested and what the Group does best in the midst of high rentals and payroll costs (ii) Implement staff incentive schemes (which may include the Performance Share Plan) for staff retention in the tight labour market environment (iii) Continue with social media platforms to drive revenue with lower upfront costs, (iv) obtained financial support from its controlling shareholder Suki Sushi Pte Ltd, and (iv) potential corporate fund-raising exercises.

In relation to Monsoon Hairdressing Group, the Company is in active discussions with various lifestyle parties (in particular with parties that are in the same hairdressing industry with management expertise that has run successful operations) to establish collaborative opportunities. Such opportunities aim to leverage the extensive network of each party to grow the Company's customer base and footprint across the island alongside elevating the Company's service offerings which will enhance the overall customer experience.

Group aims to work relentlessly towards the realisation of its forecasts and budgets to generate positive cash flows from the current operations. As such, there are no current plans to diversify the Company's principal business activities.

In view of the foregoing, the Directors are of the view that the Group is able to continue operating as a going concern.

On the back of the Group's plans to reduce cost and increase revenue for their existing business and cash flow management, continued financial support received from its controlling shareholder, and the pending transaction by a Corporate shareholder, which upon completion will generate excess net cash to support the cash needs of the Company via an undertaking provided, the Sponsor concurs with Board's view that Group is able to operate as a going concern.

The Board is of the view that sufficient information has been disclosed for the trading of the Company's securities to continue in an orderly manner and confirms that all material disclosures have been provided for the trading of the Company's shares to continue.

Shareholders of the Company are advised to exercise caution when dealing in the shares of the Company. Persons who are in doubt over the action they should take should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD

Wendy Ho

Chief Executive Officer
17 November 2022

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

The contact person for the Sponsor is Mr Jerry Chua (Tel: (65) 6241 6626), at 138 Robinson Road, Oxley Tower, #13-02, Singapore 068906.