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## UPDATE ON THE ONGOING INVESTIGATIONS ON MISAPPROPRIATION OF MONIES AT A MYANMAR SUBSIDIARY

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*Where capitalised terms are used in this announcement and not otherwise defined, such capitalised terms shall bear the same meanings as ascribed to them in the Company's announcements dated 15 April 2020 and 20 April 2020 (collectively, the "Announcements").*

The Board of Directors of Memories Group Limited (the "**Company**") and its subsidiaries (the "**Group**") wishes to update Shareholders of its further investigation on the misappropriation of monies at AHTT.

As mentioned in the Announcements, the Company had previously focused its investigation on the peak operating periods for AHTT's business in May 2019 and September 2019 to January 2020. The Company had since completed its investigation of the remaining months in the current financial year ending 30 September 2020 up to the month of the discovery of the fraud, being April 2019, June 2019 to August 2019 and February 2020. As part of the investigation by the Group finance and Group's Risk Management and Internal Audit Team (the "**Internal Investigation**"), the following processes were undertaken by the investigation team:-

- (a) reviews on the deposits and prepayments, advance payments and accounts payable and related sub-ledger as at 31 March 2020;
- (b) assessment of existence and recoverability of deposits, prepayments and advance payment balances through verifications of the balances from supplier confirmations and supporting documents for payments made which were further substantiated by the AHTT operations team as at 31 March 2020; and
- (c) verification of individual accounts payable with independent supplier's statement of account which were further substantiated by the AHTT operations team.

Following the completion of the Internal Investigation, the Company concluded that the total amount misappropriated from April 2019 to February 2020 amounts to an aggregate of approximately US\$628,000. Given that the Internal Investigation had already verified the customer receivables, reconciled cash and intercompany accounts during the periods investigated, management and the Board are of the view that any potential unidentified losses arising from the misappropriation of monies at AHTT would not be material.

As at the date of this Announcement, the Perpetrators are still being held in custody pending court hearing. The Company will continue to actively pursue the legal recourse to recover the misappropriated monies from the Perpetrators. Notwithstanding the foregoing, the Group has made a full write off of US\$628,000 in the unaudited financial statements of the Group for the period ended 31 March 2020.

Together with the Group's Risk Management and Internal Audit Team and its internal auditors BDO LLP, the Company is in the process of reviewing its control systems to identify areas of improvements across all entities within the Group by 30 June 2020 assuming that the on-going Covid-19 restrictions imposed by the Myanmar Government do not further impede the actions to be taken by the Group. In particular, measures are being taken to continuously strengthen these controls across the Group especially in the area of cash management.





**BY ORDER OF THE BOARD**

Cyrus Pun  
Chief Executive Officer

13 May 2020

This announcement has been prepared by the Memories Group Limited (the “**Company**”) and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”) in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms 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](mailto:sponsorship@ppcf.com.sg)).

